



Global reach, local focus.

Activity Report 2008



Schindler

Our products and services

Passenger elevators

For any individual need in the market, Schindler provides an appropriate elevator solution. Starting with low-rise requirements focusing on basic transportation needs at affordable costs, through mid-rise applications for the residential and commercial market segments, and finally on to the high requirements in the high-rise segment for buildings up to 500 meters.

Freight elevators

For small and large volumes, and light- or heavy-duty freight.

Escalators and moving walks

Escalators for all applications, from shopping malls, offices, hotels, and entertainment centers, to busy airports, subways, and railway stations. Moving walks – inclined and horizontal – for efficient transportation in public areas.

Modernization

Elevator and escalator modernization products.

Services

The next technician is always within reach, worldwide, 24 hours a day.





Ladies and Gentlemen

The illusion of quick and easy money has been shattered once again. Schindler has delivered a good performance despite the financial crisis. Net profit reached a historic level of CHF 634 million, and our operating margin exceeded 10% for the first time – thus realizing our long-standing target. These results are a reflection of our dynamic business policy, which is based on a sustainable, responsible, and prudent approach.

Net profit grew by approximately 93%¹ compared with 2004 (first year of the EU antitrust investigation) and the EBIT margin improved by 30% over the same period (from 7.9% to 10.2%). As I already mentioned in last year's letter, we consider European antitrust legislation to be deeply flawed since it penalizes shareholders rather than punishing employees who break the law. We will not rest until remedial legal action has been taken to address these failings. The current situation is untenable. In time, it is likely that there will no longer be any entrepreneurs who are willing to assume such incalculable risks: the financial world may have a short memory but they do not.

Against this backdrop and in view of the planned revision of Swiss company law, we believe it is sensible to strengthen our relations with political representatives. The member of the Council of States Mr Rolf Schweizer will therefore be proposed for election to the Board of Directors. As a member of the Committee for Legal Affairs and the Committees for Economic Affairs and Taxation CEAT, among others, he is very well qualified to represent economic and political issues in a competent and unemotional manner. Since economic history is currently being written, the Board of Directors requires a trusted advisor to ensure that it is steering the company in the right direction. In this context, the respected economist Dr oec. HSG Klaus W. Wellershoff will also be proposed for election to the Board of Directors.

ALSO faced significant challenges in 2008 due to the contraction of its markets as well as the restructuring of its GNT subsidiaries. After buying out GNT's founding shareholders, it was possible to successfully complete urgent restructuring measures. In addition, a good profit for continuing operations was recorded thanks to the exceptional efforts of all employees.

In 2009, our level of orders received will undoubtedly be affected by the adverse economic climate. It would not be advisable to provide an earnings outlook at this time. We also expect to see increased levels of volatility across all areas and, as a late cyclical, we will probably not emerge from the downturn until 2010/2011. However, the Group is well positioned with a healthy balance sheet and a net liquidity of around CHF 1.2 billion. In addition, we have launched our new product portfolio across almost all continents. In other words, we have the means to weather a protracted slowdown in the current challenging environment. We also have a crisis-resistant management team, contingency plans, and, last but not least, we wear "Icebug shoes" to avoid loss of traction. With these strengths, and with a good measure of respect for unforeseen dangers, we are looking forward to the future with confidence.

Since 1874 – five years before Edison invented the light bulb – we have successfully mastered all the challenges before us thanks to the innovative talents of our employees. In 2008, our people once again assumed their responsibilities with enormous personal commitment. On behalf of the Board of Directors and shareholders, I would like to thank them for their considerable efforts.

Alfred N. Schindler

¹ 61% after offsetting structural costs (R03)

Global reach, local focus.

Schindler is a global provider of mobility solutions. Each day, it transports 900 million people with its elevators and escalators – rapidly efficiently, and in accordance with their diverse needs.

Its offerings range from cost-effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for skyscrapers.

Schindler moves people and materials and connects vertical and horizontal transport systems through intelligent mobility solutions driven by green and user-friendly technologies.



1

Schindler in brief

2 Schindler in brief

2

To the shareholders

15 Statement of the Board of Directors

3

Elevators & Escalators

21 Business review
28 Important orders

4

ALSO

45 Business review

5

Corporate Citizenship

49 Wide-ranging corporate
commitments
52 "Green" elevators

6

Overview of financial results

54 Summary financial statements Group
55 Summary financial statements
Schindler Holding Ltd.
56 Key figures Group
60 Key figures Elevators & Escalators
61 Key figures ALSO
62 Key figures Schindler Holding Ltd.
63 Key figures registered share/bearer
participation certificate
65 Financial calendar
67 Important addresses

7

Financial Statements Group

8

**Financial Statements
Schindler Holding Ltd.**

9

Corporate Governance

0

www.schindler.com

Schindler in brief

Group

Founded in Switzerland in 1874, the Schindler Group employs around 45 000 staff worldwide and comprises two core areas of business: Elevators & Escalators, which contributed 62% of sales in 2008, and ALSO, an ICE distributor in Europe. The parent company Schindler Holding Ltd. is listed on the SIX Swiss Exchange.

Elevators & Escalators

As one of the leading global manufacturers of elevators, escalators, and moving walks, with a network of over 1 000 branches spanning every continent, Schindler develops, plans, produces, and installs mobility solutions in accordance with customer requirements. A comprehensive service offering ensures the smooth functioning of these installations throughout their service life of around 30 years. Customized solutions are available for the modernization and replacement of units.

ALSO

Schindler owns 64% of ALSO Holding AG, which is listed on the SIX Swiss Exchange. The ALSO Group is one of Europe's leading distribution and logistics companies for information technology and consumer electronics (ICE). ALSO is active in the following European countries: under the name of ALSO in Switzerland and Germany, and under the name of GNT in Finland, Norway, Estonia, Latvia, and Lithuania.

Strategic orientation

"Leadership through Service" is the company's vision in the elevators and escalators business, since 30 million individuals worldwide use Schindler products every hour. We want to ensure that our customers and passengers can rely on high-quality mobility solutions and services at all times.

Two factors are essential in order to achieve this: first, the strengthening of Schindler's global presence and the related expansion of its service network in the individual markets. The company is thus able to exploit different global growth cycles, to smooth out currency risks, to reduce response times thanks to its proximity to customers and, at the same time, to increase the productivity of its services. The second prerequisite is a clear focus on its core competencies in the elevators and escalators business in order to outperform the competition in an increasingly price-sensitive market through cost leadership.

Schindler works constantly in order to secure this competitive advantage. All processes are therefore continuously optimized, manufacturing depth is reduced by focusing exclusively on strategic core competencies, and the range of product families is reduced to a reasonable number. At the same time, Schindler focuses continuously on developing leading products featuring the latest technology. Examples of recent innovations include the first

patent for elevators without a machine room, the Miconic 10 hall call destination system, the Schindler ID personalized access control system, the Schindler 7000 global high-rise elevator, the fully synthetic aramid rope and modern traction belt technology.

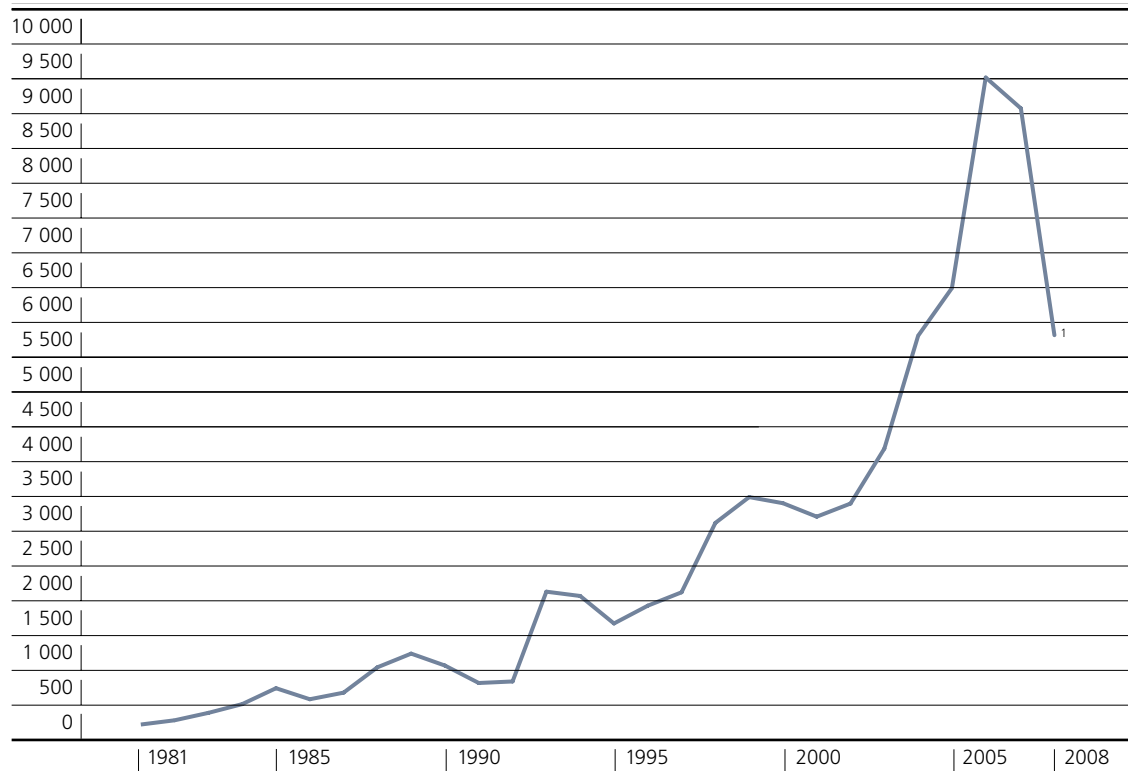
Schindler will systematically pursue the aforementioned strategy in order to further expand its leading position, thus generating added value for its shareholders and increasing its market capitalization.

Further information on ALSO's strategy is available in the ALSO Annual Report.

We create values

Market capitalization 1981 to 31.12.2008

In million CHF



¹ In 2008, market capitalization decreased by 36% as a result of the financial crisis, although earnings per share increased; see the top of page 5 for details.

Key figures 2008

Group				
In million CHF	2008	2007	Δ %	Δ % local currencies
Orders received	14 479	14 116	+2.6	+7.8
Operating revenue	14 027	13 835	+1.4	+6.5
Operating profit (EBIT)	889	830	+7.1	
Antitrust fines		293		
Net profit	634	278	+128.1	
Net profit before antitrust fines	634	571	+11.0	
Cash flow ¹	733	391	+87.5	
Return on shareholders' equity in %	30.9	13.0		
Consolidated shareholders' equity	2 018	2 082 ²		
Order backlog	6 396	6 752	-5.3	+7.1
Personnel at year-end (number)	45 063	45 208	-0.3	

¹ Net profit plus depreciation/amortization +/- change in provisions

² Adjusted retrospectively (see Financial Statements Group, page 5)

Elevators & Escalators

In million CHF	2008	2007	Δ %	Δ % local currencies
Orders received	9 259	9 023	+2.6	+9.1
Operating revenue	8 761	8 752	+0.1	+6.4
Operating profit (EBIT) in %	10.2	9.2		

ALSO

In million CHF	2008	2007	Δ %	Δ % local currencies
Orders received	5 220	5 093	+2.5	+5.6
Operating revenue	5 266	5 083	+3.6	+6.7
Operating profit (EBIT) in %	0.5	1.1		

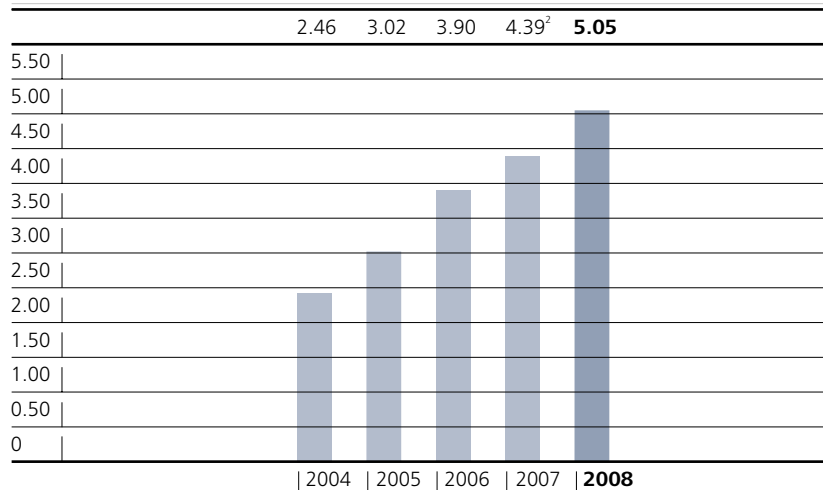
Dividends proposed by the Board of Directors of Schindler Holding Ltd.

In CHF	2008	2007
Registered share	2.00	1.60
Bearer participation certificate	2.00	1.60

Subject to approval by the General Meeting, the dividend will be paid on March 20, 2009.

Net profit per registered share and bearer participation certificate¹

In CHF



¹ Adjusted after 10:1 split on March 27, 2006

² Before antitrust fines

Organization

Board of Directors Schindler Holding Ltd.

Status December 31, 2008

Alfred N. Schindler	Chairman	Member of the Executive Committee of the Board
Luc Bonnard	Vice Chairman	Member of the Executive Committee of the Board
Prof. Dr. Pius Baschera	Member	
Dr. Hubertus von Grünberg	Member	
Prof. Dr. Karl Hofstetter	Member	
Lord Charles Powell	Member	
Dr. Alexander Schaub	Member	
Dr. Jenö C. A. Staehelin	Member	
Robert Studer	Member	

Management Committees

Status December 31, 2008

Elevators & Escalators

Jürgen Tinggren, President
Miguel A. Rodríguez, Deputy President
Erich Ammann
Dr. Rudolf W. Fischer
Michael Füllemann
Dr. Christoph Lindenmeyer
Silvio Napoli
Jakob Züger

ALSO

Thomas C. Weissmann, President
Marc Schnyder, Deputy President
Michael Dressen
Hans Wyss
Peter Zurbrügg

For details see the chapter on Corporate Governance starting on page 105 of the Financial Statements



A little bit of history.
Straight up to the future.



"We evolved from a six-story art-deco landmark to a showcase 46-floor tower. We've been a historic part of the city's landscape and are now part of its famed skyline. In the past, elevators were simply needed to move people up and down. But a high-rise building like the Hearst Tower in New York has far more complex transportation needs. We knew Schindler had

elevators smart enough to take on the task and keep us running smoothly and efficiently. And with their revolutionary Miconic 10 traffic management system we have less crowds to worry about, faster rides and, as a bonus, these elevators save energy too."

Brian Schwagerl, Vice President; Real Estate and Facility Planning, Hearst Corporation



Building team spirit.
When every step matters.



"It takes a lot of teamwork to pull off a project of this size. It also means working together nonstop from planning to inception to finalization. We needed to choose a provider of transportation solutions that is totally reliable, always able to cope with extremely tight deadlines, and also able to provide us with ma-

chinery that enhances the beauty of our unique structure, rather than detracting from it. Schindler was a clear winner in this contest – and a crucial team player right from the start."

General Manager, The National Stadium Management Co. Ltd.



Five-star atmosphere.
First-class service.



“Our guests consistently report a high level of satisfaction when they stay at our hotel. They enjoy the exclusive design, the amazing interiors, the luxury and the attention to detail – and of course our first-class personal service plays a very important role in the overall experience. To ensure we maintain high

standards of quality in every area, including our elevators, we need reliable partners. The service we get from Schindler is nothing short of what we offer our guests. Fast, discreet and obliging – around the clock.”

Public Relations Manager, Hotel Hyatt on the Bund, Shanghai



Jardin

Building connections.
By invitation only.



"Our new Paris headquarters needed much more than just a touch of paint; it needed to be reinvented as a modern office building with state-of-the-art technology and a premium feel. With Schindler's personalized ID system, we took it a notch higher. It is the latest generation of elevator technology which, combined with Schindler Miconic 10, always knows each pas-

senger's exact requirements. Schindler's traffic management system is ideal for meeting the needs of both our employees and visitors – helping them make the connections they need both up and down as well as with each other."

Thierry Osmont, technical manager, Le Macif

To the shareholders

Statement of the Board of Directors

1	2	3
4	5	6
7	8	9
	0	

To the shareholders

Pleasing improvement in operating performance

The global financial crisis impacts the economy

The global financial and liquidity crisis, volatile energy and raw materials prices, and sharp fluctuations in exchange rates caused turmoil in the global economic system and led to a slowdown in economic growth towards the end of 2008. With the exception of a few individual countries that experienced a marked decline in building activity, the construction industry nevertheless achieved a good overall performance in the reporting year.

Levels of demand in the elevators and escalators business remained stable and Schindler succeeded in strengthening the performance of its core business. However, ALSO was confronted with falling levels of demand and increasing pressure on margins in several markets and had to subsequently implement measures to achieve a sustained improvement in profit.

Negative foreign exchange impacts affected the profit and loss statement as well as consolidated shareholders' equity.

Group key figures

Orders received and order backlog

Consolidated orders received totaled CHF 14 479 million, an increase of 2.6% from the previous year's figure of CHF 14 116 million. ALSO contributed CHF 5 220 million of this sum. In local currencies, orders received rose by 7.8%.

The order backlog at end-2008, which was mainly attributable to the elevators and escalators business, declined by 5.3% to CHF 6 396 million compared to the previous year (in local currencies, an increase of +7.1% was recorded). This includes notable major orders in all market regions.

Operating revenue

Consolidated operating revenue rose by 1.4% to CHF 14 027 million (previous year: CHF 13 835 million). This corresponds to an increase of 6.5% in local currencies. ALSO contributed CHF 5 266 million of operating revenue. On a consolidated level, a significant negative foreign exchange impact of CHF 707 million was recorded.

The scope of consolidation was expanded to include a number of smaller local elevator companies in Europe. Schindler increased its stake in Schindler Elevator Company Ltd. in South Korea from 70% to 100%. It also acquired a minority stake in a company in Qatar.

The impact of these changes in the scope of consolidation on operating revenue and operating profit was less than 1%.

Operating profit

Consolidated operating profit (EBIT) totaled CHF 889 million, representing an increase of 7.1%.

Net income from financing and investing

Net income from financing and investing was CHF –11 million (previous year: CHF –51 million). A strong positive foreign exchange result (primarily resulting from operational hedging activities) was recorded. At the same time, Schindler reported increased net interest expenses as well as valuation adjustments on short- and long-term financial assets.

Net profit

Net profit totaled CHF 634 million, an increase of 11% compared to the previous year.¹

Personnel numbers

The Group's personnel decreased by 0.3% to 45 063 employees compared to end-2007. The elevators & escalators business had a total of 43 226 employees (previous year: 43 221). At ALSO, the number of employees fell by a total of 7.5% to 1 837, due primarily to restructuring measures in Scandinavia and Poland.

Growth and enhanced performance in the elevators & escalators business

Orders received totaled CHF 9 259 million, an increase of 2.6% compared to the previous year's figure of CHF 9 023 million. The increase in local currencies was 9.1%. All market regions contributed to this pleasing result, although orders received declined in certain overheated markets such as Spain, Portugal, and the UK.

With growth of 9.4% (in local currencies) in the new installations business, Schindler succeeded in further strengthening its position in the elevators and escalators segment. It secured several major orders for notable projects such as an urban development scheme close to Cairo. This order comprises the installation and maintenance of 299 elevators for over 400 000 inhabitants. It also received a major order for 232 elevators and escalators for several state-of-the-art buildings being constructed in the Pearl River New Town in Guangzhou, the capital of the Chinese province Guangdong.

¹ Figure of the previous year has been adjusted for the EU antitrust fine

Operating revenue grew by 0.1% to CHF 8 761 million (+6.4% in local currencies). This increase was attributable to the strengthening of the Swiss franc as well as to the measures implemented by Schindler in 2007, when the company decided to focus on qualitative growth and took steps to alleviate supply bottlenecks in Europe following two years of strong sales growth. Operating profit (EBIT) rose by 11.6% to CHF 895 million. As a result, the operating margin improved to 10.2% (previous year: 9.2%). The continuous enhancement of efficiency and processes, as well as the global launch of new elevator product lines and the subsequent streamlining of the product range, contributed to this improvement. Schindler's decision to focus escalator production on locations in China, the USA, Brazil and Slovakia led to the closure of its manufacturing plant in Vienna, resulting in a CHF 22 million charge to the financial statements.

ALSO

ALSO acquired the remaining 49.9% of the share capital of GNT Holding for CHF 76 million during the reporting year.

Despite the difficult economic environment, ALSO succeeded in increasing its consolidated net sales by 3.6% to CHF 5 266 million. It reported a consolidated loss of CHF –11 million which was impacted by the closure of the Polish and Swedish subsidiaries. In addition to these closures, ALSO implemented a comprehensive package of measures to achieve a sustained improvement in profit. Continuing operations generated a profit of CHF 23 million (2007: CHF 33 million).

The different reporting structure and elimination effects may cause individual values and percentages to differ slightly from those reported by ALSO.

Changes in the Management Committee

The Board of Directors appointed Silvio Napoli to the Management Committee Elevators & Escalators with effect from March 1, 2008. He has been Chief Executive Officer of the Jardine Schindler Group in Hong Kong since 2006 and is now responsible for the Asia/Pacific market region.

Schindler Holding Ltd.

Dividend and capital structure

Schindler Holding Ltd. closed the financial year 2008 with a net profit of CHF 428 million (previous year: CHF 874 million). The exceptional profit in the previous year was attributable to revenues from the intra-group transactions of affiliated companies.

The payment of a dividend of CHF 2.00 per registered share and per bearer participation certificate will be proposed to the next General Meeting on March 16, 2009.

Repurchase program

At the General Meeting of Schindler Holding Ltd. on March 26, 2008, it was decided that the 1 117 000 registered shares and 1 679 500 bearer participation certificates repurchased between January 3, 2007, and February 13, 2008, would be cancelled. The corresponding capital reduction took place after the legally required notification period expired on June 4, 2008.

Between February 13, 2008, and December 31, 2008, a total of 1 791 500 registered shares and 2 327 000 bearer participation certificates were repurchased. This corresponds to 3.4% of all outstanding securities. The Board of Directors will propose a corresponding reduction of the nominal capital to the Ordinary General Meeting on March 16, 2009.

The program to repurchase a maximum of 10% of outstanding registered shares and bearer participation certificates, which was agreed on December 11, 2006, and announced on January 3, 2007, has been extended to December 31, 2009.

Outlook

Elevators & Escalators

A further downturn in economic growth is to be expected in 2009. Many countries are already in a recession, although it is unlikely to extend beyond 2010/2011. The construction segment will therefore experience a decline, and levels of activity may decrease significantly in certain markets. Exchange rates will remain volatile and the strong Swiss franc is likely to impact the consolidated financial statements.

Schindler is well positioned globally. Thanks to its strong presence in over 140 countries, its attractive product range and its very large order backlog, Schindler will be able to approach the challenges in the market from a position of strength. The safeguarding of liquidity, the generation of stable cash flow, and a further improvement in performance will be its main priorities going forward. Further contingency measures to address sustained periods of market weakness have already been agreed and will be implemented immediately if necessary.

ALSO

The demand for IT products is expected to decline in 2009. The implementation of the comprehensive package of measures to achieve a sustained improvement in profitability that ALSO initiated in the fourth quarter of 2008 is therefore of key importance. ALSO expects to generate Group net sales of CHF 4 billion and to report a net profit in 2009.

Group

It is extremely difficult to make any forecasts regarding economic trends at present. Excluding any unforeseeable events, Schindler anticipates that it will be able to maintain its net profit in 2009 before any negative impacts or costs related to the recession.

Thank you

Schindler's successful performance in 2008 is attributable in particular to the hard work and expertise of its employees throughout the world. The Board of Directors and the Management Committees would like to express their considerable thanks to all employees for their loyalty and commitment. They would also like to thank all of Schindler's clients and business partners around the globe for their longstanding loyalty to the company.

Alfred N. Schindler
Chairman of the Board
of Directors

Luc Bonnard
Vice Chairman of the Board
of Directors

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Elevators & Escalators

General market trends

The global financial crisis, volatile energy and raw material prices, and sharp fluctuations in exchange rates impacted the economy across all market regions. However, Schindler was able to largely offset these negative effects through operational improvements and other measures.

Europe

Europe experienced an economic slowdown and construction activity declined in markets such as Spain, Portugal, the United Kingdom, and Italy. In Spain and Portugal, the residential construction segment was particularly affected, while commercial construction remained relatively stable in the first half of 2008. However, continued strong levels of demand were reported in the modernization business throughout Europe. Pricing pressure persisted across all segments.

North, Central, and South America

The North American economy rapidly lost momentum as a result of the global financial crisis. The tight credit markets adversely affected the entire construction industry, although the extent of the decline varied from segment to segment. Vacancy rates rose in the office and retail sectors. In Brazil, the market experienced strong growth despite a slight slowdown in recent months. Construction activity in other Latin American countries remained strong, especially in the first half of the reporting year.

Asia/Pacific

Market growth in all segments of the construction market remained robust, particularly in China, Australia, Singapore, Vietnam, and the Philippines.

East, Middle East, India, and Africa

All markets continued to grow. However, India – which is one of the key markets in the region – reported a slight reduction in the growth rate, especially in the escalator business. In addition, a number of major construction projects were delayed. Several major projects in Russia were also postponed as a result of the global financial crisis, while the booming markets in the Persian Gulf enjoyed sustained growth.

Good performance in all regions

Europe

Good growth driven by innovative product lines

Schindler exploited growth opportunities across the region and reported a good level of orders received in the new installations and modernization business.

In the residential construction segment, the strong demand for the competitive and innovative Schindler 3300 elevator product line continued. Schindler also secured a high level of sales in the commercial construction segment and was awarded several notable projects including the Prime Tower in Zurich and the headquarters of N M Rothschild & Sons in London.

The growing demand for modernization is driven primarily by the implementation of the EU Safety Norm for Existing Lifts (SNEL) and also reflects the age structure of existing installations. The Schindler 6300 modernization program that was launched during the reporting year was developed specially for the fiercely competitive mass market and was well received by customers.

Strong customer focus in the service business

Despite fiercer competition, Schindler achieved further growth in the service business. To maintain customer loyalty, it focused on offering high service quality with the support of its service leader concept, which was rolled out in all major European markets. This service model, which gives customers access to a team of dedicated service leaders who can offer comprehensive advice and answer any questions relating to their installations, has been very well received.

Schindler also enhanced its range of services through the launch of new products that offer simple, sustainable, and cost-effective solutions for preventative maintenance. The popularity of these tailored solutions is reflected by the high rate of service contract renewals, with certain major national and international customers renewing the contracts for their entire portfolio or designating Schindler as their preferred partner.

North, Central, and South America

Good level of orders for new installations in North America

The elevator business in North America once again reported a very high level of sales for new installations despite the decline in the market. The Schindler 330A hydraulic elevator, which is targeted at the low-rise market, contributed substantially to this success. Schindler also reported continuing demand for the state-of-the-art Schindler ID traffic management and access control system, which strengthened the backlog of modernization orders. The level of orders for the Schindler 7000 high-rise elevator system exceeded expectations.

Schindler maintained its leadership position in the escalator market. Its award-winning factory in Clinton, North Carolina, was featured in the National Geographic television program "Factory Floor".

Strengthening of the service business

Schindler expanded the geographic coverage and density of its service portfolio in North America with the acquisition of Chicago-based Valley Elevator, Inc., thus laying the foundations for future growth in Northern Illinois.

Ongoing initiatives to further enhance customer satisfaction, as well as continued innovations in service technology to improve reliability and quality, also had a positive impact on the service portfolio. Customer satisfaction levels remained strong, reflecting additional improvements in service and efficiency following the centralization of technical support functions in the Center for Service Excellence in Holland, Ohio.

ISO recertification

Schindler obtained recertification under the globally recognized ISO 14001:2004 standard for environmental management systems as well as the ISO 9001:2000 standard for quality management systems, confirming the company's commitment to meeting ISO requirements on a continuing basis.

Strong growth in Latin America

The new elevator product lines proved very popular and strengthened Schindler's leadership position in all Latin American markets. The modernization business developed well and the service business grew significantly, reflecting the high level of sales of new installations in the previous year.

Asia/Pacific

Leading position in the escalator and high-rise elevator business

Schindler continues to be the leader in both segments in the region and secured a leadership position in Australia for the first time, as it achieved record sales and won a number of high-rise projects in major urban centers.

Schindler is the leader in the high-end traffic management and access control segments with its Miconic 10 and Schindler ID product lines.

Thanks to its new products, Schindler has succeeded in making inroads in the residential market across the entire region, thus laying the foundations for future growth in this segment.

Successes in China

Schindler maintained its leading position in the escalator and high-rise elevator segments while successfully introducing new product lines to the residential market. It focused on its cooperation with major players in the real estate industry and intends to further strengthen these partnerships going forward.

Schindler won orders for several benchmark projects including the Wandu International Plaza and Hotel Shanghai, which will be equipped with 34 Schindler 7000 high-rise elevators and four Schindler 5400 elevators, and the Guangzhou Gaode Center, which will be supplied with 118 Schindler 7000 high-rise elevators and 88 Schindler 9300 escalators.

Schindler also supplied 146 escalators and 29 elevators for venues for the 2008 Olympic Games in Beijing, including the National Stadium known as the Birds Nest, the Olympic Park, and the National Convention Center, as well as over 100 additional installations for transport infrastructure projects such as the Olympic subway station. To ensure the rapid, efficient, and reliable transportation of tens of thousands of spectators from subway stations both to and within the competition grounds, Schindler created a 24-hour support team of 35 specialists who demonstrated the exceptional level of service provided by the company.

East, Middle East, India, and Africa

Schindler succeeded in strengthening its market position in the fast-growing emerging markets despite fierce competition and the negative impacts of the global financial crisis.

Position in India further strengthened

In a highly competitive environment, Schindler secured a large number of orders and proved it is the preferred supplier for high-rise projects. After successfully contributing to a large number of landmark projects in Mumbai and New Delhi, it was awarded major orders for further projects in Bangalore and Hyderabad. The launch of new product lines was well received by the market and has resulted in a significant rise in orders.

New branches form the basis for strong growth in the Persian Gulf

Schindler has established its own branches in Dubai and Abu Dhabi and has entered into a joint venture in Qatar in order to participate fully in the growth of these dynamic markets, where an unprecedented number of spectacular skyscrapers are being built. Since implementing this new structure, Schindler has won three major projects to supply a total of 129 elevators, 62 escalators and eight moving walks in Qatar.

Organic growth in Russia

Schindler has continued to grow its presence in the Russian market with the opening of new offices in the cities of Yekaterinburg, Nizhny Novgorod, and Volgograd, which offer significant growth potential. It also secured several major orders in Russia. This includes supplying IKEA in Omsk with 19 escalators and 14 elevators, the multifunctional complex RIO in Moscow with 39 units, and the high-rise project Oasis business-park in Moscow with eleven elevators.

Good success in other markets

Schindler has been selected as the mobility provider for Egypt's new city Madinaty, for which it will supply and service a total of 299 elevators. Schindler Israel strengthened its leadership position in the high-rise business by winning an order for 15 elevators for the Kiryat Atidin project. In Turkey, Schindler will supply 59 escalators and nine elevators for the prestigious Marmaray project, which will connect the two parts of Istanbul through a tunnel. In South Africa, Schindler strengthened its market position by substantially improving its "Black Economic Empowerment" rating.

Outlook

Europe

All segments of the construction industry will be affected by the global financial crisis. However, Schindler is well positioned in the new installations and modernization business with its innovative and competitive product range and will build on its existing strengths in the service business. It will also continue to pursue measures to further enhance its customer focus.

North, Central, and South America

In North America, the construction of new office space is expected to fall sharply and retail construction is likely to decline. The large backlog of orders for new installations will help to reduce the impact of the economic downturn on Schindler's operations. In Latin America, the slowdown in the economy will probably carry on into the first half of 2009. However, Schindler also has a large backlog of orders in these markets, which should cushion the effects of the difficult economic climate. Schindler is confident that it will succeed in maintaining its strong position through continuous improvements in productivity.

Asia/Pacific

The large backlog of orders will support future growth. In spite of the inevitable economic slowdown driven by the global financial crisis, the Asia/Pacific market will continue to grow, albeit at a lower rate than in the past. Schindler China will further strengthen its leading position in the high-rise elevator and escalator segments and grow its share of the residential market through new product lines.

East, Middle East, India, and Africa

The expanding population, urbanization, and increasing wealth of many countries in the region will drive continued growth. The launch of new products, continuous cost reductions, and new organizational setups will enable Schindler to grow faster than the market.

All markets

The turbulence of recent months has given rise to considerable uncertainty, which makes it difficult to provide an outlook for the business at present.



Upwardly mobile. Fast track to the top.

"The Torre Espacio office complex (Group Villar Mir) and 5-star Eurostars Madrid Tower Hotel (Torre Sacyr y Vallehermoso) in Madrid's prestigious Cuatro Torres business district are part of a family of towers that are nudging their way up over the skies of Madrid, giving us the tallest skyscrapers in all of Spain. It was clear that Schindler, a pioneer in vertical mobility, could help us

make that move upwards. With Schindler's top-of-the-line high-rise elevators, we know our passengers can move upward and onward, smoothly and quickly."

Eduardo Corral, Management Director Torre Espacio, and Daniel Guillén, Communication Department, Torre Sacyr y Vallehermoso

Important orders

Elevators & Escalators

Europe

Austria	Wien Mitte, office buildings, shopping mall, restaurants, leisure center and hotel, Vienna	51 elevators, including 29 Schindler 5400, 7 Schindler 2400, and 5 Schindler 2600; as well as 12 Schindler 9300 escalators and 1 Schindler 9700 escalator
	Kaufhaus Tyrol, shopping mall, Innsbruck	22 Schindler 9300 escalators
	Paradiesgarten, residential buildings, Salzburg	11 Schindler 3300 elevators
Belgium/ Luxembourg	Tour des Finances, office building, Brussels	25 elevators, including 15 Schindler 7000, 6 Schindler 5400, 2 Schindler 2400, and 2 panoramic elevators; as well as 3 Schindler 9300 escalators
	Liège-Guillemins train station, Liège	6 panoramic elevators, 6 freight elevators, 40 Schindler 9300 escalators and 10 Schindler 9500 moving walks
	Airport Luxembourg	26 elevators, including 25 Schindler 5400 and 1 freight elevator; as well as 4 Schindler 9300 escalators and 1 Schindler 9500 moving walk
Bosnia and Herzegovina	Nova Vogošća, residential buildings, Sarajevo	64 Schindler 3300 elevators
Croatia	West Gate, shopping mall, Zaprešić	32 elevators, including 19 Schindler 5400, 12 Schindler 2600, and 1 Schindler 2400; as well as 24 Schindler 9300 escalators
	Gradska robna kuća u Dubravi, shopping mall, Zagreb	10 elevators, including 6 Schindler 2600 and 4 Schindler 2400; as well as 8 Schindler 9300 escalators and 2 Schindler 9500 moving walks
	Hotel Plakir, Dubrovnik	11 elevators, including 5 Schindler 3400, 1 Schindler 5300, 4 Schindler 3300, and 1 Schindler 2400
Czech Republic	Radio Free Europe/Radio Liberty, office building, Prague	5 elevators, including 4 Schindler 5400 with Miconic 10 and 1 Schindler 2600
	OCP Gemini, office buildings, Prague	20 Schindler 5400 elevators
	Plaza Liberec, shopping mall, Liberec	9 elevators, including 7 Schindler 5400 and 2 Schindler 2400; as well as 15 Schindler 9300 escalators
France	Roissy Airport, Terminal 4	27 Schindler 9300 escalators and 6 Schindler 9500 moving walks
	Ski resort, Courchevel	4 Schindler 9700 escalators
	IKEA, Rouen and Tours	21 elevators, including 20 Schindler 2600 and 1 Schindler 2400; as well as 3 Schindler 9300 escalators and 2 Schindler 9500 moving walks
	Les Guipons, office buildings, Villejuif	15 elevators, including 13 Schindler 5400 and 2 Schindler 3400
Germany	Loop 5, shopping mall, Weiterstadt	24 elevators, including 6 Schindler 5400, 6 Schindler 2400, and 2 Schindler 2600; as well as 16 Schindler 9300 AE escalators and 9 lifting platforms
	RWE Power AG, coal-fired power station Westfalen, Hamm	12 elevators, including 1 Schindler 5400
	BASF, office tower, Ludwigshafen	Modernization of 6 Schindler 7000 elevators with Miconic 10 and Schindler ID
Greece	National Telecommunication Company of Greece (OTE), office building, Athens	19 elevators, including 18 Schindler 5400 and 1 freight elevator with Miconic 10 and Lobby Vision
	Metamorfosis train station, Athens	4 Schindler 5400 elevators and 4 Schindler 9300 escalators
Hungary	Corvin Átrium Bevásárlóközpont, shopping mall, Budapest	31 elevators, including 25 Schindler 5400 and 6 Schindler 2600; as well as 18 Schindler 9300 AE escalators
	Györi ETO Bevásárlóközpont, shopping mall, Győr	10 elevators, including 1 Schindler 5400, 2 Schindler 2600, 5 Schindler 3300, and 2 Schindler 5300; as well as 4 Schindler 9300 escalators
	Könyves Kálmán krt Irodaház, office building, Budapest	10 Schindler 5400 elevators with Miconic 10

Europe

Iceland	Korputorg, shopping mall, Reykjavík	2 elevators, including 1 Schindler 5300 and 1 Schindler 2600; as well as 2 Schindler 9500 moving walks and 1 Schindler 9300 escalator
	Brúarvogur 1–3, commercial building, Reykjavík	2 elevators, including 1 Schindler 5300 and 1 Schindler 2600
Italy	Nodo di Termini, subway station, Rome	6 elevators, 28 Schindler 9300 escalators, and 2 Schindler 9500 moving walks
	9 cruise ships, built by Fincantieri and Mariotti shipyards	177 elevators and 14 Schindler 9300 escalators
	IKEA, various cities	22 elevators, including 3 Schindler 2400, 7 Schindler 2600, and 1 Schindler 5300; as well as 4 Schindler 9300 escalators and 1 Schindler 9500 moving walk
	Inditex Group, commercial buildings, various cities	Maintenance contract for 55 elevators and 54 escalators
Montenegro	Delta City, shopping mall, Podgorica	10 Schindler 5400 elevators and 4 Schindler 9300 escalators
Netherlands	Rijksmuseum, Amsterdam	26 elevators
Poland	Sky Tower, shopping mall, hotel, office, commercial and residential buildings, Wrocław	56 elevators, including 16 Schindler 7000 and 38 Schindler 5400; as well as 4 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Curtiz Plaza II, office buildings, Warsaw	16 Schindler 5400 elevators with Miconic 10
	New City, office buildings, Warsaw	15 Schindler 5400 elevators
Portugal	Sonae Leiria Shopping, shopping mall, Leiria	7 elevators, including 3 Schindler 5400 and 4 Schindler 2400; as well as 4 Schindler 9300 escalators and 10 Schindler 9500 moving walks
	Sonae Maia Jardim Shopping, shopping mall, Maia	9 elevators, including 5 Schindler 5400 and 4 Schindler 2400; as well as 10 Schindler 9300 escalators and 6 Schindler 9500 moving walks
	Marina Village, hotel and residential buildings, Olhão	90 elevators, including 82 Schindler 3300 and 7 Schindler 5400
	IKEA, Matosinhos	21 elevators, including 6 Schindler 5400 and 15 Schindler 2600; as well as 11 Schindler 9300 escalators and 8 Schindler 9500 moving walks
Romania	City Gate, office building, Bucharest	18 elevators, including 12 Schindler 7000 with Miconic 10 and 6 Schindler 5400
	Metro Bucharest, extension of four subway stations	5 Schindler 5400 elevators, and 15 Schindler 9300 escalators
Serbia	Univerzijada, commercial and residential building, Belgrade	14 elevators, including 10 Schindler 5400 and 4 Schindler 3400
Slovenia	National Opera House, Ljubljana	9 elevators, including 5 Schindler 3300, 2 Schindler 3400, and 1 Schindler 6200
	Abanka Ljubljana, commercial building, Ljubljana	Modernization of 4 Schindler 5400 elevators
Spain	Torre Iberdrola, hotel and office building, Bilbao	21 elevators, including 19 Schindler 7000
	Expoagua 2008, international exhibition, Saragossa	Maintenance contract for 111 elevators and 1 Schindler 9300 AE escalator
	Edificio Master's I Oficinas, office building, Madrid	Modernization of 5 elevators
	Centro Comercial El Tejar, shopping mall, Madrid	14 elevators, including 6 Schindler 5400 and 6 Schindler 2300; as well as 14 Schindler 9300 AE escalators and 10 Schindler 9500 AE moving walks
Switzerland	Prime Tower, office buildings, Zurich	17 elevators, including, 9 Schindler 7000, 5 Schindler 5400, and 2 Schindler 2600
	Migros Länderpark, shopping mall, Stans	8 elevators, including 3 Schindler 5400, 4 Schindler 2600, and 1 Schindler 5400; as well as 6 Schindler 9500 moving walks
	University Hospital Basel	7 Schindler 2500 elevators
	Stückli, shopping mall, Basel	2 Schindler 9300 AE escalators and 8 Schindler 9500 moving walks
United Kingdom	Heathrow Airport, Terminal 5, London	Maintenance contract for 120 elevators
	Media City, commercial building, Manchester	55 elevators, including 47 Schindler 5400 with Miconic 10, 7 Schindler 2400, and 1 Schindler 2600
	Thomas More Square, office building, London	Modernization of 23 elevators with Schindler ID

Torre del Agua, international exhibition; Saragossa, Spain



The Dolder Grand, hotel; Zurich, Switzerland



E-Gate, office building; Prague, Czech Republic

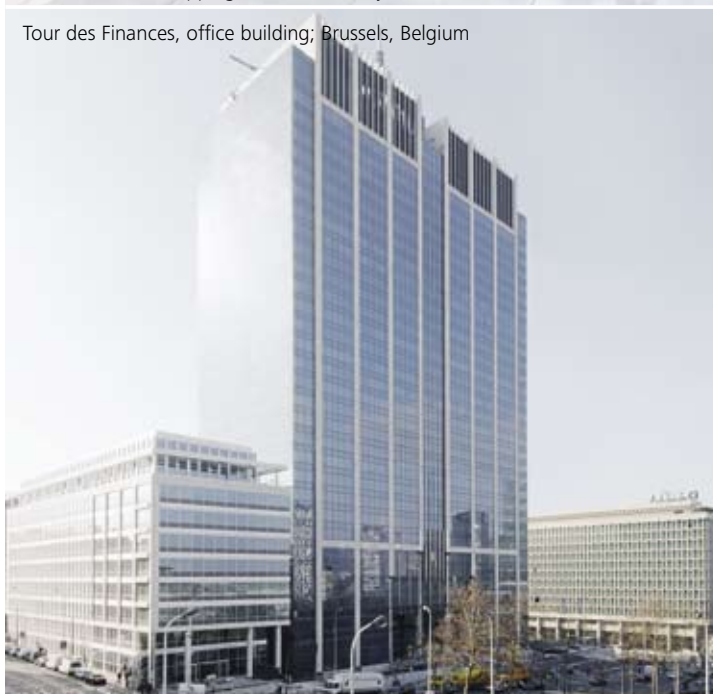


Opera House; Oslo, Norway





Porta di Roma, shopping mall; Rome, Italy



Tour des Finances, office building; Brussels, Belgium



Breidenbacher Hof, hotel; Dusseldorf, Germany



Arena Plaza, shopping mall; Budapest, Hungary

North, Central, and South America

Arkansas	Arkansas State University, Jonesboro	Maintenance contract for 51 elevators
California	Sheraton Hotel, San Diego	Modernization of 19 elevators
	Disney Channel, office building, Burbank	Modernization of 12 elevators
	388 Market Street, office building, San Francisco	Modernization of 11 elevators, including 5 with Schindler ID
	595 Market Street, office building, San Francisco	Modernization of 11 elevators, including 10 with Schindler ID
Florida	Orlando International Airport	Modernization of 17 elevators
	Canaveral Port Authority, seaport, Cape Canaveral	Maintenance contract for 13 elevators and 17 escalators
Hawaii	Resort Quest, hotel, Waikiki	Modernization of 9 elevators, including 6 with Schindler ID
Illinois	150 N. Michigan, office building, Chicago	Modernization of 12 elevators
Louisiana	Sheraton Hotel, New Orleans	Modernization of 20 elevators, including 5 with Schindler ID
Maryland	Clark Building, office building, Bethesda	Modernization of 8 elevators
	C4ISR Center of Excellence-PHA, office buildings, Aberdeen	22 elevators, including 17 Schindler 400A and 4 Schindler 330A
Massachusetts	MASCO Services Inc., schools, Boston	Maintenance contract for 265 elevators
Michigan	Penobscot, commercial building, Detroit	Maintenance contract for 30 elevators
	GTC-Expansion, airport, Romulus	6 Schindler 9300 AE escalators, 2 Schindler 9300 escalators and 4 Schindler 9500 moving walks
Nevada	World Market Center, shopping mall, Las Vegas	32 Schindler 9300 escalators and maintenance contract for 12 elevators
New Jersey	Revel Entertainment Hotel, Atlantic City	53 elevators, including 12 Schindler 500A, 28 Schindler 400A, 10 Schindler 330A and 3 freight elevators, as well as 5 Schindler 9300 AE escalators and 14 Schindler 9300 escalators
New York	World Trade Center, Buildings 3 and 4, office buildings, New York	85 Schindler 7000 elevators, including 78 with Schindler ID, 1 Schindler 400A elevator and 1 Schindler 330A elevator, as well as 2 Schindler 9300 AE escalators
	250 West 55th Street, office building, New York	15 Schindler 7000 elevators, including 14 with Schindler ID, 3 Schindler 500A elevators with Schindler ID, and 1 Schindler 400A elevator
	One Bryant Park, commercial building, New York	35 Schindler 7000 elevators, including 32 with Schindler ID, 9 Schindler 500A elevators, including 6 with Schindler ID, 8 freight elevators, as well as 3 Schindler 9300 AE escalators
	Chrysler Building, commercial building, New York	Maintenance contract for 53 elevators
	Portland International Airport, Portland	12 elevators, including 10 Schindler 500A and 2 Schindler 400A; as well as 8 Schindler 9500 moving walks
Pennsylvania	State Office Building, Harrisburg	Modernization of 9 elevators, including 8 with Schindler ID
	Penguin Arena, sports stadium, Pittsburgh	10 elevators, including 9 Schindler 400A and 1 Schindler 330A; as well as 11 Schindler 9300 escalators
	Rivers Casino, Pittsburgh	16 elevators, including 8 Schindler 500A and 6 Schindler 330A; as well as 4 Schindler 9300 AE escalators
Texas	3040 Post Oak Blvd., office building, Houston	Modernization of 13 elevators
	Methodist Hospital, Houston	Maintenance contract for 34 elevators and 4 escalators
	Texas Tech University, Lubbock	Maintenance contract for 27 elevators
Washington	Constitution Square #1 and 2, office buildings, Washington	22 Schindler 500A elevators
	One Union Square, commercial building, Seattle	Maintenance contract for 14 elevators and 4 escalators

North, Central, and South America

Canada	Uptown Mall, shopping mall, Vancouver	18 elevators, including 10 Schindler 330A, 2 Schindler 400A, and 4 freight elevators; as well as 16 Schindler 9300 AE escalators and 3 moving walks
	Holt Renfrew, Eaton Centre, shopping mall, Calgary	1 Schindler 400A elevator and 14 Schindler 9300 escalators
	390 Bay Street, office building, Toronto	Modernization of 10 elevators
	H&M, retail store, Montreal	1 Schindler 400A elevator and 4 Schindler 9300 escalators
Argentina	Torres del Yatch, residential buildings, Buenos Aires	12 Schindler 7000 elevators
	Panamerican Mall, shopping mall and office building, Buenos Aires	12 Schindler Neolift elevators, 21 Schindler 9300 escalators and 6 Schindler 9500 moving walks
	Ayres del Pilar, residential buildings, Buenos Aires	11 Schindler Smart elevators
Brazil	Brascan Century Plaza, office and commercial buildings, Barueri	33 elevators, including 23 Schindler 500 L with Miconic 10, 2 Schindler 500 L, and 8 Schindler 5300
	Parque Cidade Corporate, office buildings, Brasília	42 elevators, including 18 Schindler 300 L with Miconic 10, 6 Schindler 300 L, and 18 Schindler 5300
	Condomínio Edifício São Luiz, office buildings, São Paulo	Modernization of 16 elevators, including 14 Schindler 300 L with Miconic 10 and 2 Schindler 300 L
	Centro Empresarial Rio Sul, office building, Rio de Janeiro	Modernization of 20 elevators, including 2 Schindler 300 L and 18 Schindler 500 L with Miconic 10
Chile	Costanera Center, shopping mall, Santiago de Chile	62 Schindler 9300 escalators and 24 Schindler 9500 moving walks
	Edifícios Parque Andino/Sur, office buildings, Santiago de Chile	21 elevators, including 15 Schindler 7000 with Miconic 10 and 6 Schindler Neolift
	Plaza Norte/Sur, shopping mall, Santiago de Chile	1 Schindler Neolift elevator and 18 Schindler 9300 escalators
Mexico	Spa Resort Hotel Velas Riviera Maya, shopping mall and hotel, Playa del Carmen	28 elevators, including 19 Schindler 5400, 1 Schindler 330A, and 6 Schindler Neolift 300 L; as well as 4 Schindler 9300 AE escalators
	Monterrey Airport, Terminal II	7 Schindler 5400 elevators, 11 Schindler 9300 AE escalators, and modernization of 4 Schindler 9300 AE escalators
	Paseo Morelia, shopping mall and commercial building, Morelia	8 elevators, including 7 Schindler 330A and 1 Schindler 5400; as well as 12 Schindler 9300 AE escalators
	Plaza de las Américas Veracruz, shopping mall and commercial building, Veracruz	2 Schindler 330A elevators and 6 Schindler 9300 AE escalators
	Corporativo Cervantes, office building, Mexico City	9 Schindler 7000 elevators
Peru	Torre Pinar, commercial building, Lima	5 Schindler Neolift elevators with Miconic 10
	Technical University of Peru, Lima	6 Schindler Neolift elevators
	Real Plaza, shopping mall, Huancayo	5 Schindler Neolift elevators and 6 Schindler 9300 escalators
Uruguay	Imperiale Luxury, residential buildings, Punta del Este	14 Schindler Neolift elevators
	BILU, residential buildings, Montevideo	16 Schindler 100 L elevators
Venezuela	Multicentro Empresarial del Este, office buildings, Caracas	Modernization of 23 Schindler 7000 elevators and 2 Schindler 9300 escalators
	Maiquetía Airport, International Terminal, Caracas	2 Schindler 9500 moving walks
	El Encantado, residential buildings, Caracas	26 Schindler 100 L elevators
	Torre Seguros Los Andes, office buildings, Barquisimeto	5 Schindler 7000 elevators
	Torre 4, office building, Valencia	Modernization of 4 Schindler 7000 elevators

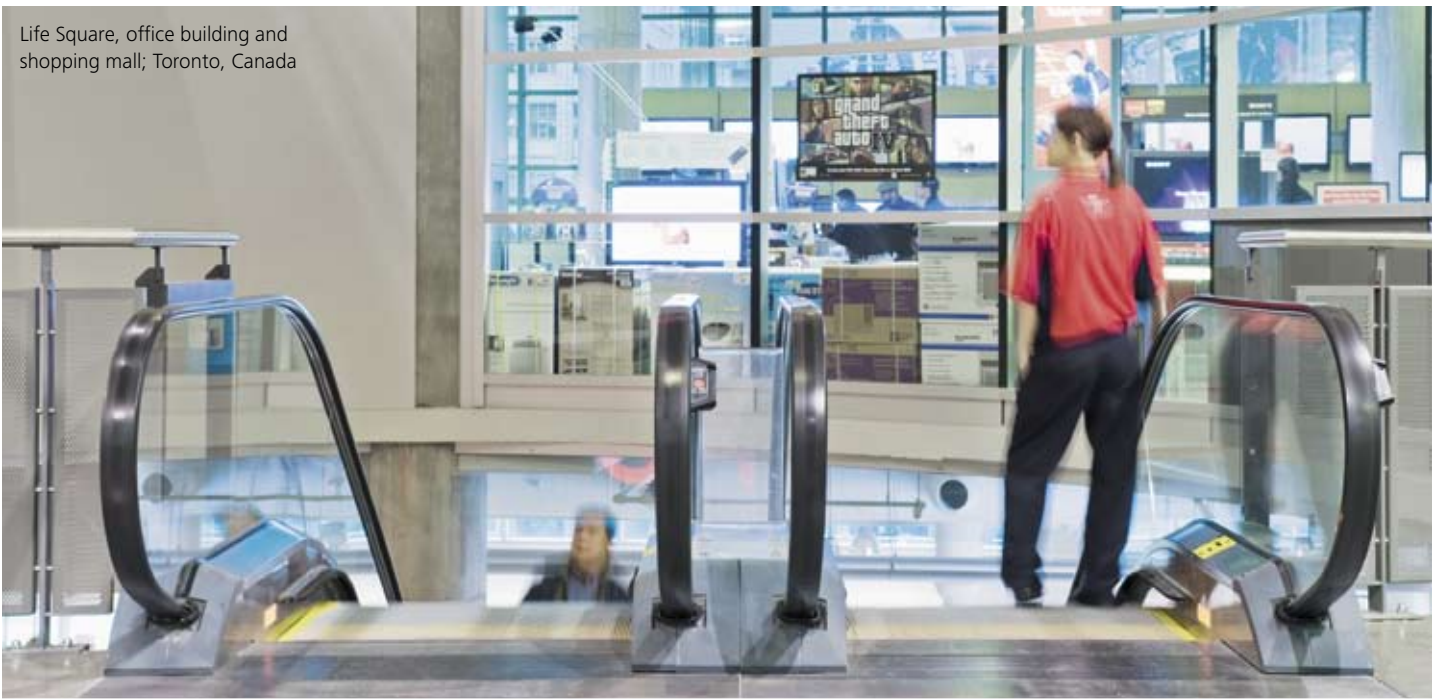
Centro Empresarial Rio Sul, office building; Rio de Janeiro, Brazil



Metro Maracaibo, Altos de la Vanega station; Maracaibo City, Venezuela



Life Square, office building and shopping mall; Toronto, Canada



2000 Avenue of the Stars, office building; Los Angeles, USA



Asia/Pacific

Australia	One One One Eagle Street, office and commercial building, Brisbane	22 elevators, including 19 Schindler 7000 and 2 Schindler 5400 MRL, as well as 2 Schindler 9300 AE escalators
	City Square, office and commercial building, Perth	28 elevators, including 21 Schindler 7000, 5 Schindler 5400 MRL, and 2 Schindler 2600; as well as 3 Schindler 9300 AE escalators
	717 Bourke Street, office and commercial building, Melbourne	17 elevators, including 10 Schindler 7000 and 7 Schindler 5400 MRL
	420 George Street, office and commercial building, Sydney	18 elevators, including 13 Schindler 7000, 1 Schindler 2600 MRL, and 4 Schindler 5400 MRL; as well as 11 Schindler 9300 AE escalators
	The Oracle Broadbeach, residential, office, and commercial buildings, Gold Coast	21 elevators, including 3 Schindler 3400, 8 Schindler 3400 MRL, and 7 Schindler 7000
China	Beijing Pan Gu Da Guan, office buildings, Beijing	30 elevators, including 28 Schindler 7000 and 2 Schindler 5400 AP MRL; as well as 6 Schindler 9300 AE escalators
	Gaode Center, phase 1 + 2, hotel, shopping mall and office buildings, Guangzhou	144 elevators, including 118 Schindler 7000 and 26 Schindler 5400 AP; as well as 88 Schindler 9300 AE escalators
	New Guohao Changfeng City, shopping mall, hotel, office, and residential buildings, Shanghai	70 elevators, including 27 Schindler 300 C, 39 Schindler 5400 AP, and 4 Schindler 7000; as well as 46 Schindler 9300 AE escalators
	Pearl River City West Tower, commercial building, Guangzhou	52 elevators, including 47 Schindler 5400 AP and 5 Schindler 80 L, as well as 20 Schindler 9300 AE escalators
	Shuhe Ancient Town, residential buildings, Linyi	54 elevators, including 40 Schindler 5400 AP and 14 Schindler Elegant
	Wandu International Plaza & Hotel Shanghai, office building and hotel, Shanghai	38 elevators, including 34 Schindler 7000 and 4 Schindler 5400 AP
	100 Nathan Road, entertainment complex, Hong Kong	13 elevators, including 9 Schindler 7000 and 1 Schindler 5400, as well as 44 Schindler 9300 AE escalators
Indonesia	Central Park, shopping mall, Jakarta	70 Schindler 9300 AE escalators and 6 Schindler 9500 moving walks
	Paragon City, shopping mall and hotel, Semarang	13 Schindler 5400 elevators as well as 26 Schindler 9300 AE escalators, and 4 Schindler 9500 moving walks
	Senen Jaya, Block IV, shopping mall, Jakarta	18 Schindler 9300 AE escalators
Japan	Kanda railway station, pedestrian overpass, Fukuoka	2 Schindler 9300 escalators
Korea	Humansia Apartments built by the Korean National Housing Corporation, residential buildings throughout South Korea	597 elevators, including 11 Schindler 5400 and 586 Schindler 250 K
	Songdo The Central Park, residential buildings, Incheon	32 elevators, including 21 Schindler 7000 and 11 Schindler 5400, as well as 6 Schindler 9300 escalators
	Ssangyong Namsan Platinum, residential buildings, Seoul	9 elevators, including 7 Schindler 7000 and 2 Schindler 5400, as well as 2 Schindler 9300 escalators
Macau	Sheraton Hotel, phase 2	29 elevators, including 28 Schindler 7000 and 1 Schindler 5400

Asia/Pacific

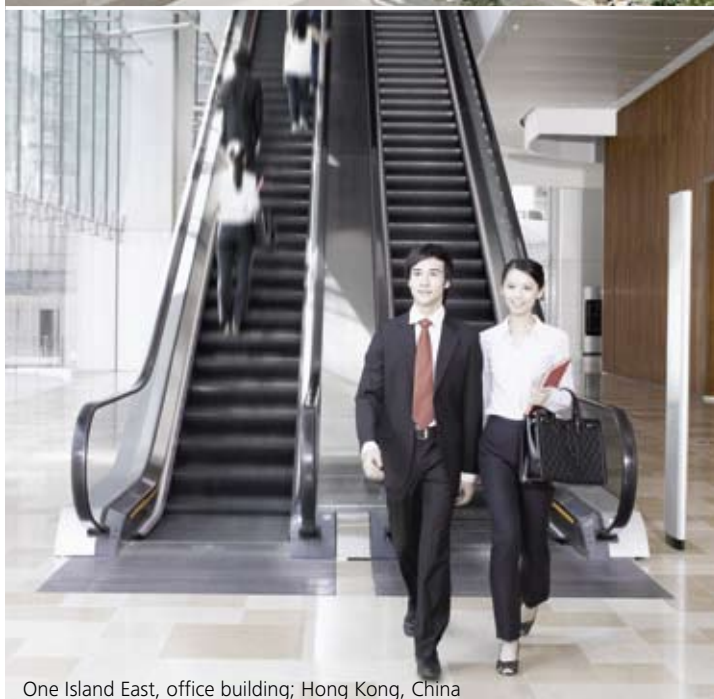
Malaysia	Putrajaya 4G1084G11, commercial buildings, Putrajaya	32 elevators, including 28 Schindler 7000 and 4 Schindler 5400
	MK 11, residential building, Kuala Lumpur	22 elevators, including 20 Schindler 7000 and 2 Schindler 5400
	Hotel Kingwood, Sibul	10 elevators, including 6 Schindler 5400; as well as
		10 Schindler 9300 AE escalators
	Aman City, residential building, Kuala Lumpur	8 Schindler 7000 elevators
New Zealand	Eden Park, sports stadium, Auckland	7 Schindler 2600 elevators
Philippines	Eton Cyberpod Corinthian, commercial building, Pasig City	10 elevators, including 3 Schindler Elegant MRL and 7 Schindler 5400; as well as
		4 Schindler 9300 AE escalators
Singapore	Marina View North Tower, office and commercial buildings	38 elevators, including 34 Schindler 7000 and 4 Schindler 5400; as well as
		6 Schindler 9300 AE escalators
	Fragrance, Wak Hassan Drive, Inggus Road and Penaga Place, residential buildings	48 Schindler 3100 elevators
	Ascendas CBP Changi Business Park, office buildings	24 elevators, including 19 Schindler 5400; as well as
		6 Schindler 9300 AE escalators
	Oasia Hotel & Novena Specialist Centre, Sinaran Drive, hotel, commercial and residential buildings	13 elevators, including 3 Schindler 7000 and 10 Schindler 5400; as well as
		14 Schindler 9300 escalators and 4 Schindler 9500 moving walks
	ITE College West	18 elevators, including 17 Schindler 5400; as well as
		3 Schindler 9300 AE escalators
Taiwan	Hotel Mandarin Oriental, Taipei	20 elevators, including 3 Schindler 7000 and 11 Schindler 5400; as well as
		14 Schindler 9300 AE escalators
	Kolin, shopping mall, Taipei	18 Schindler 9300 AE escalators and 14 Schindler 9500 moving walks
Thailand	Sathorn Square, office building, Bangkok	24 elevators, including 14 Schindler 7000 and 10 Schindler 5400; as well as
		4 Schindler 9300 AE escalators
	Crystal Design Centre, shopping mall, Bangkok	10 Schindler 5400 elevators and 20 Schindler 9300 AE escalators
	The Siam Kempinski Hotel, Bangkok	23 Schindler 5400 elevators
	Energy Complex Building A, office buildings, Bangkok	20 elevators, including 18 Schindler 7000
	Sukhothai Residences, Bangkok	15 elevators, including 14 Schindler 7000 and 1 Schindler 3400
Vietnam	Richland Hill, residential buildings, Ho Chi Minh City	42 elevators, including 38 Schindler 3400 and 4 Schindler 5400; as well as
		18 Schindler 9300 AE escalators
	Truong Dinh Hoi 3 Apartment, residential buildings, Ho Chi Minh City	30 Schindler 3400 elevators
	Intresco Hai Au, commercial and residential building, Ho Chi Minh City	16 elevators, including 12 Schindler 3400 and 4 Schindler 5400; as well as
		12 Schindler 9300 AE escalators
	Nha Trang Center, shopping mall, hotel, and office building, Nha Trang	13 elevators, including 3 Schindler 3300 and 10 Schindler 5400; as well as
		6 Schindler 9300 AE escalators
	Apex Tower, office building, Hanoi	10 elevators, including 7 Schindler 7000 and 3 Schindler 5400



Songdo The Central Park, residential buildings; Incheon, South Korea



One One One Eagle Street, office and commercial building; Brisbane, Australia



One Island East, office building; Hong Kong, China



Pavilion Kuala Lumpur, shopping mall; Kuala Lumpur, Malaysia

East, Middle East, India, and Africa

Azerbaijan	Absheron, residential buildings, Baku	85 Schindler 3300 elevators
Egypt	Madinaty, residential buildings, Cairo	299 Schindler 3300 elevators
	Dream Land, residential buildings, Cairo	27 Schindler 3300 elevators
	AUC, American University, Cairo	27 Schindler 300 P elevators
	High Town Mall, commercial building, Cairo	8 Schindler 9300 escalators
India	MGF Commonwealth Games, commercial buildings, Delhi	73 Schindler 100 P MRL elevators
	Waverock, IT park, Hyderabad	63 elevators, including 48 Schindler 300 P, 10 Schindler 100 P MRL, and 5 Schindler 7000
	Infiniti Mall, shopping mall, Mumbai	14 Schindler 300 P, 16 Schindler 9300 AE escalators, and 4 Schindler 9500 AE moving walks
	Core Knowledge Park, office buildings, Noida	31 elevators, including 28 Schindler 300 P and 3 Schindler 100 P MRL
	One North, office buildings, Pune	21 Schindler 300 P elevators
Israel	Vision Tower, shopping mall and office building, Tel Aviv	17 elevators, including 12 Schindler 7000, 3 panoramic elevators, and 2 Schindler 5400; as well as 2 Schindler 9300 escalators
Kazakhstan	Han Çadiri, shopping mall, Almaty	3 Schindler 5300 elevators as well as 20 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks

East, Middle East, India, and Africa

Kenya	Camelot Development, office building, Nairobi	7 elevators, including 6 Schindler 5400 and 1 Schindler 100 AP MRL
	Kencom House, office building, Nairobi	Modernization of 8 Schindler 5400 AP elevators
	Cape Holdings, commercial buildings, Nairobi	12 Schindler 100 AP MRL elevators
	Standard Chartered Bank, office building, Nairobi	6 elevators, including 4 Schindler 100 AP MRL and 2 Schindler 3300
Lebanon	Safi Homes, residential building, Beirut	3 elevators, including 2 Schindler 5400 AP and 1 Schindler 3300
	Al-Attiya, residential complex, Araya	7 Schindler 3300 elevators
Morocco	Novotel Casa City Center, hotel, Casablanca	Maintenance contract for 16 elevators, including 10 Schindler 5400 and 6 Schindler 5300
	Bank Al-Maghrib, office building, Rabat	Maintenance contract for 11 elevators, including 5 Schindler 5400
Qatar	Qatar National Convention Centre and car park, Doha	17 elevators, including 12 Schindler 5400 AP, 3 Schindler 5400, and 2 Schindler 2600; as well as 62 Schindler 9300 escalators and 8 Schindler 9500 moving walks
	Pearl Qatar Qanat Quartier, residential buildings, Doha	67 Schindler 5300 elevators
Russia	Oasis, commercial building, Moscow	11 elevators, including 8 Schindler 7000 and 3 Schindler 5400
Turkey	Marmaray, railway tunnel under the Bosphorus, Istanbul	9 elevators, 59 Schindler 9300 escalators and 10 Schindler 9700 escalators
	Sabiha Gökçen, airport car park, Izmir	6 Schindler 5400 elevators and 16 Schindler 9300 escalators
	Anse AVM, shopping mall, Ankara	9 Schindler 5400 AP elevators and 22 Schindler 9300 escalators
	Levent Loft 2, residential building, Istanbul	3 Schindler 5400 elevators

NorDStar Tower, office building; Moscow, Russia



Capricorn Tower, residential building; Dubai, U.A.E



Waverock, IT park; Hyderabad, India



Oasis, commercial building; Moscow, Russia



HSBC bank headquarters, office building; Cairo, Egypt



Bank Al-Maghrib, office building; Rabat, Morocco



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ALSO

ALSO Group

Consolidation and repositioning

As a result of the global financial crisis and its negative impact on the real economy, the European PC markets served by ALSO experienced a significant slowdown – particularly in the second half of 2008. The value of these markets grew only marginally or even declined compared to the previous year. Market conditions were further exacerbated by the temporary hike in interest rates, the massive rise in oil prices during certain periods and the subsequent increase in transport costs, as well as the unusually high volatility of foreign currencies that are relevant to ALSO. In this extremely challenging market environment, the ALSO Group, which is a leading provider in the wholesale and logistics sector for information technology and consumer electronics (ICE) in Europe, consolidated its position among the top European ICE distributors in 2008 and repositioned itself to meet the challenges it expects to encounter in the near future. Following the acquisition of a majority participation in the Finland-based GNT Group in summer 2006, ALSO acquired the remaining 49.9% of shares in GNT at end-May 2008 and thus gained the unlimited freedom to implement important strategic measures with immediate effect. In view of the rapid deterioration in the economic environment, ALSO decided in fall 2008 to close its loss-making subsidiaries in Sweden and Poland and promptly implemented additional measures to achieve a sustained increase in profit. In view of the significant rise in the cost of freight, all Group companies were instructed to systematically charge the increased transport costs to the customers, based on the actual expenses arising from each shipment. In addition, all subsidiaries conducted a review to determine which price adjustments are necessary to counter the severe drop in average unit prices as well as the considerable rise in financing costs. Clear guidelines were also issued regarding stock levels.

The different reporting structure and elimination effects may cause individual values and percentages to differ slightly from those reported by ALSO.

Net loss despite good result for continuing operations

Excluding the companies that were closed, ALSO increased its net sales by 5% to CHF 4 851 million in 2008 despite the difficult environment (2007: CHF 4 599 million). However, operating profit decreased to CHF 56 million (2007: CHF 69 million). This decline was mainly attributable to a reduction in gross margins due to the intensified price war, as well as higher operating expenses. The significantly higher financing costs, compared to 2007, were more than offset by exceptional tax impacts, resulting in a profit of CHF 23 million for continuing operations (2007: CHF 33 million). The discontinued operations in Sweden and Poland jointly reported a loss of CHF 34.5 million for 2008, including plant closure costs. As a result of these structural measures, ALSO reported a substantial net loss of CHF –11 million for 2008 and will not pay a dividend for the last financial year.

Switzerland/Germany region

Growth in net sales but market value stagnates

In the Switzerland/Germany region, the demand for IT hardware and software products grew by 15–20% in terms of unit volumes in 2008. However, virtually no growth in value was recorded in this region due to a simultaneous decline in average unit prices. Against this backdrop, ALSO gained market share in both Switzerland and Germany and increased its net sales by a total of 12% to CHF 3 120 million (2007: CHF 2 784 million). The operating profit was marginally lower than in the previous year, reflecting the fiercer competitive environment. The Swiss subsidiary strengthened its market leadership in the reporting year. It expanded its operations in the growth areas of servers and high-end storage, consumer electronics, logistics services and supplies (IT consumables) and developed additional offerings for its clients in the newly defined area ALSO Services. The German subsidiary achieved further growth and increased its volume of purchases from virtually all manufacturers. It acquired substantial market share – particularly in the retail business – and added consumer products to its product portfolio.

Northern/Eastern Europe region

Stable developments in Northern/Eastern Europe

The markets in Northern Europe developed differently to those in Eastern Europe in 2008. The Nordic markets (Finland and Norway) grew by 10–15% in terms of unit volumes. However, demand declined substantially in the three Baltic states due to the local recession. Excluding the subsidiaries in Sweden and Poland that have been closed, ALSO strengthened its business in this fiercely competitive market. Net sales totaled CHF 1 731 million, a decrease of 5% compared to the previous year (2007: CHF 1 815 million). However, operating profit declined significantly compared to the previous year.

Outlook

ALSO Group

In view of the unfavorable economic outlook, ALSO expects the demand for IT products to decline further in 2009. A sustained improvement in revenues and the strengthening of its balance sheet will therefore have priority over volumes and the growth of market share this year. After eliminating its loss-making operations in Sweden and Poland and taking measures to improve its results, ALSO believes it is well positioned to master the challenges that lie ahead in 2009.

Corporate Citizenship

Wide-ranging corporate commitments

Each day, Schindler elevators and escalators across all continents transport over 900 million people, as well as a range of goods. The company's long-term business success depends to a significant extent on its ability to meet the need for safe, comfortable, and efficient mobility solutions in a market-oriented and profitable manner. The more successfully Schindler can achieve this, the greater are the benefits for its customers, employees, shareholders, and other key stakeholders. Schindler's corporate citizenship activities illustrate how the company assumes its role within society and fulfills its responsibilities towards various stakeholders and the environment.

A dedicated corporate citizenship website

Schindler reported on its environmental performance in the field of product ecology for the first time in its Annual Report 2000. It went one step further in 2005 by extending its reporting to include data on operational ecology, as well as details of the corporate principles and values that guide it in its business activities. Explanations about the ways in which it assumes its social responsibility complete this information.

To avoid any unnecessary impact on the environment through the use of paper and transportation, Schindler decided to publish these detailed and regularly updated information exclusively on a specially designed website: www.schindler.com/corporatecitizenship. The following topics are examined in detail on the site.

Environment

Elevators and escalators are designed to have an average service life of 30 years. From a product ecology perspective, the main environmental impacts occur during the operation of the elevators due to their long service life – and not as a result of the actual manufacturing of the products. The primary objective when developing new elevators and escalators is therefore to improve their energy and material efficiency in comparison with the models that are being replaced.

Operational ecology performance indicators reveal that almost 60% of the company's environmental impact is attributable to the fleet of over 10 000 service vehicles in use globally. Particular attention is therefore being paid to reducing fuel consumption by optimizing scheduled journeys and by selecting more environmentally friendly models when purchasing new vehicles.

Safety

The safety of our around 43 000 employees, as well as over 900 million passengers who use Schindler products each day, is the core element of our corporate responsibility. Consequently, our quality and safety standards are not restricted to our products: they apply to the entire company. A comprehensive internal and external risk and safety management system was therefore established at an early stage, since Schindler does not wish to – and cannot – make any compromises in the field of safety.

Employees

Schindler believes that highly motivated employees are a prerequisite to fulfill customer needs and thus guarantee business success. The company therefore aims to be the employer of choice in its industry. A number of different measures have been developed to attract and retain the best employees and to further develop their skills, including the provision of a healthy and safe workplace, annual training and development opportunities, and efforts to support the political, cultural, or charitable commitments of staff.

Values and social responsibility

Schindler's vision is "Leadership through Service." The Schindler name is thus synonymous with customer service and uncompromising integrity.

Ten years ago, Schindler became the first company in the European elevator industry to introduce a Code of Conduct, which requires its management and employees in around 130 countries worldwide to act in an ethical manner and in accordance with applicable legislation. The implementation of, and compliance with, the Code of Conduct is monitored by dedicated Compliance Officers, who have a direct reporting line to the Audit Committee appointed by the Chairman of the Board of Directors.

Schindler subsequently signed the Partnering Against Corruption Initiative (PACI) established by the World Economic Forum (WEF), which is aimed at preventing all forms of corruption and bribery worldwide.



Role model. For future generations.

“The Bank of America Tower in New York is the first high-rise building to be awarded the coveted platinum certification for Leadership in Energy & Environmental Design® (LEED). The tower’s extraordinary design both reshapes the urban skyline and improves the complex pedestrian and transit circulation below. We also needed elevators that would enable us to meet the challenge of offering maximum energy efficiency as well as the best access

control system in the market. With the outstanding Schindler ID and Miconic 10 traffic management system, Schindler’s experience and its intelligent products have been instrumental in helping us meet our lofty goals.”

Jody Durst, copresident, The Durst Organization; owner, builder, and manager of premier midtown Manhattan properties

"Green" elevators

Energy consumption is rising continuously. Reducing the amount of energy we use is therefore one of the greatest challenges of our time and is reflected by the trend towards the construction of "green" buildings. Elevator energy consumption is therefore a topic of growing interest among property developers and real estate managers.

Schindler began conducting comprehensive studies as early as 1999 that proved that the energy consumed during the operational phase of its products has the greatest impact on their environmental performance. This knowledge and the systematic procedures that resulted from it have since been applied to the product development process.

Environmentally friendly Schindler elevators

The consideration of ecological requirements in the production of elevators is best illustrated by the Schindler 7000 high-rise elevator, which is used in skyscrapers and other high-rise buildings throughout the world.

When manufacturing this product, Schindler assigns priority to materials which have a lower environmental impact than those used in earlier product lines and can also be disposed of in an ecologically sound manner. In the case of the Schindler 7000 high-rise elevator, large energy savings have been achieved through the development of significantly lighter components, the optimization of the energy levels required to light the elevator cars and for other electronic standby functions, and the recuperation of energy while the elevator is running. In addition, Schindler's revolutionary hall call destination system optimizes travel within the building while, at the same time, substantially reducing journey times for passengers at peak periods.

An environmental fact sheet containing detailed data is available upon request. It demonstrates that the Schindler 7000 high-rise elevator makes a valuable contribution towards environmentally responsible conduct in the context of internal mobility.

Further information is available at: www.schindler.com/corporatecitizenship

Overview of financial results

Summary financial statements Group

Profit and loss statement

In million: CHF	2008	2007	2006	2005	2004 ¹
Operating revenue	14 027	13 835	11 106	8 870	8 254
Operating expenses	13 138	13 005	10 380	8 236	7 733
Operating profit	889	830	726	634	521
Antitrust fines		293			
Financing activities	-12	-51	-25	-60	-43
Investing activities	1	-	10	-2	4
Profit before taxes	878	486	711	572	482
Taxes	244	208	200	171	153
Net profit:	634	278	511	401	329
Shareholders of Schindler Holding Ltd.	615	254	488	377	308
Minority interests	19	24	23	24	21

The figures for 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

Balance sheet December 31

In million: CHF	2008	2007	2006	2005	2004 ¹
Current assets	4 956	4 927	4 917	3 909	3 595
Non-current assets	1 833	2 214 ²	2 359	2 140	1 741
Total assets	6 789	7 141	7 276	6 049	5 336
Current liabilities	3 726	3 827	3 744	3 004	2 468
Non-current liabilities	1 045	1 232 ²	1 355	1 160	1 373
Total liabilities	4 771	5 059	5 099	4 164	3 841
Consolidated shareholders' equity:	2 018	2 082 ²	2 177	1 885	1 495
Equity of shareholders of Schindler Holding Ltd.	1 907	1 957 ²	2 060	1 749	1 376
Minority interests	111	125	117	136	119
Total liabilities and shareholders' equity	6 789	7 141	7 276	6 049	5 336

² Retrospective adjustment in the financial statements 2008 (see Financial Statements Group, Note 2.2, page 8)

Cash flow statement

In million: CHF	2008	2007	2006	2005	2004 ¹
Cash flow from operating activities	1 062	602	476	347	433
Cash flow from investing activities	-525	-11	-288	11	-729
Cash flow from financing activities	-264	-511	-319	-296	-123
Translation exchange differences	-45	-28	-3	35	-36
Change in cash on hand	228	52	-134	97	-455

¹ Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

Summary financial statements Schindler Holding Ltd.

1 2 3
4 5 **6**
7 8 9
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Overview of
financial results

Profit and loss statement

In million CHF	2008	2007	2006	2005	2004
Income from subsidiaries	520	398	325	270	224
Other revenue	44	546	26	30	15
Total revenue	564	944	351	300	239
Depreciation and adjustments	82	28	72	76	67
Other expenses	54	42	46	47	39
Total expenses	136	70	118	123	106
Net profit for the year	428	874	233	177	133

Balance sheet December 31

In million CHF	2008	2007	2006	2005	2004
Current assets	1 219	1 052	711	759	654
Non-current assets	1 604	1 615	1 274	1 328	1 394
Total assets	2 823	2 667	1 985	2 087	2 048
Debentures	300	300	300	600	600
Other liabilities	528	404	408	332	383
Total liabilities	828	704	708	932	983
Share capital	7	7	7	7	7
Bearer participation capital	5	5	5	5	5
Retained earnings	1 555	1 077	1 032	966	920
Net profit for the year	428	874	233	177	133
Shareholders' equity	1 995	1 963	1 277	1 155	1 065
Total liabilities and shareholders' equity	2 823	2 667	1 985	2 087	2 048

Dividend payment

In million CHF	2008	2007	2006	2005	2004
Registered shares	145 ¹	114	93	65	51
Bearer participation certificates	98 ¹	78	66	46	36
Total dividend payment	243¹	192	159	111	87

¹ Proposal by the Board of Directors

Dividend policy

The dividend policy approved and communicated by the Board of Directors is earnings-related and provides for a payout ratio of 35% to 45% of the consolidated net profit (excluding minority interests) (see also page 64).

Key figures Group

Overview of financial results

Group

In million: CHF	2008	2007	2006	2005	2004 ¹
Orders received	14 479	14 116	11 720	9 445	8 428
Operating revenue	14 027	13 835	11 106	8 870	8 254
EBITDA ²	1 018	958	848	751	669
in %	7.3	6.9	7.6	8.5	8.1
EBITA ³	926	865	758	657	557
in %	6.6	6.3	6.8	7.4	6.7
EBIT ⁴	889	830	726	634	521
in %	6.3	6.0	6.5	7.1	6.3
Antitrust fines		293			
Net income from financing and investing activities	-11	-51	-15	-62	-39
Profit before taxes	878	486	711	572	482
Net profit	634	278	511	401	329
in %	4.5	2.0	4.6	4.5	4.0
Net profit before antitrust fines	634	571			
in %	4.5	4.1			
Net profit of shareholders of Schindler Holding Ltd.	615	254	488	377	308
Cash flow ⁵	733	391	623	490	442
Capital expenditure	120	103	112	98	82
Order backlog	6 396	6 752	6 024	5 005	3 723
Personnel at year-end (number)	45 063	45 208	43 679	40 385	39 443
Consolidated shareholders' equity	2 018	2 082 ⁶	2 177	1 885	1 495
Equity ratio in %	29.7	29.2	29.9	31.2	28.0

The figures for 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

¹ Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

² EBITDA: Operating profit plus depreciation/amortization

³ EBITA: Operating profit plus depreciation

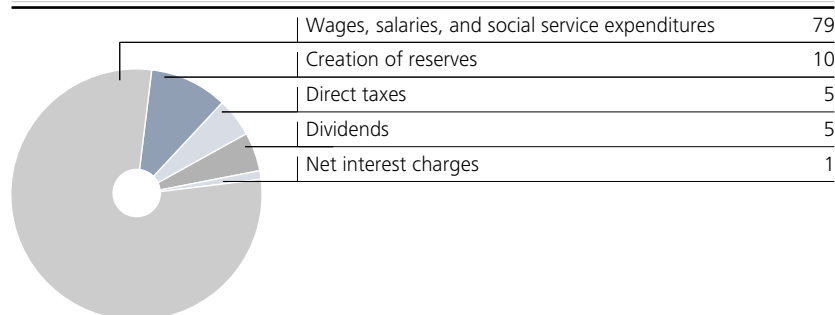
⁴ EBIT: Operating profit

⁵ Cash flow: Net profit plus depreciation/amortization +/- change in provisions

⁶ Retrospective adjustment in the financial statements 2008 for IFRIC 14 (see Financial Statements Group, Note 2.2, page 8)

Allocation of the Group's net value added 2008

In %



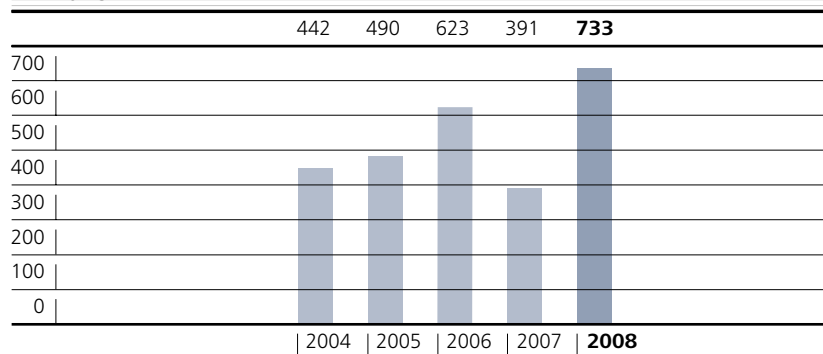
The Group's total value added is the increase in value achieved by the whole Group within a certain period of time.

The net value added is calculated by subtracting the value of goods and services drawn on by other companies, as well as depreciations, from overall Group income.

The distribution of the Group's net value added shows how employees, the governments, the company itself, the shareholders, and other providers of finance participate in this economically relevant amount.

Cash flow¹

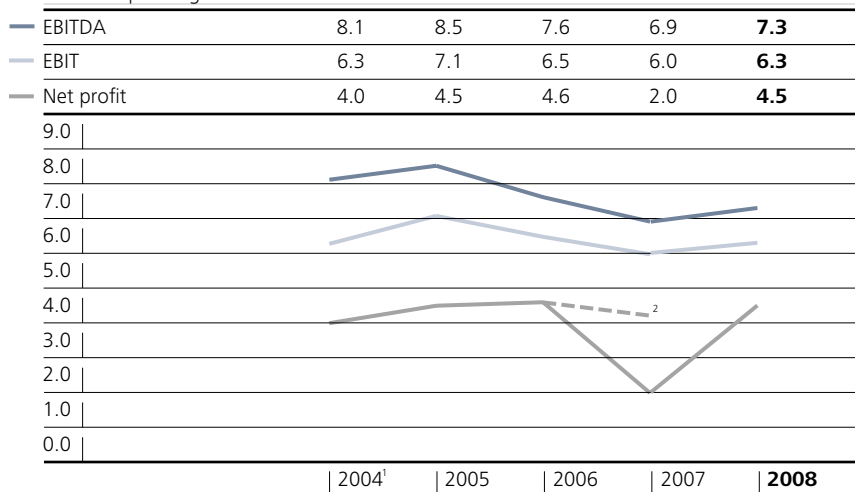
In million CHF



¹ Net profit plus depreciation/amortization +/- change in provisions

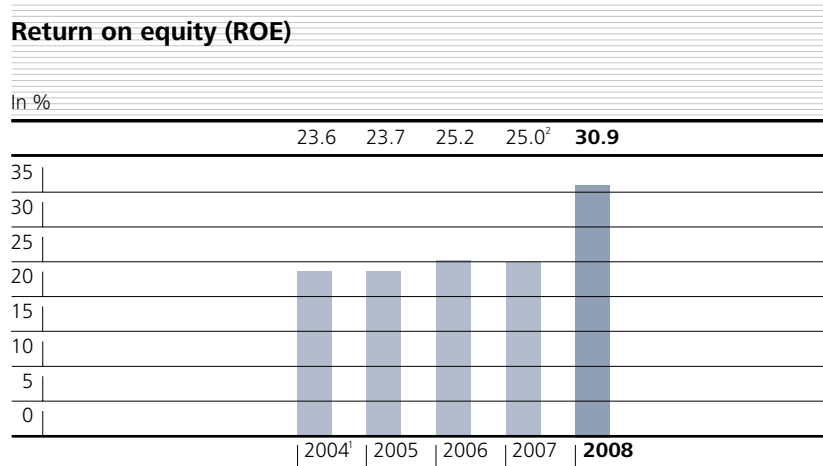
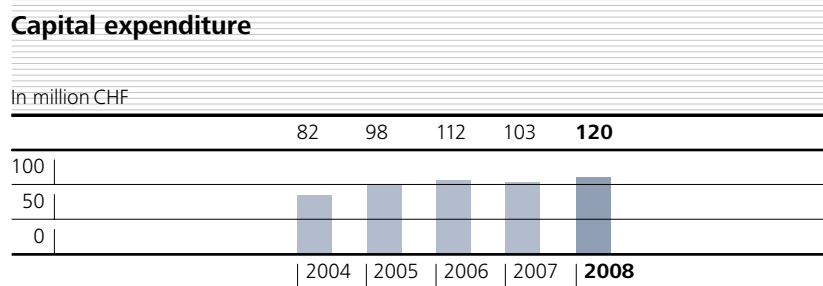
EBITDA, EBIT, net profit

As % of operating revenue



¹ After R03 project costs

² Before antitrust fines

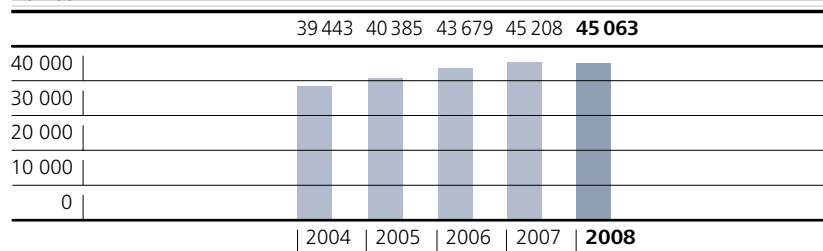


¹ The figures are significantly affected by costs of the R03 restructuring and efficiency improvement project

² Before antitrust fines

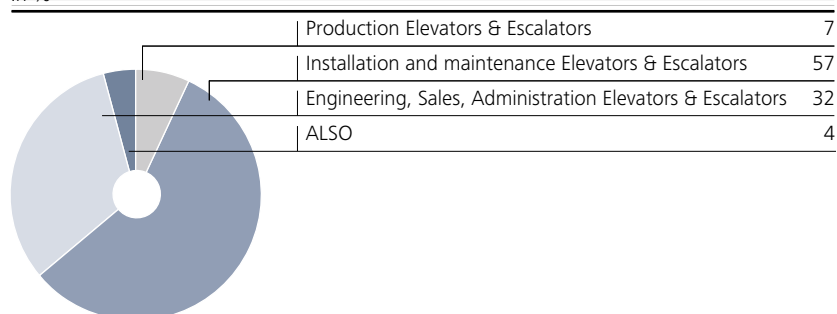
Personnel at the end of year

Number



Personnel by sector

In %



Key figures Elevators & Escalators

Elevators & Escalators

In million CHF	2008	2007	2006	2005	2004 ¹
Orders received	9 259	9 023	8 417	7 447	6 546
Operating revenue	8 761	8 752	7 829	6 890	6 404
EBITDA ²	1 007	917	831	745	650
in %	11.5	10.5	10.6	10.8	10.1
EBITA ³	926	832	747	654	543
in %	10.6	9.5	9.5	9.5	8.5
EBIT ⁴	895	802	717	632	508
in %	10.2	9.2	9.2	9.2	7.9
Research and development	100	109	111	110	114
Personnel at year-end (number)	43 226	43 221	41 632	39 762	38 841

¹ Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

² EBITDA: Operating profit plus depreciation/amortization

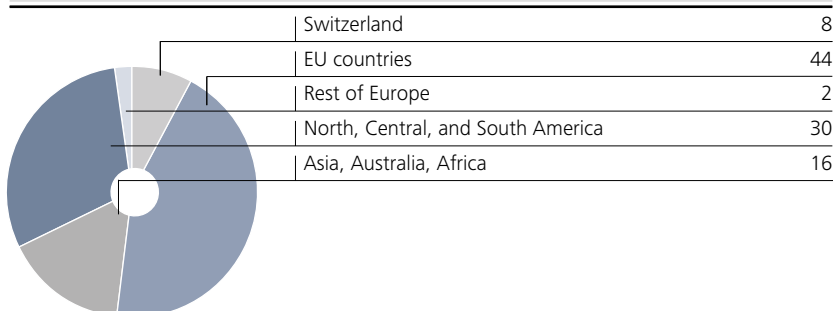
³ EBITA: Operating profit plus depreciation

⁴ EBIT: Operating profit

The figures for 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

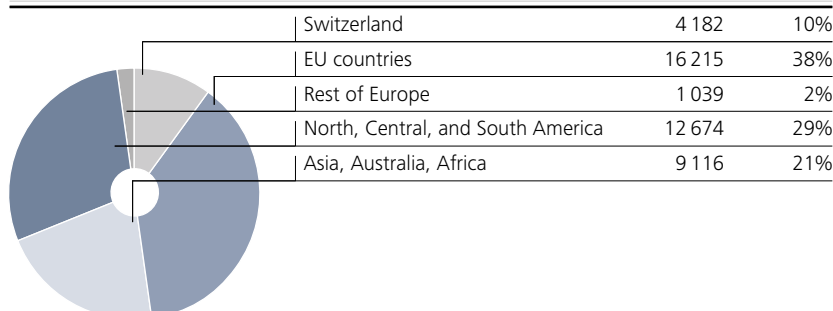
Invoiced sales 2008 by market

In %



Personnel 2008 by region

Total 43 226



Key figures ALSO

1 2 3
4 5 **6**
7 8 9
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Overview of
financial results

In the annual financial statements for 2006, the GNT Group is only included for four months (first-time consolidation as from September 1, 2006).

The different reporting structure and elimination effects may cause individual values and percentages to differ slightly from those reported in the ALSO Annual Report.

ALSO

In million CHF	2008	2007	2006	2005	2004 ¹
Orders received	5 220	5 093	3 303	1 998	1 882
Operating revenue	5 266	5 083	3 277	1 980	1 852
EBITDA ²	40	66	37	27	37
in %	0.8	1.3	1.1	1.4	2.0
EBITA ³	29	58	31	24	32
in %	0.6	1.1	0.9	1.2	1.7
EBIT ⁴	24	54	29	23	31
in %	0.5	1.1	0.9	1.2	1.7
Personnel at year-end (number)	1 837	1 987	2 047	623	602

Key figures of the continuing operations (excluding the closed companies)

Operating revenue	4 851	4 599
EBIT ⁴	56	69
in %	1.2	1.5

¹ Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

² EBITDA: Operating profit plus depreciation/amortization

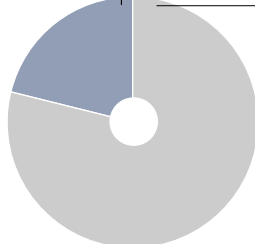
³ EBITA: Operating profit plus depreciation

⁴ EBIT: Operating profit

Invoiced sales 2008 by market

In %

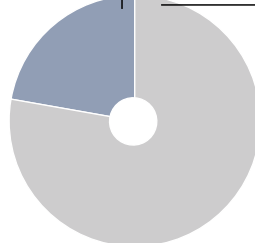
Switzerland	21
EU countries/other Europe	79



Personnel 2008 by country

Total 1837

Switzerland	410	22%
EU countries/other Europe	1 427	78%



Key figures Schindler Holding Ltd.

Schindler Holding Ltd.

In million CHF	2008	2007	2006	2005	2004
Share capital	7	7	7	7	7
Bearer participation capital	5	5	5	5	5
Shareholders' equity	1 995	1 963	1 277	1 155	1 065
Debentures	300	300	300	600	600
Net profit for the year	428	874	233	177	133
Dividend payment	243¹	192	159	111	87

¹ Proposal by the Board of Directors

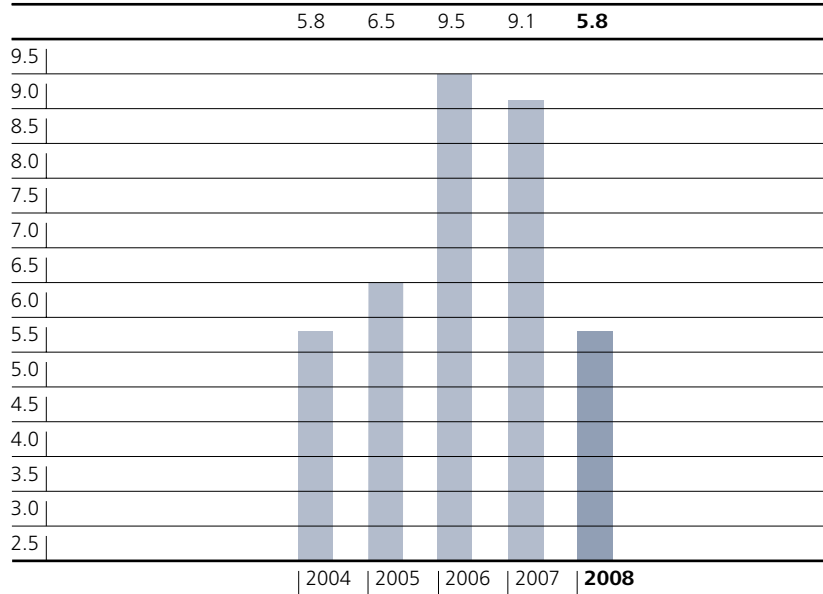
Key figures registered share/bearer participation certificate

1 2 3
4 5 **6**
7 8 9
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Overview of
financial results

Market capitalization as of December 31

In billion CHF



Registered share

In CHF	2008	2007	2006 ¹	2005	2004
Number of registered shares outstanding	72 451 200	73 568 200	73 568 200	7 356 820	7 356 820
Thereof in treasury stock	2 002 896	1 799 250	829 123	102 222	79 941
Nominal value	0.10	0.10	0.10	1.00	1.00
Price high	87.10	84.50	76.00	530.00	475.00
Price low	42.00	65.50	52.00	425.00	338.00
Price year-end	47.05	73.00	76.00	519.50	475.00
P/E ratio December 31	9.3x	35.8x	19.5x	17.2x	19.3x

¹ After 10:1 split on March 27, 2006

Bearer participation certificate

In CHF	2008	2007	2006 ¹	2005	2004
Number of certificates outstanding	49 256 900	50 936 400	51 416 400	5 141 640	5 141 640
Thereof in treasury stock	964 458	1 633 177	1 153 433	52 956	59 108
Nominal value	0.10	0.10	0.10	1.00	1.00
Price high	87.90	85.85	77.80	526.00	455.25
Price low	41.30	66.00	52.10	423.00	298.00
Price year-end	48.10	73.00	76.65	521.00	451.00
P/E ratio December 31	9.5x	35.8x	19.7x	17.3x	18.3x

¹ After 10:1 split on March 27, 2006

Information per registered share and bearer participation certificate

In CHF	2008	2007	2006	2005	2004
Net profit ¹	5.05	2.04	3.90	3.02	2.46
Cash flow ¹	6.02	3.14	4.98	3.92	3.43
Shareholders' equity at year-end ¹	16.06	16.16	16.75	14.17	11.13
Gross dividend ¹	2.00²	1.60	1.30	0.90	0.70
Pay-out ratio	% 36.6	36.4 ³	33.3	29.8	28.4
Market capitalization (in million CHF)	5 778	9 089	9 532	6 501	5 813

¹ The figures for 2004 and 2005 are adjusted for the 10:1 split on March 27, 2006

² Proposal by the Board of Directors

³ Before antitrust fines

Ticker and security number

	Registered share	Bearer participation certificate
Bloomberg	SCHN	SCHP
Reuters	SCHN.S	SCHP.S
Valor	002463821	002463819
ISIN	CH0024638212	CH0024638196

Both the registered shares and the bearer participation certificates are traded on the SIX Swiss Exchange. The bearer participation certificates have the same rights as the registered shares with the exception of attendance at the Annual General Meeting and voting rights.

Significant shareholders

At the end of 2008, registered shares of Schindler Holding Ltd. were held by 4 197 shareholders (previous year: 4 066).

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 51 082 480 registered shares of Schindler Holding Ltd., corresponding to 70.5% of the voting rights of the share capital entered in the Register of Companies.

Financial calendar

1 2 3
4 5 **6**
7 8 9
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[Overview of
financial results](#)

Financial calendar		
	2009	2010
Annual results media conference	February 17	February 18
Ordinary General Meeting Schindler Holding Ltd.	March 16	March 15
Date of Schindler Holding Ltd. dividend payment	March 20 ¹	
Publication Interim Report as of March 31	April 21	April
Publication Interim Report as of June 30	August 18	August
Publication Interim Report as of September 30	October 27	October

¹ Subject to approval of a dividend payment by the General Meeting of Schindler Holding Ltd.

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The Annual Report of the Schindler Group for 2008 consists of the Activity Report and the Financial Statements and Corporate Governance.

The original German language version is binding. English, French, and Spanish translations of the Activity Report are also available. The Financial Statements and Corporate Governance are published in German and English only.

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zintzmeyer & Lux AG
Zurich, Switzerland

**Typesetting, prepress,
and printing**

NZZ Fretz AG
Schlieren, Switzerland

Image photography

Markus Bertschi, Switzerland
Marc Gerritsen/On Request Images
(pages 10 and 11)
José Manuel Ballester
(page 27)

Important addresses

1 2 3
4 5 6
7 8 9
0

For further information about our company, our products, and our services, please contact one of the following addresses:

Schindler

Schindler Holding Ltd.
Seestrasse 55
6052 Hergiswil
Switzerland
Telephone +41 41 632 85 50
Fax +41 41 445 31 34

Schindler Management Ltd.
Zugerstrasse 13
6030 Ebikon
Switzerland
Telephone +41 41 445 32 32
Fax +41 41 445 31 34
email@schindler.com

www.schindler.com

Corporate Communications

Riccardo Biffi
Head of Corporate Communications
Schindler Management Ltd.
6030 Ebikon
Switzerland
Telephone +41 41 445 30 60
Fax +41 41 445 31 44
riccardo.biffi@ch.schindler.com

Investor Relations

Barbara Zäch
Investor Relations Manager
Schindler Management Ltd.
6030 Ebikon
Switzerland
Telephone +41 41 445 30 61
Fax +41 41 445 31 44
barbara.zaech@ch.schindler.com

Stephan Jud
Head of Treasury
Schindler Management Ltd.
6030 Ebikon
Switzerland
Telephone +41 41 445 31 19
Fax +41 41 445 45 30
stephan.jud@ch.schindler.com

Elevators & Escalators

**Europe, Middle East,
India, and Africa**
Schindler Management Ltd.
Zugerstrasse 13
6030 Ebikon
Switzerland
Telephone +41 41 445 32 32
Fax +41 41 445 31 34

USA and Canada

Schindler Elevator Corporation
20 Whippany Road
PO Box 1935
Morristown, NJ 07962-1935
USA
Telephone +1 973 397 65 00
Fax +1 973 397 36 19
www.us.schindler.com

Latin America

Latin America Operations
Paseo de la Reforma 350 – 8° Piso
Col. Juárez
06600 México, D.F.
Mexico
Telephone +5255 5080 1400/12
Fax +5255 5207 33 36

Asia/Pacific

Schindler Management
Asia/Pacific Ltd.
40 Wenshui Road
Shanghai 2000 72
P. R. China
Telephone +86 21 5665 0991
Fax +86 21 6630 3392

ALSO

ALSO Holding AG
Seestrasse 55
6052 Hergiswil
Switzerland
Telephone +41 41 630 37 37
Fax +41 41 266 18 70
www.also.com



Art in motion. Pause to reflect.

"I believe that urban mobility and art have a great deal in common. They both move people and connect them. In my picture,

the dots move from one place to the next and are connected. In fact, it is really an abstract representation of urban mobility."

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Financial Statements and
Corporate Governance
2008



Schindler

1

Schindler in brief

2

To the shareholders

3

Elevators & Escalators

4

ALSO

5

Corporate Citizenship

6

Overview of financial results

7

Financial Statements Group

- 3 Consolidated profit and loss statement
- 4 Consolidated balance sheet
- 6 Consolidated cash flow statement
- 7 Statement of shareholders' equity
- 8 Notes to the consolidated financial statements
- 76 Report of the statutory auditors

8

Financial Statements Schindler Holding Ltd.

- 79 Profit and loss statement
- 80 Balance sheet before appropriation of profits
- 81 Notes to the financial statements
- 97 Appropriation of profits
- 98 Essential affiliated companies and unconsolidated subsidiaries
- 102 Report of the statutory auditors

9

Corporate Governance

As from page 105

0

www.schindler.com

Financial Statements Group

Consolidated profit and loss statement

1 2 3
4 5 6
7 8 9
0

Financial Statements Group

In million CHF	Notes	2008	%	2007	%
Operating revenue	3	14 027	100.0	13 835	100.0
Material cost		7 641	54.5	7 564	54.7
Personnel cost	4	3 522	25.1	3 512	25.4
Other operating cost	5	1 876	13.4	1 816	13.1
Depreciation and amortization	17, 18, 19	129	0.9	128	0.9
Change of provision	27	-30	-0.2	-15	-0.1
Total operating cost		13 138	93.7	13 005	94.0
Operating profit		889	6.3	830	6.0
Antitrust fines	6			293	2.1
Financial income	7	114	0.8	55	0.4
Financial expenses	8	126	0.9	106	0.8
Investing activities	9	1	0.0	-	-
Profit before taxes		878	6.2	486	3.5
Income taxes	10	244	1.7	208	1.5
Net profit		634	4.5	278	2.0
Of which:					
Shareholders of Schindler Holding Ltd.		615	4.4	254	1.8
Minority interests		19	0.1	24	0.2
Net profit (earnings) per share and bearer participation certificate (BPC) in CHF					
Undiluted earnings per share and BPC	11	5.15		2.08	
Diluted earnings per share and BPC	11	5.14		2.07	

Consolidated balance sheet

Financial Statements Group

Assets

In million: CHF	Notes	31.12.2008	%	31.12.2007	%
Current assets					
Cash on hand		1 254	18.5	1 026	14.4
Securities	12	565	8.3	260	3.6
Accounts receivable	13	1 714	25.2	1 933	27.1
Taxes receivable		55	0.8	64	0.9
Net assets of construction contracts	14	567	8.4	660	9.2
Inventories	15	605	8.9	789	11.0
Prepaid expenses and accrued income		178	2.6	190	2.7
Non-current assets held for sale	16	18	0.3	5	0.1
Total current assets		4 956	73.0	4 927	69.0
Non-current assets					
Property, plant, and equipment	17	471	6.9	502	7.0
Investment properties	18	21	0.3	29	0.4
Intangible assets	19	780	11.5	945	13.2
Investments in associates	20	169	2.5	233	3.3
Financial assets	21	161	2.4	258	3.6
Deferred taxes	22	128	1.9	154	2.2
Employee benefits	23	103	1.5	93 ¹	1.3
Total non-current assets		1 833	27.0	2 214	31.0
Total assets		6 789	100.0	7 141	100.0

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

Liabilities and shareholders' equity

In million CHF	Notes	31. 12. 2008	%	31. 12. 2007	%
Liabilities					
Current liabilities:					
Financial debts	26	526	7.7	375	5.2
Accounts payable	24	1 142	16.8	1 285	18.0
Taxes payable		85	1.3	91	1.3
Net liabilities of construction contracts	14	664	9.8	637	8.9
Accrued expenses and deferred income	25	1 160	17.1	1 240	17.4
Provisions	27	149	2.2	199	2.8
Total current liabilities		3 726	54.9	3 827	53.6
Non-current liabilities:					
Financial debts	26	257	3.8	381 ²	5.3
Provisions	27	268	4.0	266 ²	3.7
Deferred taxes	22	200	2.9	225 ¹	3.2
Employee benefits	23	320	4.7	360	5.0
Total non-current liabilities		1 045	15.4	1 232	17.2
Total liabilities		4 771	70.3	5 059	70.8
Shareholders' equity					
Share capital and bearer participation certificate capital	28	12	0.2	12	0.2
Share premiums		5	0.1	54	0.7
Treasury stock		-199	-2.9	-228	-3.2
Changes in value of financial instruments		4	0.0	2	0.0
Translation exchange differences		-637	-9.4	-337	-4.7
Retained earnings		2 722	40.1	2 454 ¹	34.4
Equity of Schindler Holding shareholders		1 907	28.1	1 957	27.4
Minority interests		111	1.6	125	1.8
Consolidated shareholders' equity		2 018	29.7	2 082	29.2
Total liabilities and shareholders' equity		6 789	100.0	7 141	100.0

Retrospective adjustment:

¹ Application of IFRIC 14 (see Note 2.2, page 8)

² Reclassification of CHF 53 million from Financial Debts to Provisions (see Note 2.2, page 8)

Consolidated cash flow statement

In million CHF	Notes	2008	2007
Net profit		634	278
Depreciation and amortization		129	128
Change of provisions		-30	-15
Other items with no effect on liquidity		80	38
Contributions to pension funds		-34	-37
Change of remaining net working capital		283	210
Cash flow from operating activities		1 062	602
Additions to:			
Property, plant, and equipment		-113	-96
Investment properties		-7	-7
Intangible assets		-15	-21
Investments in associates		-10	-4
Securities		-280	-
Financial assets		-51	-23
Disposals of:			
Property, plant, and equipment		16	33
Investment properties		4	8
Intangible assets		1	1
Securities		-	54
Financial assets		24	27
Non-current assets held for sale		-	14
Additions/disposals of investments in subsidiaries	29	-1	6
Purchase of minority interests and purchase price obligation GNT		-93	-3
Cash flow from investing activities		-525	-11
Financial debt borrowed		258	83
Financial debt repaid		-129	-253
Additions treasury stock		-189	-187
Disposals treasury stock		7	20
Dividends of Schindler Holding Ltd. paid		-192	-159
Dividends paid to minority shareholders		-19	-15
Cash flow from financing activities		-264	-511
Translation exchange differences		-45	-28
Change in cash on hand		228	52
Cash on hand at start of period		1 026	974
Cash on hand at end of period		1 254	1 026
Cash flow from operating activities includes:			
Income taxes paid		227	185
Interests paid		76	62
Interests received		54	41
Dividends received from associated companies		6	3

Statement of shareholders' equity

1 2 3
4 5 6
7 8 9
0

Financial Statements Group

In million CHF	Share and BPC capital	Share premiums	Treasury stock	Translation exchange differences	Changes in value of financial instruments	Retained earnings	Equity of Schindler Holding shareholders	Minority interests	Group
December 31, 2006, before adjustment	12	77	-94	-312	-2	2 379	2 060	117	2 177
Application IFRIC 14 ¹ :									
Employee benefits						-22	-22	-	-22
Deferred taxes						4	4	-	4
December 31, 2006, after adjustment	12	77	-94	-312	-2	2 361	2 042	117	2 159
Translation exchange differences				-24			-24	-1	-25
Hedging transactions				-1	2		1	1	2
Financial instruments available for sale:									
not realized					2		2	-	2
realized through the profit and loss statement							-	-	-
Total of items recognized in shareholders' equity				-25	4		-21	-	-21
Net profit						254	254	24	278
Total profit and loss				-25	4	254	233	24	257
Dividends						-159	-159	-15	-174
Elimination of own bearer participation certificates		-29	29				-	-	-
Additions/disposals treasury stock		3	-163				-160	-	-160
Options for participation plan (fair value)		3					3	-	3
Change in minority interests						-2	-2	-1	-3
December 31, 2007	12	54	-228	-337	2	2 454	1 957	125	2 082
Translation exchange differences				-300	-1		-301	-7	-308
Hedging transactions							-	1	1
Financial instruments available for sale:									
not realized					7		7	-	7
realized through the profit and loss statement					-4		-4	-	-4
Total of items recognized in shareholders' equity				-300	2		-298	-6	-304
Net profit						615	615	19	634
Total profit and loss				-300	2	615	317	13	330
Dividends						-192	-192	-19	-211
Elimination of own shares and BPC		-54	204			-150	-	-	-
Additions/disposals treasury stock		1	-175				-174	-	-174
Options for participation plan (fair value)		4					4	-	4
Change in minority interests						-5	-5	-8	-13
December 31, 2008	12	5	-199	-637	4	2 722	1 907	111	2 018

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

Notes to the consolidated financial statements

1 Activities of the company

In its core business Elevators & Escalators (62% of consolidated turnover), Schindler is the world's largest supplier of escalators and second largest supplier of elevators, with local companies for production, installation, maintenance, and modernization in the most important markets worldwide. In 2008, turnover in this segment was CHF 8.8 billion.

Schindler owns 64% of ALSO Holding AG, which is listed on the SIX Swiss Exchange. The ALSO Group is one of Europe's leading distribution and logistics companies for information technology and consumer electronics (ICE). ALSO is active in the following European countries: under the name of ALSO in Switzerland and Germany, and under the name of GNT in Finland, Norway, Estonia, Latvia, and Lithuania. Net sales of the ALSO Group in 2008 were CHF 5.3 billion.

2 Principles of consolidation and valuation

2.1 General principles

The accounting and reporting principles applied to these consolidated financial statements comply with Swiss Corporation Law as well as with the International Financial Reporting Standards (IFRS). The annual financial statements are prepared according to the historical cost principle with transactions being recognized and reported in the period when they occur. Departures from this principle are specifically mentioned. The reporting periods of all subsidiaries end on December 31.

The financial statements based on IFRS contain assumptions and estimates that affect the figures contained in this report. The true results may differ from these estimates.

2.2 Main changes to the methods of recognition and valuation/ restatement

The Group introduced certain new and revised International Financial Reporting Standards and Interpretations as from January 1, 2008, or retrospectively from January 1, 2007. The most important changes, and their effects on the consolidated annual financial statements, are described below:

- IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures. The change from IAS 39 allows certain financial assets to be reclassified. If such a reclassification takes place, according to the appendices to IFRS 7, various additional items of information are required. The changes in the two standards have no material impact on the accounting practices of Schindler.

- IFRIC 11 – Group and Treasury Share Transactions. The Interpretation is concerned with the recognition of share-based payment arrangements according to IFRS 2. The application of this interpretation has no impact on the consolidated financial statements of Schindler.
- IFRIC 12 – Service Concession Arrangements. The interpretation provides guidelines that clarify certain issues relating to the recognition and measurement of service concession arrangements which can arise between public authorities and a private contracting partner. The application of IFRIC 12 has no material influence on the consolidated financial statements of Schindler.
- IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. IFRIC 14 redefines the amount that must be capitalized for plans with defined minimum contributions. According to this interpretation, employer contribution reserves no longer count in every case as assets, but only when the future service cost correspondingly exceeds the future employer contributions. Based on this interpretation, formerly capitalized employer contribution reserves of Swiss companies amounting to CHF 22 million no longer qualify as assets. For this reason, according to the transitional rules of IFRIC 14, the formerly capitalized balances less deferred taxes were retrospectively charged directly to shareholders' equity as at December 31, 2006. This has no effect on the profits reported in the years 2007 and 2008.

As a consequence of reassessment, existing financial obligations of CHF 53 million were retrospectively reclassified as provisions. They mainly comprise potential obligations associated with social security contributions and taxes in a subsidiary, which in the previous year were incorrectly reported as financial liabilities.

2.3 Published standards, interpretations, and amendments not yet applied

New and revised standards and interpretations that are relevant for Schindler and whose effects are currently being evaluated:

- IFRS 3 revised – Business Combinations (applicable as from July 1, 2009) contains a further development of the purchase method for business combinations. Material changes relate to the measurement of minority interests, the recognition of successive company purchases, and the treatment of conditional components of the purchase price and the auxiliary costs of the purchase.
- IFRS 8 – Operating Segments (applicable as from January 1, 2009) redefines segment reporting and replaces IAS 14 – Segment Reporting. The standard requires companies to provide explanatory information about the operational segments, the products and services offered, the countries in which they are active, and about important customers.

- IAS 1 revised – Presentation of Financial Statements (applicable as from January 1, 2009) particularly differentiates more clearly between changes in shareholders' equity that have the nature of profit or loss, and those that result from transactions with shareholders. In the future, these transactions must be more clearly separated from each other.
- IAS 23 revised – Borrowing Costs (applicable as from January 1, 2009) makes it mandatory to capitalize borrowing costs and other costs that arise in connection with the borrowing of funds, and which are directly attributable to a qualified asset as part of the purchase and conversion costs. According to the former accounting principles of the Group, these costs are reported as expense under Interest Expense.
- IAS 27 revised – Consolidated and Separate Financial Statements (applicable as from July 1, 2009) contains changed rules for the purchase and sale of minority interests without loss of control, and for accounting for the loss of control of a subsidiary should this occur.

Further new and revised standards and interpretations of no practical relevance:

- IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (applicable as from January 1, 2009).
- IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations (applicable as from January 1, 2009).
- IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (applicable as from January 1, 2009).
- IAS 39 – Financial Instruments: Recognition and Measurement: Eligible Hedged Items (applicable as from July 1, 2009).
- Improvements to IFRSs (applicable as from January 1, 2009, unless otherwise stipulated).
- IFRIC 13 – Customer Loyalty Programmes (applicable as from July 1, 2008).
- IFRIC 15 – Agreements for the Construction of Real Estate (applicable as from January 1, 2009).
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (applicable as from October 1, 2008).
- IFRIC 17 – Distributions of Non-cash Assets to Owners (applicable as from July 1, 2009).

Application of all of the changes and interpretations is not expected to have any material effects on the capital, financial, income, or cash flow situation of Schindler. Schindler will apply the new rules for the first time as of the dates stated in the respective standards.

2.4 Most important estimates

Intangible assets/goodwill: When acquisitions take place, the fair value of the acquired intangible assets is estimated. The intangible assets that are acquired have a finite life and are therefore amortized (except brand names). Any residual value (difference between the purchase price and the net assets acquired) represents goodwill. Goodwill has an indefinite life and is therefore not amortized, but tested every year for possible impairment. The estimate of intangible assets and goodwill therefore has an effect on the amortization. When performing the impairment test on the goodwill, various assumptions are also made that require medium- and long-term estimates to be made. These relate to internal planning data (cash flow, growth rates, etc.) as well as external parameters (discount rate).

Deferred tax assets: Deferred tax assets are mainly created for temporary differences, and in individual cases also for losses carried forward provided that their utilization appears probable. The recoverable value is therefore based on forecasts of the corresponding taxable entity over a period of several years. Should these forecasts prove to be incorrect, they can cause impairment losses.

Provisions: Schindler creates provisions when there is an obligation to third parties that results from an event in the past, and the amount of the obligation can be reliably estimated. Provisions are created for a variety of possible events (for details, see Note 27). However, by definition, provisions contain a greater degree of estimates than other balance sheet items, since the estimated obligations can cause a greater or lesser cash drain depending on how the situation materializes.

Employee benefits: In various countries there are defined employee benefit plans. Their status depends on actuarial assumptions, some of which are of a long-term nature and may not correspond to reality. Actuarial differences that are above the so-called corridor of 10% are amortized over the average residual term of employment of the employees. Both the status used for the calculation, and the amortization of any difference, contain estimated values which may have an effect on capital and income.

2.5 Scope of consolidation

The consolidated financial statements include the annual financial statements of Schindler Holding Ltd., Hergiswil, Switzerland, and of all subsidiaries in which Schindler Holding Ltd. directly or indirectly holds a majority of voting rights, or which Schindler Holding Ltd. otherwise controls. The main affiliated companies and unconsolidated subsidiaries, including the company name, headquarters address, and share held, are listed on pages 98 to 101.

Relative to December 31, 2007, as at December 31, 2008, the scope of the consolidation was expanded by individual relatively small local companies in Europe, and the holding in Schindler Elevator Company Ltd., South Korea, was increased from 70% to 100%. Schindler also acquired a minority holding in a company in Qatar.

The scope of consolidation was reduced by a holding in Europe that was sold on April 1, 2008. This divestment results in a profit of CHF 4 million.

On May 26, 2008, ALSO Holding AG paid the residual purchase price obligation of CHF 81 million (including purchase price retention) for the remaining 49.9% of the share capital of GNT Holding. The holding in the GNT Group is therefore now 100% (as at December 31, 2007: 50.1 %). The acquisition had no effect on the scope of consolidation, since in the previous year the GNT Group was fully consolidated without the disclosure of minority interests, because complete control was already present in the form of call and put options. The (deferred) conditional purchase price obligation that was recognized as at December 31, 2007, as well as the other values associated with the purchase price allocation, largely corresponded with the purchase price that was actually paid for the acquisition of the GNT Group.

2.6 Method of consolidation

The consolidated accounts are based on the annual financial statements of the individual subsidiaries, all of which follow uniform measurement and reporting practices prescribed by the Group.

The full consolidation method is used for all consolidated companies. Assets and liabilities as well as expenses and income are recognized to their full extent. Minority interests in equity and profit are disclosed separately in the consolidated balance sheet and the consolidated profit and loss statement.

Intercompany revenues and expenses, as well as assets and liabilities, are eliminated in the consolidation process. Profits on intercompany inventory and supplies not yet realized through sales to third parties are eliminated within the framework of the consolidation.

Investments in companies with voting rights between 20% and 50% are defined as "investments in associates" and accounted for according to the equity method.

The difference between the acquisition price and the net asset value of holdings in associated companies is recognized and reported as goodwill or intangible assets under Investments in Associates.

2.7 Acquisitions and goodwill

Companies are consolidated as from the date on which control is acquired.

For all business combinations, the identifiable assets, liabilities, and contingent liabilities are revalued at fair value and integrated according to the purchase method. In addition, assets that result from either a contractual or a legal right, or can be separated from the business and their fair value reliably determined, are deducted from goodwill and carried separately as intangible assets. This applies mainly to maintenance contracts, customer lists, supplier relationships, licenses, patents, brand names, and similar rights. The remaining goodwill, as well as intangible assets with an indefinite life (brand names), is not amortized but subjected to an annual impairment test.

Existing provisions for restructuring are taken over on the date of acquisition. The acquisition balance sheet does not contain any additional creation of restructuring costs. Provisions are made in the acquisition balance sheet for contingent liabilities that are taken over with the acquisition, i.e. which are not guaranteed by the seller but whose fair value can be reliably determined.

Goodwill and intangible assets are transferred by means of “push-down accounting” into those cash-generating units that are expected to benefit from the acquisition and/or generate future cash flows. Recognition takes place in the respective functional currency.

According to the entity concept method, the amount of the difference resulting from the purchase of additional minority shares in consolidated subsidiaries (purchase price less net assets acquired) is regarded as an equity transaction and therefore offset directly against retained earnings in shareholders’ equity. Gains or losses incurred on the sale of minority shares in consolidated subsidiaries are also derecognized directly through retained earnings without affecting the income statement.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences is reported as operating profit in the consolidated profit and loss statement.

The goodwill and/or identifiable intangible assets of associated companies are recognized under Investments in Associates. For such transactions, the rules of IFRS 3 Business Combinations largely apply. Amortization and any impairment adjustments are recognized in the profit and loss statement under Investing Activities.

2.8 Translation of foreign currency

Foreign currency transactions are recorded at the spot rate as of the transaction date. Exchange gains and losses resulting from foreign currency transactions and from the adjustment of foreign currency assets and liabilities at the balance sheet date are recognized as income or expense respectively.

The annual financial statements of the foreign subsidiaries in foreign currencies are translated into Swiss francs as follows:

- Balance sheet at year-end exchange rates
- Income statement at the annual average exchange rates
- Cash flow statement at the annual average exchange rates

Currency translation differences that arise when calculating the consolidated net profit at average and year-end exchange rates, or from transactions in shareholders' equity, are offset against consolidated shareholders' equity, and recognized as expenses should the company be sold. Foreign currency gains on certain loans having the nature of equity, which form part of the net investment in a company, are also recognized directly in shareholders' equity if no provision for such a loan is planned or foreseen in the near future. These differences are recognized as expenses at the time of repayment.

The following exchange rates have been applied for the most significant foreign currencies concerned:

			2008		2007	
			Year-end rate	Average rate	Year-end rate	Average rate
Eurozone	EUR	1	1.49	1.58	1.66	1.64
USA	USD	1	1.06	1.08	1.13	1.20
United Kingdom	GBP	1	1.53	1.99	2.25	2.39
Brazil	BRL	100	45.30	59.63	63.20	61.56
China	CNY	100	15.49	15.49	15.42	15.75

2.9 Financial assets

Financial assets are based on a contract that simultaneously results in a financial asset at Schindler and a financial liability or shareholders' equity instrument at a counterparty.

Financial investments are classified into the following categories:

- Financial assets, mainly comprising financial investments including securities, are categorized as "at fair value through profit or loss," "available for sale," "held to maturity investments," loans, or receivables.
- Financial assets measured "at fair value through profit or loss" are either held for trading or designated as such on their initial recognition (Fair Value Option). Financial assets held for trading are acquired principally for the purpose of generating a profit from short-term fluctuations in price.
- "Held to maturity investments" are securities with a fixed life which the Group intends to, and can, hold to (final) maturity.
- Loans and receivables comprise loans granted or obtained by the Group, and other non-current receivables of the Group. These comprise non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market.

All other financial assets are designated "financial assets available for sale."

All financial assets are initially recognized at market value including transaction costs, except for financial assets designated "at fair value through profit or loss," for which the transaction costs are not included. All purchases and sales are recognized at trade date, i.e. at the date at which the commitment to purchase or sell the asset is entered into. After their initial recognition, financial assets that are to be measured "at fair value through profit or loss" are carried in the balance sheet at their market prices. Should these not be readily available, recognized measurement models are used for their calculation. All changes in value are reported in the financial result (financial income or expense) for the respective reporting period.

After their initial recognition, financial assets held to (final) maturity, as well as receivables and loans, are measured and carried at their amortized purchase costs using the "effective interest" method.

After their first recognition, financial assets available for sale are carried at their market values and all unrealized changes in market value are recognized directly in shareholders' equity except for interest, which is calculated by the effective interest method, and foreign currency fluctuations on monetary items. On the sale, impairment, or other derecognition of financial assets available for sale, the accumulated gains or losses that were recognized in shareholders' equity since the date of purchase are recognized in the financial result (financial income or expense) for the current reporting period.

Financial assets are derecognized when Schindler gives up its control over them, i.e. when the rights associated with them are sold or expire.

2.9.1 Cash, cash equivalents, and securities

Cash on hand includes cash, bank deposits, and time deposits with an original maturity of maximum three months.

Marketable securities in current assets comprise readily saleable titles including time deposits with a term of three to twelve months or a residual term of up to twelve months.

Securities in non-current assets comprise company shares held long term, and time deposits with a residual term of more than twelve months.

Time deposits in the functional currency are recognized at purchase cost, time deposits in foreign currencies are translated at the exchange rate that applies on the date of the balance sheet.

2.9.2 Accounts receivable

Trade accounts receivable, as well as other receivables, do not bear interest and are reported at nominal values less adjustments necessary for commercial reasons.

Adjustments are based on Group-internal guidelines, according to which revaluation of individual values must be undertaken first. Systematic additional value adjustments of between 10% and 100% are made on the residual balances according to the age of the receivable.

2.9.3 Impairment of financial assets

Whenever there are indications of a possible impairment, the carrying amounts of financial assets that are not measured at fair value through profit or loss are tested for objective substantial indications of impairment (e.g. serious financial difficulties of the debtor, insolvency proceedings of the debtor, etc.). For shares that are classified as “available for sale,” material or permanent reductions in price are indicators of potential impairment. Any impairment loss resulting from the difference between the carrying amount and fair value is recognized as expense.

2.9.4 Hedge accounting

To hedge the interest and foreign currency risks resulting from its operational activities, financial transactions, and investments, Schindler makes use of derivative financial instruments. This reduces volatility in the profit and loss statement. For a hedging relationship to qualify as a hedging transaction, it must fulfill various criteria relating to the documentation, the probability of occurrence, the effectiveness of the hedging instrument, and the reliability of the measurement.

On conclusion of a contract, a derivative instrument that qualifies for recognition as a hedging transaction is defined as either

- a hedge of the payment streams from an anticipated transaction or fixed obligation (cash flow hedge),
- a hedge of the market value of a recognized asset or liability (fair value hedge), or
- a hedge of a net investment in a foreign subsidiary.

Cash flow hedge

Fluctuations in the value of items that are held for the purpose of hedging future cash flows are recognized in shareholders’ equity if the requirements regarding documentation, probability, effectiveness, and reliable measurability are fulfilled. On the date of the first-time recognition of the hedged asset or liability, the value fluctuations recognized in shareholders’ equity are included in the corresponding underlying transaction or, if it relates to expense or income, derecognized through the profit and loss statement on the date of recognition. Value fluctuations that do not fulfill the requirements of hedging transactions are not directly recognized in the financial result.

Fair value hedge

Fluctuations in the market values of financial instruments are hedged selectively by means of so-called fair value hedges. In such cases, within the scope of the hedged risk, a market valuation is made of both the underlying and the hedging transaction.

Net investment hedges

If the hedging relates to net investments in the form of subsidiaries, the fluctuations in value of the hedging transaction that are recognized in shareholders' equity are only included in the result if the company is sold.

Most derivative financial instruments that represent effective hedges both economically and within the scope of the Group strategy do not fulfill the criteria for recognition as hedging transactions. Changes in the market values of these derivative financial instruments are reported immediately as financial income or financial expense in the profit and loss statement.

2.10 Financial liabilities

Financial liabilities reflect an entitlement to repayment in cash or another financial asset. They particularly include trade accounts receivable, liabilities to banks, loans and other liabilities, liabilities from finance leases, and derivative financial liabilities.

Financial liabilities are reported gross and separated into two categories. They are classified either as financial liabilities at fair value through profit or loss, or as other financial liabilities.

Financial liabilities at fair value through profit or loss

At their initial recognition and subsequently, financial liabilities are measured at fair value. The transaction costs directly identifiable to the purchase of these liabilities are not recognized. Derivatives are assigned to this category by definition.

Other financial liabilities

Other financial liabilities mainly comprise financial debts, which are valued at their (discounted) costs. Long-term financial liabilities are measured by the effective interest method. In addition to actual interest payments, interest expense includes annual compound interest and pro rata transaction costs.

Financial and other guarantees are reported as contingent liabilities and only carried in the balance sheet as a provision if a cash flow is probable.

2.11 Construction contracts, inventories

Customer contracts in workshops and on construction sites are recognized in the balance sheet by the “percentage of completion” method. The respective percentage of completion is ascertained by contract-related progress measurement. In the balance sheet – after offsetting prepayments from customers – work in progress is reported as net assets or net liabilities from construction contracts.

Inventories are recognized at the lower of purchase cost or market price, purchase cost being calculated either according to FIFO or based on the weighted average production costs. Production overhead cost allocations are included in the inventories. Articles with low turnover are revalued. Technically obsolete articles are fully written off.

2.12 Turnover and profit realization, interest income

Income from construction contracts is recognized as operating revenue in the profit and loss statement.

Proceeds from other customer orders, particularly services, are recognized as billings or operating revenue on the date when they are performed. Discounts, sales taxes, and other reductions in the proceeds from the sale are deducted.

Provisions are made immediately for foreseeable losses on customer orders (see also Note 27).

Interest income is accrued to the respective period taking into account the outstanding amount and the applicable rate of interest. The applicable rate of interest is exactly that rate of interest that discounts the estimated future cash flows over the life of the financial asset to the net carrying amount of the asset.

2.13 Non-current assets held for sale and associated liabilities

These items comprise assets held long-term until sold and liabilities from business operations that have been discontinued. These are all those assets of a business segment that are associated with discontinuation of a major line of business, or balance sheet items or disposal groups that comprise at least one non-current asset plus any associated liabilities that will be realized by a sales transaction and no longer by continued use. The reclassification only takes place when management has decided on the sale and begun seeking purchasers. In addition, the object or disposal group must be saleable, and it must be highly probable that its sale will take place within one year. Long-term assets or disposal groups that are classified as "for sale" are no longer systematically amortized. Should their value need to be adjusted, this takes place by means of impairment.

In the profit and loss statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the profit and loss statement.

2.14 Property, plant, and equipment/Investment properties

Property, plant, and equipment, and investment properties, are valued at purchase value less cumulative depreciation. Third-party capacities are not capitalized.

Depreciation takes place according to the linear method in systematically planned manner over the useful life of the property. Land is not depreciated. Impairment losses (Notes 17 and 18) are recognized as amortization and reported separately.

Real estate not used for operational purposes is recognized as investment property, and carried in the balance sheet and depreciated according to the same criteria as real estate used for operational purposes. Investment property includes real estate (land and/or buildings or parts thereof) that is held for the purpose of generating rental income and/or for a future undefined purpose.

The market value of the investment properties reported separately in Note 18 is based on estimates or assumptions (external valuations, discounted cash flow calculations, comparison with values of similar properties, etc.).

Maintenance costs are recognized in the balance sheet if they extend the useful life or expand the production capacity.

Non-value-adding costs of maintenance and repairs are recognized immediately as expenses in the profit and loss statement.

The estimated useful lives in years of the major classes of fixed assets are as follows:

	Years
Buildings	20–40
Machines and tools	5–10
Furniture	10
EDP	3–5
Vehicles	5–10

2.15 Intangible assets

Items carried as intangible assets are goodwill, maintenance contracts acquired from third parties, customer lists, supplier relationships, licenses, patents, brand names and similar rights, and software.

Intangible assets (except goodwill and brand names) are amortized linearly over their expected useful life, which is normally no longer than five to fifteen years.

Except for goodwill and brand names, no intangible assets with an indefinite useful life are capitalized.

Impairment losses (Note 19) are recognized as amortization and reported separately.

2.16 Provisions

Provisions are only recognized in the balance sheet if Schindler has an obligation to a third party that has arisen from a past event, and if a reliable estimate of the obligation can be made. Possible losses from future events are not recognized in the balance sheet.

Long-term provisions are discounted at the normal interest rate for the respective country. The time-related accumulation of interest is recognized in profit and loss as interest expense.

Restructuring provisions are only recognized if the respective costs can be reliably determined by reference to a plan, and there is a corresponding obligation resulting from a contract or communication.

2.17 Employee benefits

There are various employee benefit plans in existence in the Group, which are individually aligned with local conditions in their respective countries. They are financed either by means of contributions to legally independent pension/insurance funds, or by recognition as employee benefit liabilities in the balance sheets of the respective subsidiaries.

For defined contribution benefit plans the net periodic costs to be recognized in the profit and loss statement are the agreed contributions of the employer.

In the case of defined benefit plans, the period costs are determined by means of actuarial valuation by external experts using the projected unit credit method. Obligations under defined benefit plans are covered either by plans with separate capital (funded), in which the assets are managed separately from those of the Group by autonomous benefit funds, or by plans without capital (unfunded) but with corresponding liabilities in the balance sheet.

For defined benefit plans with separate capital (funded), the under- or over-coverage of the cash value of the rights by the capital at market values is reported in the balance sheet as a liability or asset, taking into account any unrecognized actuarial gains or losses or outstanding rights. In accordance with IFRIC 14, any assets resulting from surpluses in defined benefit plans are limited to the value of the maximum future savings from reduced contributions. Liabilities are fully provisioned.

Actuarial gains and losses result mainly from changes in actuarial assumptions, or from differences between actuarial assumptions and effective values. Actuarial adjustments that exceed the so-called corridor of 10% are debited or credited to employee benefit costs over the average remaining working life of the insured employees. The effects of amendments to plans are recognized systematically until the benefits become available to the employees.

Other employee benefits (e.g. service anniversary awards) are valued by the same method and included in the balance sheet under Employee Benefits, with any actuarial gains in this case being recognized immediately.

2.18 Capital participation plans

A capital participation plan comprising a shares plan and an options plan for the top management employees of the Group has been in existence since 2000. The duration is six years and was extended for a further six years in 2006. The specific features of the plan, and who should benefit, are decided each year by the Board of Directors. The present capital participation plan currently applies to about 470 employees of the Group.

The plan provides for entitled employees to receive a predefined proportion of their bonus in the form of shares or bearer participation certificates of Schindler Holding Ltd. at a predetermined valuation. These shares and bearer participation certificates pass into the ownership of the employees, and carry all associated rights, but are subject to the restriction that for a period of three years they may not be sold.

In addition, in 2008 a "Long Term Incentive Plan" was introduced to provide long-term performance incentives for the members of the Management Committee Elevators & Escalators and other managers.

The "Long Term Incentive Plan" is based on two key control parameters for the business success of the Schindler Group: EBIT and the market development relative to the main competitors. After each three-year period, the employees are awarded a variable number of shares and options that depends on their goals attainment.

There is also a share purchase program for the employees of the ALSO Group. This program offers all employees of the ALSO Group the possibility to purchase shares of ALSO Holding AG at preferential conditions of 50% of the market price. The shares are measured at market value, and any discount is recognized in the income statement. In the fall of 2008, the Board of Directors of ALSO Holding decided not to continue the program after the end of the reporting year

In addition, the Board of Directors can decide on an annual basis whether, and to what extent, the group of employees mentioned above shall be awarded additional option rights for the purchase of shares or bearer participation certificates of Schindler Holding Ltd. at a predetermined price. This plan, which will be renewed each year, has a lifetime of six years, and the option rights can only be exercised after a waiting period of three years.

In readiness for this obligation, the Group holds the necessary number of shares or bearer participation certificates in treasury until the options are exercised or expire. This capital participation plan does not require the issue of any additional shares or bearer participation certificates. All options allow only the purchase of shares or bearer participation certificates and cannot result in the direct receipt of cash or cash equivalents.

The fair value of the option premium from the capital participation plans as calculated by the Hull-White method (see Note 35) is recognized in the profit and loss statement and charged to personnel cost over the service period of three years.

2.19 Deferred taxes

Deferred taxes are recognized in accordance with the liability method. With this method, the impact on income taxes from temporary differences arising from differences between Group values and the corresponding tax basis is recorded as either non-current liability or non-current asset, using the actual or the expected total tax rates. The relevant tax rates are the actual local tax rates. The change in deferred tax assets and liabilities is recognized as income tax.

Deferred tax liabilities are calculated on all taxable temporary differences.

Deferred tax assets, including assets for unused tax loss carryforwards and expected tax credits, are only recognized if it is probable that future taxable profits will be available against which the asset can be utilized.

2.20 Shareholders' equity

The capital reserves consist of amounts paid in by shareholders and holders of bearer participation certificates. They therefore comprise the share premium account of Schindler Holding Ltd. reduced by the amount greater than the nominal value resulting from the elimination of own registered shares and bearer participation certificates. Should this amount exceed the existing capital reserves, the reduction is made in retained earnings. Also recognized in the capital reserves are realized gains and losses on the sale of own registered shares and participation certificates, as well as the fair value at the date they are awarded of options from the participation plans over the waiting period of three years.

Retained earnings consist of accumulated profits of the Group, which are for the most part freely available.

Minority interests comprise shares held by third-party shareholders in the shareholders' equity (including net profit for the year) of subsidiaries.

Dividends are charged to shareholders' equity in the period in which they are determined.

2.21 Leasing

Property, plant, and equipment acquired through leasing contracts are classified as finance leases if the subsidiary's position in relation to use and risk is the same as for ownership. Such assets are recognized in both property, plant, and equipment, and financial liabilities, at the lower of market value and the net present value of future lease payment obligations. Investments in finance leases are amortized over the shorter of their expected economic service life or contract duration. Unrealized gains on sale and leaseback transactions that fulfill the definition of a finance lease are recognized as a deferred liability and amortized over the term of the lease.

Payments resulting from "Operating leasing" are recognized linearly as operating expenses and correspondingly charged directly to the income statement.

2.22 Impairment

Goodwill amounts and other intangible assets with an indefinite useful life (brand names) are subjected to an annual impairment test in the third quarter.

The discounted cash flow method that is used to calculate the fair value for the impairment test depends on several factors. These include estimates of future cash flows, discount rates, and other variable parameters. The basis for the test is the forecast for the reporting year and the medium-term plan for the following three years. To make these estimates, significant assumptions and valuations are necessary. The factors such as volumes, selling prices, sales growth, material costs, personnel costs, and operating costs, as well as capital expenditure, market conditions, and other economic factors, are based on assumptions that management regards as reasonable.

Impairments of the goodwill are recognized immediately as amortization in the profit and loss statement and not reversed in subsequent periods.

The recoverable value of property, plant, and equipment, and other assets, including intangible assets, is always tested if events or changed circumstances indicate that their carrying amounts may be overvalued. If the carrying amount exceeds the recoverable value, exceptional depreciation is applied to reduce the value to the amount that appears recoverable based on the discounted expected future free cash flows.

2.23 Research and development

Contract-related engineering costs are capitalized as work in progress. Other research and development costs are charged fully against income in the year when the expense occurs. Development costs for new products are not capitalized, since the experience of recent years shows that a future economic benefit can only be proven after successful market introduction.

2.24 Segment reporting

The segment reporting reflects the structure of the Schindler Group.

The primary segmentation comprises the Elevators & Escalators (E&E) business, ALSO, and the central finance/eliminations area. The Elevators & Escalators business comprises the production and installation of new installations as well as the modernization, maintenance, and repair of existing installations. ALSO is active in the IT logistics and services business.

The secondary segmentation represents geographical regions (continents). In view of its relatively small contribution to the consolidation, the EMIA Region (East, Middle East, India, and Africa) is assigned to both the Europe segment and the Asia/Australia/Africa segment. Since the ALSO Group is only active in Europe, there is no geographical segmentation for this business.

The assets and liabilities include all items of the balance sheet that can be directly identified, or reasonably allocated, to a segment.

3 Operating revenue

In million CHF	2008	2007
Billings	13 941	13 352
Sundry operating revenue	33	58
Change in balance of work in progress	52	423
Capitalized own production of property, plant, and equipment	1	2
Total operating revenue	14 027	13 835

CHF 4 656 million (previous year: CHF 4 646 million) of the operating revenue were calculated according to the percentage of completion method.

4 Personnel cost and headcount

4.1 Personnel cost

In million CHF	2008	2007
Salaries and wages	2 792	2 767
Cost of defined contribution plans	96	98
Social charges	634	647
Total personnel cost	3 522	3 512

Depending on the function, the procedure usually includes the base salary, variable salary components, social benefits, and other payments. All Schindler companies follow the compensation policy of the Group, according to which the income situation, comparability, and individual performance are taken into consideration. Schindler pursues a policy of performance premiums and bonus payments wherever these are justifiable. For managerial employees, the variable components play an important role in the total compensation.

4.2 Headcount

Number	2008	2007
Average headcount	45 204	44 550
Headcount at year-end	45 063	45 208

5 Other operating cost

In million CHF	2008	2007
Special cost	618	616
Employee-related expenses	312	302
Rent, leasing	199	194
Maintenance and repairs	82	90
Energy supply, consumables, and packing material	169	165
Insurance, fees, and capital taxes	95	93
General administration and advertising	281	267
Other operating expenses	165	151
Other income	-45	-62
Total other operating cost	1 876	1 816

Research and development costs of CHF 100 million (previous year: CHF 109 million) have been charged to the profit and loss statement.

“Other income” includes contributions to advertising expenses by suppliers, income from other periods, and accounting gains from the sale of investments, fixed assets, investment properties, and non-current assets held for sale. Accounting gains are reported gross before deduction of taxes, reserves, and contractually agreed expenses.

6 Antitrust fines

This item contains the fine of EUR 143.7 million (CHF 236 million) imposed in February 2007 by the European Commission and paid in the previous year, as well as the fine of EUR 34.7 million (CHF 57 million) declared by the anti-trust court in Vienna in December 2007 and reported in the previous year as a liability. Of the latter, EUR 13.9 million was paid in the reporting year.

7 Financial income

In million CHF	2008	2007
Interest	57	46
Net gain/loss on exchange	57	–
Other financial income	–	9
Total income from financial operations	114	55

8 Financial expenses

In million CHF	2008	2007
Interests	91	72
Net gain/loss on exchange	–	17
Amortization of loan	4	3
At fair value through profit or loss	17	–
Value adjustments “available for sale”	3	–
Other financial expenses	11	14
Total financial expenses	126	106

The foreign currency result mainly comprises valuation differences on operational hedging transactions. “Other financial expenses” mainly comprises bank charges and country-specific financial transaction costs.

9 Investing activities

In million CHF	2008	2007
Income from investments in associates	4	3
Amortization of intangible assets	-3	-3
Total investing activities	1	-

10 Income taxes

In million CHF	2008	2007
Current income taxes of the reporting period	221	173
Current income taxes of previous period	9	3
Deferred income taxes	14	32
Total income taxes	244	208

Reconciliation of income taxes

In million CHF	2008	%	2007	%
Net profit before taxes	878		486	
Weighted average income tax rate in % of profit before taxes		28		26
Expected income tax expense	246		126	
Tax effects of:				
Formation/use of unrecognized tax loss carryforwards	-3		46	
Non-taxable income/non-deductible expense	-8		19	
Non-deductible withholding taxes	12		14	
Other	-3		3	
Effective income taxes	244		208	
Effective income taxes in % of profit before taxes		28		43

The weighted average tax rate is calculated using expected income tax rates of the individual Group companies in each jurisdiction.

The higher tax rate of 43% in the previous year (reporting year 28%) was mainly because the antitrust fines were not tax-deductible.

11 Earnings per share and bearer participation certificate

In CHF	2008	2007
Net profit (share of Schindler Holding shareholders)	615 000 000	254 000 000
Outstanding number of shares and BPC	121 708 100	124 504 600
Less number of treasury stock (weighted average)	-2 250 169	-2 367 006
Outstanding number of shares and BPC (weighted average) for calculation	119 457 931	122 137 594
Basic earnings per share and BPC	5.15	2.08
Diluted net profit	615 000 000	254 000 000
Diluted number of shares and BPC	119 670 713	122 499 259
Diluted earnings per share and BPC	5.14	2.07

The basic earnings per share are calculated as follows: net profit divided by the weighted average number of outstanding shares and bearer participation certificates (BPC).

The dilution takes into account the possible effect of the employee participation programs at Schindler Holding Ltd. and at ALSO Holding AG.

12 Securities

In million CHF	2008	2007
Securities	326	249
Time deposits	239	11
Total	565	260

Securities are classified as "at fair value through profit or loss." The financial assets that are assigned to this category per designation are monitored and reported internally on the basis of fair value; the same values are therefore used for external reporting.

13 Accounts receivable

In million CHF	2008	2007
Supplies and services, gross	1 666	1 921
Allowance for doubtful account	-134	-126
Supplies and services, net	1 532	1 795
Associates and other related parties	24	14
Other accounts receivable	158	124
Total accounts receivable	1 714	1 933

Sold accounts receivable of CHF 121 million (previous year: CHF 194 million) have not been derecognized because the collection risk remains within the Group. See also Note 26.1.

14 Production orders in progress

In million CHF	2008	2007
Work in progress	1 143	1 350
Down payments from customers	-576	-690
Net assets of construction contracts	567	660
Work in progress	812	819
Down payments from customers	-1 476	-1 456
Net liabilities of construction contracts	-664	-637

15 Inventories

In million CHF	2008	2007
Raw material and trading material	500	676
Semifinished and finished goods	91	99
Down payments to suppliers	14	14
Total inventories	605	789

Write-downs totaling CHF 111 million (previous year: CHF 122 million) were recognized for slow-moving and technically obsolete items.

16 Non-current assets held for sale

Based on strategic considerations, in the item "Non-current assets held for sale" a parcel of land with buildings and a parcel of land without buildings are reported. As at December 31, 2008, both assets were advertised for sale. As at balance sheet date, these assets are contained in the "Elevators & Escalators (Europe)" segment.

The parcel of land with buildings was definitively sold in January 2009 (see also Note 41 "Events after the balance sheet date," page 75).

17 Property, plant, and equipment (PPE)

In million CHF	Operational land	Operational buildings	Equipment and machines	Other PPE	Total
Net book values 2008					
December 31, 2007	42	188	157	115	502
Additions	2	10	33	70	115 ¹
Disposals	-3	-3	-1	-2	-9
Amortization	-	-13	-37	-39	-89
Reclassifications	-	-	-3	-	-3
Change scope of consolidation	-	-1	-	-1	-2
Impairment	-	2	1	-3	-
Translation exchange differences	-4	-12	-12	-15	-43
December 31, 2008	37	171	138	125	471
Of which lease	-	3	13	5	21
Fire insurance value					1 905
Overview as of January 1, 2008					
Acquisition costs	54	429	622	479	1 584
Accumulated amortization and impairment losses	-12	-241	-465	-364	-1 082
Net book values	42	188	157	115	502
Overview as of December 31, 2008					
Acquisition costs	47	396	571	441	1 455
Accumulated amortization and impairment losses	-10	-225	-433	-316	-984
Net book values	37	171	138	125	471

¹ Of which finance lease: CHF 2 million

Other PPE includes EDP equipment, furniture, vehicles, and assets currently under construction. Assets under construction amounted to CHF 30 million in the year under review (previous year: CHF 22 million).

Gains and losses from the sale of assets are recognized as Other Income. In the reporting year, a gain of CHF 7 million (previous year: CHF 20 million) was realized.

In million CHF	Operational land	Operational buildings	Equipment and machines	Other PPE	Total
Net book values 2007					
December 31, 2006	43	194	164	111	512
Additions	–	12	41	46	99 ¹
Disposals	–2	–7	–1	–3	–13
Amortization	–	–13	–40	–39	–92
Change scope of consolidation	–	–	–9	–	–9
Translation exchange differences	1	2	2	–	5
December 31, 2007	42	188	157	115	502
Of which lease	1	5	12	4	22
Fire insurance value					1 887
Overview as of January 1, 2007					
Acquisition costs	55	447	623	471	1 596
Accumulated amortization and impairment losses	–12	–253	–459	–360	–1 084
Net book values	43	194	164	111	512
Overview as of December 31, 2007					
Acquisition costs	54	429	622	479	1 584
Accumulated amortization and impairment losses	–12	–241	–465	–364	–1 082
Net book values	42	188	157	115	502

¹ Of which finance lease: CHF 3 million

18 Investment properties

In million CHF	2008	2007
Net book values		
January 1	29	29
Additions	7	7
Disposals	–	–2
Amortization	–	–1
Reclassifications to “non-current assets held for sale”	–14	–5
Translation exchange differences	–1	1
December 31	21	29
Overview as of January 1		
Acquisition costs	139	146
Accumulated amortization and impairment losses	–110	–117
Net book values	29	29
Overview as of December 31		
Acquisition costs	129	139
Accumulated amortization and impairment losses	–108	–110
Net book values	21	29
Fire insurance value	166	186
Net book value of investment properties under finance lease	–	–
Market value	63	107
Rental income	1	8
Operating expenses:		
Real estate with rental income	–	5
Real estate without rental income	3	1

There are no restrictions on the saleability of the investment properties carried in the balance sheet. There are also no significant contractual obligations to sell, construct, repair, maintain, or improve investment properties.

19 Intangible assets

In million CHF	Goodwill	Brand names	Other intangible assets	Total
Net book values 2008				
December 31, 2007	661	17	267	945
Additions	–	–	15	15
Disposals	–	–	–1	–1
Amortization	–	–	–36	–36
Impairment	–	–	–1	–1
Change scope of consolidation	–	–	2	2
Translation exchange differences	–125	–2	–17	–144
December 31, 2008	536	15	229	780

Overview as of January 1, 2008

Gross carrying amount	661	17	502	1 180
Accumulated amortization and impairment losses	–	–	–235	–235
Net book values	661	17	267	945

Overview as of December 31, 2008

Gross carrying amount	536	15	465	1 016
Accumulated amortization and impairment losses	–	–	–236	–236
Net book values	536	15	229	780

Net book values 2007

December 31, 2006	653	16	290	959
Additions	–	–	21	21
Disposals	–	–	–1	–1
Amortization	–	–	–35	–35
Change scope of consolidation	–2	–	–9	–11
Translation exchange differences	42	1	1	44
Purchase price adjustment	–32	–	–	–32
December 31, 2007	661	17	267	945

Overview as of January 1, 2007

Gross carrying amount	653	16	490	1 159
Accumulated amortization and impairment losses	–	–	–200	–200
Net book values	653	16	290	959

Overview as of December 31, 2007

Gross carrying amount	661	17	502	1 180
Accumulated amortization and impairment losses	–	–	–235	–235
Net book values	661	17	267	945

For the impairment test of the value of the brand name of the GNT Group, the cash flows for the next three years were taken as basis and the perpetual annuity beyond this time horizon determined by applying a growth rate of 2%. The calculation used a pretax discount rate of 14.2% and an average growth rate of 6.2%.

The impairment test of goodwill was performed in the the third quarter of the reporting year on the basis of the figures forecast by the companies ("cash generating units") for 2008 and their plan data for 2009 to 2011. The assumptions used in the calculation reflect the average long-term expected growth rate of the operational business in the respective region and are based on the growth strategy and actual growth of the Group. The critical factors for the impairment test are turnover growth and operating profit. Even if the cash flow forecasts were based on zero growth, the carrying amount would not exceed the realizable value. An increase in the assumed discount rate of one percentage point would not change the results of the impairment test. The value of the perpetual annuity at the end of the planning period (terminal value) is discounted to the date of the measurement. Based on the enterprise values calculated by the DCF method, no value adjustments are required.

The following assumptions were used in the calculations:

Goodwill 2008				
In million CHF	Book value at 31. 12. 2008	Base data used		
		Interest rate	Growth rate (real)	Inflation rate
C. Haushahn GmbH & Co.	163	11.3%	1.8%	2.0%
Elevadores Atlas Schindler S.A.	251	17.6%	0.0%	4.0%
Schindler (China) Elevator Co. Ltd.	11	7.6%	2.5%	4.0%
ELETEC Vytahy s.r.o.	13	13.4%	1.2%	3.0%
Mercury Ascensore Ltd.	22	8.5%	2.0%	1.0%
GNT Group	64	11.2%	6.2%	2.0%
Miscellaneous	12			
Total	536			

In view of the closure of GNT Sweden and Poland, the impairment test was updated again at the end of the year. Without the closed countries, the revised calculation indicated an over-coverage of CHF 58.9 million. The calculation of the value in use of GNT is extremely sensitive to assumptions in the area of the balance sheet and cost structure, as well as a gross margin of 5.8%, and is based on the estimates available at balance sheet dates.

In the event of a material change in the base data used, e.g. a sustained deterioration of 0.35% in the gross margin with unchanged balance sheet and cost structure, the value in use is equal to the reported net assets. ALSO assumes that in the event of such a deterioration in the gross margin, the cost structure would be adapted and an impairment would only be probable in the event of a deterioration in all of the base data used.

Goodwill 2007

In million CHF	Book value at 31.12.2007	Base data used		
		Interest rate	Growth rate (real)	Inflation rate
C. Haushahn GmbH & Co.	182	11.3%	1.0%	1.5%
Elevadores Atlas Schindler S.A.	350	14.9%	1.8%	5.0%
Schindler (China) Elevator Co. Ltd.	11	11.4%	4.5%	3.5%
ELETEC Vytahy s.r.o.	15	11.7%	3.0%	3.0%
Mercury Ascensore Ltd.	19	11.2%	-0.3%	0.3%
GNT Group	72	11.0%	4.7%	2.5%
Miscellaneous	12			
Total	661			

20 Investments in associates

In million CHF	Share in equity	Goodwill	Intangible assets	Total investments in associated companies
Net book values				
December 31, 2006	168	49	32	249
Additions	2	–	2	4
Amortization	–	–	–3	–3
Share of net profit	3	–	–	3
Dividends received	–3	–	–	–3
Translation exchange differences	–11	–4	–2	–17
December 31, 2007	159	45	29	233
Additions	1	–	9	10
Amortization	–	–	–3	–3
Share of net profit	4	–	–	4
Dividends received	–6	–	–	–6
Value changes recognized				
directly in shareholders' equity	–4	–	–	–4
Translation exchange differences	–45	–15	–5	–65
December 31, 2008	109	30	30	169

The translation differences are recognized in shareholders' equity without affecting profit or loss.

Cumulative values of the associated companies

In million CHF	2008	2007
Share of operating revenue	293	259
Share of net profit	4	3
Balance sheet values:		
Current assets	121	151
Non-current assets	118	168
Current liabilities	82	96
Non-current liabilities	48	64
Shareholders' equity	109	159

The values of associated companies mainly comprise the shares of Hyundai Elevator Co. Ltd., South Korea, and are based on the last available forecast figures or quarterly financial statements of the reporting year of these companies. Should there be material differences, the values of the local financial statements are adapted to the measurement principles of the Group.

The data used for Hyundai are based on the figures published by the company and adapted to IFRS. The current carrying amount of the investment as at December 31, 2008, is CHF 124 million (previous year: CHF 194 million). The market value of the Hyundai shares at the end of 2008 was CHF 95 million (previous year: CHF 295 million). This value is based on a share price of KRW 65 000 and an exchange rate of 0.0008 (previous year: KRW 135 000, exchange rate 0.0012).

21 Financial assets

In million CHF	2008	2007
Loans to associates and other related parties	6	6
Securities	114	201
Other financial assets	41	51
Total financial assets	161	258

The securities consisted mainly of bonds. These are classified as “available for sale” and at December 31, 2008, comprised the following:

Currency	Effective interest rate	In million CHF		
		2010	Maturity 2011 to 2013	Total
GBP	up to 4.0%	–	13	13
GBP	up to 5.0%	50	–	50
GBP	up to 6.0%	3	–	3
GBP	up to 7.0%	13	–	13
Total		66	13	79

22 Deferred taxes

22.1 Net book values

In million CHF	2008	2007
Deferred taxes on account of temporary differences:		
Current assets	33	53
Property, plant, and equipment	–10	–8
Provisions	71	95
Employee benefits	10	3 ¹
Intangible assets	–85	–148
Tax loss carryforwards	7	9
Other temporary differences	–98	–75
Total net book value	–72	–71
Thereof recognized in the balance sheet as deferred tax liabilities	–200	–225
Thereof recognized in the balance sheet as deferred tax assets	128	154

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

No material additional tax liabilities due to dividend payments from subsidiaries and associates are expected.

22.2 Statement of changes in net deferred tax assets and liabilities

In million CHF	2008	2007
January 1	-71	-27 ¹
Setup and reversal of temporary differences	-14	-32
Translation exchange differences	13	-12
December 31	-72	-71

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

22.3 Unrecognized deferred tax assets

Deferred tax assets including assets for unused tax loss carryforwards and expected tax credits are only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets on timing differences (temporary differences between the balance sheet values according to IFRS and the taxable balance sheet values) that were not capitalized amount to CHF 82 million (previous year: CHF 74 million).

22.4 Tax loss carryforwards

In million CHF	2008	2007
Total tax loss carryforwards	225	479
Includes tax loss carryforwards in deferred taxes of	23	30
Total unused tax loss carryforwards	202	449
Of which expiring:		
Within one year	-	7
In two to five years	36	32
In more than five years	166	410
Tax effect of unused tax loss carryforwards	55	138

An analysis of income taxes and the effective income tax rate are contained in Note 10.

23 Employee benefit plans

23.1 Defined benefit plans 2008

In million CHF	Funded	Unfunded	Total
Net assets at market value	1 790		1 790
Present value of defined benefit obligation	-1 965	-346	-2 311
Financial surplus/shortfall	-175	-346	-521
Unrecognized actuarial loss	276	28	304
Total net book value 2008	101	-318	-217
Amount reported as employee benefits:			
under assets			103
under liabilities			-320

23.2 Defined benefit plans 2007

In million CHF	Funded	Unfunded	Total
Net assets at market value	2 092		2 092 ¹
Present value of defined benefit obligation	-2 025	-381	-2 406
Financial surplus/shortfall	67	-381	-314
Unrecognized actuarial loss	74	23	97
Assets not recognized in the balance sheet	-50		-50
Total net book value 2007	91	-358	-267
Amount reported as employee benefits:			
under assets			93 ¹
under liabilities			-360

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

There are no shares or bearer participation certificates of Schindler Holding Ltd. included in net plan assets. The Group does not utilize any (fixed) assets of the benefit plans.

23.3 Periodic pension cost for defined benefit plans

In million CHF	2008	2007
Current service cost	43	55
Interest cost on present value of defined benefit obligation	89	95
Expected return on plans assets	-87	-102
Actuarial gains/losses	80	7
Effect of the asset ceiling (IAS 19.58b)	-50	22
Periodic pension cost	75	77
Actual return on plan assets	-12.5%	4.5%

23.4 Change of net assets at market value

In million CHF	2008	Funded 2007
January 1	2 092	2 028 ¹
Expected return	87	102
Actuarial gains/losses	-352	-28
Employee contributions	25	25
Employer contributions	69	76
Benefits paid	-93	-83
Translation exchange differences	-38	-28
December 31	1 790	2 092

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

As at the date of this report, and based on current expert actuarial opinion, we expect only a slight increase in employee contributions in 2009.

23.5 Change in present value of defined benefit obligation

In million CHF	2008			2007		
	Funded	Unfunded	Total	Funded	Unfunded	Total
January 1	-2 025	-381	-2 406	-2 056	-379	-2 435
Current service cost	-37	-6	-43	-46	-9	-55
Interest cost	-75	-14	-89	-79	-16	-95
Employee contributions	-25	-	-25	-25	-	-25
Actuarial gains/losses	35	2	37	68	-6	62
Benefits paid	93	25	118	83	21	104
Translation exchange differences	69	28	97	30	8	38
December 31	-1 965	-346	-2 311	-2 025	-381	-2 406

23.6 Multiyear comparison

In million CHF	2008	2007	2006	2005	2004
Net assets at market value	1 790	2 092 ¹	2 028 ¹	1 868	1 687
Present value of defined benefit obligation	2 311	2 406	2 435	2 314	2 057
Financial surplus/shortfall	-521	-314	-407	-446	-370
Experience adjustments on plan assets at market value	-352	-28	85		
Experience adjustments on present value of defined benefit obligations	37	60	-54		

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

23.7 Health care plans

The post-employment health care plans relate mainly to the USA.

Given the assumed cost trend rates, as of December 31, 2008, the future expected payments for post-employment health care are as follows:

Assumed health care cost trend rates

	2008	2007
Growth rate in health costs	8.5%	9.0%
Rate to which the cost trend rate is assumed to decline	5.0%	5.0%
Year in which the rate reaches the ultimate trend rate	2014	2012

A change in the assumed cost trend rates for health care would have had the following effects:

	2008		2007	
In million CHF	1% increase	1% decrease	1% increase	1% decrease
Effect on total of service cost and interest cost components	0.26	-0.22	0.27	-0.24
Effect on post-employment benefit obligations	3.7	-3.2	4.1	-3.6

23.8 Asset allocation of investments as of December 31

Weighted average in %	2008	2007
Equity	25.8	34.1
Bonds	35.1	35.1
Real estate	22.2	18.3
Cash	4.8	3.6
Other	12.1	8.9
Total	100.0	100.0

23.9 Basis of actuarial calculations

Weighted average in %	2008	2007
Technical interest rate	3.5	3.5
Expected return on assets	4.5	4.5
Increase in salaries/wages	2.0	2.0
Increase in pensions	0.5	0.5
Fluctuation rate	7.5	7.5

The expected yield from investments is based on long-term market expectations and expert actuarial opinions that take into account the asset allocation as well as closely observing and monitoring current developments. Given the long-term nature of the various categories of investment, an expected yield of 4.5% can still be used for calculation purposes.

24 Accounts payable

In million CHF	2008	2007
Supplies and services	797	902
Associates and other related parties	12	18
Social security institutions	55	61
Indirect taxes and capital taxes	165	140
Other accounts payable	113	164
Total accounts payable	1 142	1 285

25 Accrued expenses and deferred income

In million CHF	2008	2007
Personnel cost	420	415
Late cost	93	76
Invoiced service contracts	325	331
Other accrued expenses and deferred income	322	418
Total accrued expenses and deferred income	1 160	1 240

26 Financial debts

26.1 Current financial debts

In million CHF	2008	2007
Bank overdrafts	31	57
ALSO program for sale of receivables	121	194
Accounts payable to shareholders	59	–
Current portion of non-current financial debts:		
Of bank loans	14	50
Of financial leases	3	7
3½% debenture 1999–2009, nominal value CHF 300 million	298	–
Current portion purchase price obligation on minority interests (GNT)	–	67
Total current financial debts	526	375

26.2 Non-current financial debts

In million CHF	2008	2007
3½% debenture 1999–2009, nominal value CHF 300 million	–	301
4.64% bank loans 2008–2013, nominal value EUR 100 million	149	–
Other bank loans and private placements	76	18
Purchase price obligation on minorities (GNT)	–	17
Finance leases	15	15
Other non-current financial debts	17	30 ¹
Total non-current financial debts	257	381
Thereof CHF portion	29%	89%

¹ Reclassification of CHF 53 million from Financial Debts to Provisions (see Note 2.2, page 8)

The debenture with nominal value CHF 300 million was converted by means of an interest rate swap (IRS) into a variable interest obligation. The market value of the IRS of CHF 1 million (previous year: CHF –2 million) compensated the fluctuation in value of the discounted debenture (see Note 32.6).

The individual subsidiaries complied with all debt covenants. Covenant clauses at ALSO are subject to financial performance indicators. A long-term loan of CHF 20 million requires a consolidated shareholders' equity of the ALSO Group of CHF 180 million, which the Group attained as of December 31, 2008, by only a small margin.

26.3 Maturity and average interest rate on financial debt

In million CHF	2008		2007	
	Book value	Effective interest rate in %	Book value	Effective interest rate in %
Within one year	526	4.6	375	4.0
Within two to five years	243	5.0	361	4.4
Greater than five years	14	10.1	20	9.2
Total financial debts	783	4.8	756	4.5

27 Provisions

In million: CHF	Loss jobs	Structure adaptation cost	Product liabilities and guarantees	Self-insurance and general nominated provisions	Other provisions	Total
Current provisions	24	34	65	18	8	149
Non-current provisions	2	5	154	91	16	268
Total provisions	26	39	219	109	24	417

Statement of changes

December 31, 2007	36	43	230	133	23	465 ¹
Statement of profit and loss:						
Setup	15	21	56	33	13	138
Usage	-23	-17	-59	-37	-7	-143
Reversal	-	-	-1	-	-2	-3
Translation exchange differences	-2	-8	-7	-20	-3	-40
December 31, 2008	26	39	219	109	24	417

¹ Reclassification of CHF 53 million from Financial Debts to Provisions (see Note 2.2, page 8)

The existing provisions are reassessed as at each balance sheet date. The amounts of the provisions for product liability claims are subject to a certain degree of uncertainty with regard to timing as well as the amount to be paid. As a consequence of the Groupwide reassessment, the material non-current provisions for product liability are discounted at normal country-specific interest rates. The time-related accumulation of interest is presented in the profit and loss statement as interest expense.

Provisions for product liability are based on actuarial calculations by independent experts for cases that have occurred, or are expected, but are not yet closed. Reversals take place parallel to the payments, which may extend over a period of up to ten years following the occurrence of the damage.

Warranty provisions cover the risk for expenses that have not yet occurred but which are expected before expiration of the granted warranty period.

The provision for loss jobs is created to cover losses contained in the order backlog. Reversal takes place in line with the progress of project execution. Projects are usually completed within 9 to 24 months of order receipt.

Provisions for restructuring expenses also include termination payments and are only recognized in the balance sheet if a social plan exists which has been communicated to the affected parties. Reversal takes place in parallel with the payments for corresponding expenses which, except for the termination payments, are normally incurred within one year.

The provision for "Self-insurance and general nominated provisions" mainly covers risks that in individual countries are not, or not sufficiently, covered by local or state insurances. These provisions are based on corresponding actuarial assessments. In addition, these items contain provisions for process risks, guarantees, taxes, and levies.

Other provisions cover further country-specific risks of individual subsidiaries. These obligations are only recognized if they relate to events in the past and their amount can be reliably estimated. Reversal normally takes place within five years.

28 Shareholders' equity

28.1 Share capital

	31.12.2008	31.12.2007
Number of shares	72 451 200	73 568 200
Nominal value in CHF	0.10	0.10
Share capital in CHF	7 245 120.00	7 356 820.00

28.2 Bearer participation certificates capital

	31.12.2008	31.12.2007
Number of bearer participation certificates	49 256 900	50 936 400
Nominal value in CHF	0.10	0.10
Bearer participation certificates capital in CHF	4 925 690.00	5 093 640.00

28.3 Own shares and bearer participation certificates

In million CHF	Registered shares		Bearer participation certificates	
	Number	Value	Number	Value
December 31, 2006	829 123	40	1 153 433	54
Elimination	–	–	–480 000	–29
Withdrawals for capital participation plan	–92 659	–7	–	–
Exercise of options from the capital participation plan	–160 306	–4	–128 373	–4
Purchase	1 224 316	92	1 240 500	95
Sales	–1 224	–	–152 383	–12
December 31, 2007	1 799 250	122	1 633 177	106
Elimination	–1 117 000	–81	–1 679 500	–123
Withdrawals for capital participation plan	–111 913	–8	–	–
Exercise of options from the capital participation plan	–77 295	–2	–114 700	–3
Purchase	1 533 284	110	1 125 481	79
Sales	–23 430	–2	–	–
December 31, 2008	2 002 896	140	964 458	59
Number of reserved shares and BPC for capital participation plan	1 328 296		316 958	
Already earmarked on December 31, 2008	739 505		278 507	

29 Additional information concerning the consolidated cash flow statement

Additions/disposals of subsidiaries

The following assets and liabilities were consolidated at their fair value as of the date of acquisition, or deconsolidated as of the date of disposal:

In million CHF	Total ¹	
	Carrying amount	Fair value
Cash on hand, accounts receivable, and prepaid expenses	–7	–7
Property, plant, and equipment	–2	–2
Current liabilities	7	7
Non-current liabilities (incl. minority interests)	1	1
Disposal net assets	–1	–1
Book profit		–4
Total disposal		–5
Acquired/divested liquidity		4
Cash received		–1

¹ Acquisitions: The values of the individual items of the assets and liabilities of the additions are less than CHF 2 million. The resulting net assets amount to CHF 2 million. The amount of cash used for the purchase was CHF 2 million.

When calculating the cash flow from additions of subsidiaries and affiliated companies, the value of the cash acquired resulting from a new consolidation is deducted from the respective purchase price.

Since the date of their acquisition, the total operating revenue of the newly consolidated companies amounted to CHF 4 million. The corresponding operating profit was less than CHF 1 million.

If the acquisition of these companies had already been completed on January 1, 2008, this would have resulted in additional operating revenue of CHF 1 million (unaudited).

2007		
		Total ¹
		Disposals
	Carrying	Fair
In million CHF	amount	value
Accounts receivable and prepaid expenses	-31	-31
Net balance of construction contracts and inventories	-11	-11
Fixed assets	-9	-9
Intangible assets (excluding goodwill)	-10	-10
Other non-current assets	-2	-2
Current liabilities	46	46
Non-current liabilities	1	1
Disposal net assets	-16	-16
Goodwill	-2	-2
Depreciation and amortization	5	5
Total disposal	-13	-13
Purchase price receivable		5
Cash received		-8

¹ Acquisitions: The values of the individual items of the assets and liabilities of the additions are less than CHF 1 million. The resulting net assets amount to CHF 2 million. The amount of cash used for the purchase was CHF 2 million.

30 Off-balance sheet transactions

30.1 Contingent liabilities

In million CHF	2008	2007
Total value of guarantees, pledges, and guarantee obligations in favor of third parties	33	26

Contingent liabilities that will probably result in an obligation are recognized in the balance sheet under Provisions.

As an internationally active company, Schindler is exposed to a multitude of legal risks. These relate particularly to risks associated with product liability, patent law, tax law, and competition law. Some subsidiaries are involved in legal proceedings. The results of currently pending or future proceedings cannot be predicted with certainty, which means that decisions of courts or other authorities can cause expenses that are not covered fully, or at all, by insurances and can therefore have significant consequences for the business and on future results. Wherever a reliable estimate of the financial consequences of a past event is possible and can be confirmed by independent experts, a corresponding provision is made.

Claims for liability have been made against some subsidiaries by third parties, based, for example, on product liability and labor law. Where these claims are not, or no longer, covered by state or private insurance schemes, the contingent risk for liability passes to the company. For this purpose, provisions which are appropriate on the basis of the information presently available have been made in the consolidated financial statements. However, a definitive assessment of the situation and of possible additional costs is not possible at the present time.

The Schindler companies that were affected by the decision of the European Commission of February 21, 2007, regarding antitrust fines have filed an action for annulment with the Court of First Instance of the European Union. This appeal is still legally pending. A decision by the Court of First Instance is expected at the earliest at the end of 2009.

The appeal by the affected Schindler companies in Austria against the decision of December 14, 2007, of the antitrust court in Vienna regarding fines was rejected by the Supreme Court on October 8, 2008. The decision is therefore legally binding. The monetary fines, which were already recognized as accounts payable in 2007, have meanwhile been paid (EUR 20.8 million thereof after the balance sheet date of December 31, 2008).

The anti-competitive practices in the past which were the subject of the proceedings in the EU and Austria have so far resulted in two claims for damages at Belgian courts. However, the nature of the alleged infringements leads Schindler to believe that no damages were caused to customers. There is therefore no quantifiable risk attached to such possible damage claims, and consequently no provisions have been made.

30.2 Other commitments

In million CHF	2008	2007
Irrevocable payment commitments resulting from contracts not to be shown in the balance sheet	128	122

30.3 Maturity of rental and lease payments 2008

In million CHF	Rental contracts	Operating leases	Finance leases
Within one year	26	46	4
Within two to five years	70	70	17
Greater than five years	47	19	–
Total payments	143	135	21
Less interests			–3
Total finance lease borrowings 2008			18

30.4 Maturity of rental and lease payments 2007

In million CHF	Rental contracts	Operating leases	Finance leases
Within one year	28	86	9
Within two to five years	68	154	15
Greater than five years	33	60	2
Total payments	129	300	26
Less interests			–4
Total finance lease borrowings 2007			22

31 Financial risk management

As a globally active company, Schindler is exposed to various general and industry-specific risks. A comprehensive analysis of potential risks, including an assessment of their manageability, is therefore an absolute prerequisite to enable important entrepreneurial decisions to be made.

31.1 Principles for risk management

The risk policy is aligned to the pursuit of sustainable growth and increase in corporate value in which Schindler endeavors to avoid unreasonable risks or control them as far as possible. Since risk management is an integral component of planning and executing the business strategy, the risk policy is defined by the Board of Directors, the Executive Committee of the Board, and the Management Committee.

Risk management at Schindler is based on a differentiation between strategic and operational risks. Strategic risks that affect the success of the corporate strategy are generally highly complex and very difficult to quantify. Their assessment is the responsibility of the Board of Directors, the Executive Committee of the Board, and the Management Committee. Operational risks, on the other hand, can be localized to the operational companies. Schindler uses various risk management and control systems that allow the extent of the risks to which the Group is exposed to be anticipated, measured, monitored, and handled.

The members of the Management Committee receive a large amount of information each month. One source of information is the comprehensive Management Information System (MIS). The MIS has a strategic cockpit function that provides an overview of the current status of the financial performance, information about risk and capital management aspects, as well as an analysis of the competitive situation and strategic developments. The MIS also contains extensive information about the business and corporate functions.

31.2 Organization of risk management

The corporate strategic plan and the Management Information System play a particularly important role. The corporate strategic plan, along with the analyses of the Area Controlling and Group Assurance Corporate Staff Offices, enable the Group to promptly recognize and evaluate risks and initiate the necessary measures. The Management Information System and the control reporting system allow the risks to be appropriately monitored while the corporate processes are being performed and executed.

The appropriateness of the risk management and of the internal control system is reviewed by the Management Committee, Audit Expert Group, and the Audit Committee at regular intervals, as well as immediately whenever unexpected risks arise (ad hoc), and modified if necessary. This ensures that the Board of Directors, the Executive Committee of the Board, and the Management Committee are completely and promptly informed of material risks. In addition, monthly internal reports on the financial situation of the company allow potential risks arising from the ongoing business to be promptly recognized and corresponding countermeasures to be taken. To provide the necessary information, Accounting and Controlling constantly adapt their reporting systems to changing circumstances.

The Group Treasury Department uses an analysis and assessment system to register, monitor, and control financial risks based on instructions from the Board of Directors, the Executive Committee of the Board, and the Management Committee.

31.3 Capital management

Schindler's objective is to ensure continuation of the company and constantly increase its value. The Group's financial management uses a system of key figures that are based on traditional mutually coordinated parameters. These control parameters, which are tailored to the business model, relate to liquidity, growth, and profitability.

The development of the business is measured by means of a profitability analysis based on the product lines. The parameter used by the Group to measure the profitability of business progress is the operating margin. This is determined from the operating profit before interest and taxes (EBIT).

31.4 Types of financial risk

The most significant financial risks to which the Group is exposed are credit, liquidity, and market risks, as well as the risks associated with general entrepreneurial activity. These include operational, strategic, and legal risks, which the Group also monitors, analyzes, and controls.

31.5 Credit risk

The credit risk contains the danger of a financial loss that arises through one counterparty being unable or unwilling to fulfill its contractual payment obligations. The credit risk thus contains not only the immediate risk of default but also the risk of an impaired credit rating along with the risk of a concentration of individual risks. The maximum credit risk is reported as the carrying amount of the monetary values (including derivative financial instruments) and the guarantees (see Note 30.1).

31.5.1 Liquid assets

Liquid assets mainly comprise cash and cash equivalents. In relation to the investment of liquid assets, the Group is exposed to losses from credit risks if financial institutions and issuers of securities do not fulfill their obligations. Schindler manages the resulting risk positions by diversification of the financial institutions based on a limit system, and by verifying the financial strength of each counterparty with publicly available information.

It is part of the Group's risk policy that the majority of the liquid assets are invested in safe investments with a low risk of default and broad diversification. There are other investments of liquid assets to the very limited extent required to maintain the operational business in countries with low ratings, or for normal business operations.

31.5.2 Securities and financial assets

It is a component of corporate policy to invest liquid assets mainly in term deposits and in first-class, low-risk, liquid securities at financial institutions that must also fulfill certain minimum requirements regarding their credit rating.

The credit risk is actively managed by the Group regularly reviewing the credit ratings of the banks and the assets held by them. The Group has also defined limits for the amounts of assets that may be held with a bank.

The credit quality is represented by public ratings of Standard & Poor's. The rating code is a key composed of letters that represent the default risk of a debtor (country, company) and thus provide a simple means of assessing creditworthiness. Each rating code represents an independent, statistically calculable, and verifiable default probability.

- AAA – default risk practically zero
- AA – safe investment but slight risk of default
- A – safe investment provided that no unforeseen circumstances impair the overall economy or the industry

Category "<A" consists mainly of investments for which no public rating is available.

2008									
	Rating								Total
	In million CHF	AAA %	In million CHF	AA %	In million CHF	A %	In million CHF	<A %	In million CHF
Cash on hand	40	3%	682	54%	257	21%	275	22%	1 254
Securities (exkl. equity instruments)	109	20%	254	46%	169	30%	21	4%	553
Financial assets (exkl. equity instruments)	36	25%	32	22%	28	19%	49	34%	145
Total	185	9%	968	50%	454	23%	345	18%	1 952

2007									
	Rating								Total
	In million CHF	AAA %	In million CHF	AA %	In million CHF	A %	In million CHF	<A %	In million CHF
Cash on hand	103	10%	592	58%	254	24%	77	8%	1 026
Securities (exkl. equity instruments)	58	23%	93	36%	54	21%	51	20%	256
Financial assets (exkl. equity instruments)	100	40%	32	13%	41	17%	73	30%	246
Total	261	17%	717	47%	349	23%	201	13%	1 528

31.5.3 Trade accounts receivable

Schindler markets a wide range of products, systems, and services. Since the customer base consists of a large number of customers, and a wide geographical spread worldwide, the danger of cluster risks occurring in association with trade receivables is limited. The payment terms and outstanding receivables are regularly monitored locally by all subsidiaries. Security is additionally assured in the form of prepayments and progress payments.

The values of receivables that are in arrears are reduced by individual and overall adjustments based on current experience values. Experience values from the past show that this risk can be regarded as relatively low. Adjustments in the past were immaterial.

The value adjustment account is only used for trade receivables. For all other items, impairments are recognized directly.

Value adjustments on receivables		
In million CHF	2008	2007
January 1	-126	-130
Creation	-36	-14
Utilization	9	11
Release	5	9
Translation exchange differences	14	-2
December 31	-134	-126
Expenses for the complete derecognition of		
trade accounts receivable	14	15
Income from the inclusion of derecognized		
trade accounts receivable	-	-

The classification of trade receivables, receivables not yet due according to conditions agreed with the customer, and the aging structure of overdue receivables, is as follows:

Aging analysis of receivables 2008

In million CHF	Total carrying amount 31.12.2008	Of which not yet overdue	Of which overdue				
			<30 days	30 to 90 days	91 to 180 days	181 to 360 days	>360 days
Trade accounts receivable gross	1 666	753	360	196	133	104	120
Allowance for doubtful accounts	-134	-22	-3	-10	-9	-23	-67
Associated companies and other related parties	24	18	6	-	-	-	-
Other receivables	158	147	8	1	-	1	1
Total receivables net	1 714	896	371	187	124	82	54

Aging analysis of receivables 2007

In million CHF	Total carrying amount 31.12.2007	Of which not yet overdue	Of which overdue				
			<30 days	30 to 90 days	91 to 180 days	181 to 360 days	>360 days
Trade accounts receivable gross	1 921	899	470	199	138	99	116
Allowance for doubtful accounts	-126	-12	-2	-4	-5	-27	-76
Associated companies and other related parties	14	11	1	1	1	-	-
Other receivables	124	101	13	3	2	2	3
Total receivables net	1 933	999	482	199	136	74	43

In relation to the trade receivables that are neither impaired nor overdue for payment, as of balance sheet date there are no indications that the customers will not meet their payment obligations.

In relation to other financial assets of the Group, such as cash and cash equivalents as well as certain derivative financial instruments, the maximum credit risk on default is equal to the carrying amount of these instruments.

31.6 Liquidity risks

Liquidity risk describes the danger that Schindler cannot fully meet its financial obligations.

The central liquidity risk management ensures that the Group is always in a position to fulfill its payment obligations promptly. Having a solid financial structure is a significant contribution to assuring liquidity. The Group also constantly monitors the cash flows by means of a detailed liquidity overview. This takes account of the lifetimes of financial investments and financial assets as well as expected cash flows from business activity.

The Group's objective is to have available a relatively large liquidity reserve in the form of liquid assets, and thus to ensure solvency and financial flexibility at all times. The creditworthiness of the Group also allows it to make efficient use of the international financial markets for financing purposes should this be necessary.

As of December 31, 2008, and 2007 respectively, the financial liabilities of the Group display the following maturities. The information is calculated on the basis of the maturity dates in the balance sheet and the contractually agreed interest and amortization payments.

Financial liabilities 2008: Carrying amounts and cash drains

In million CHF	Carrying amounts	Cash drains			
	31. 12. 2008	Total	Up to 1 year	2 to 5 years	More than 5 years
Trade accounts payable	-921	-921	-921	-	-
Liabilities to banks	-467	-527	-234	-220	-73
Issued debt instruments	-298	-303	-303	-	-
Finance lease liabilities	-18	-21	-3	-18	-
Forward exchange contracts					
Cash inflows		2 038	1 869	169	-
Cash drains		-1 973	-1 809	-164	-
Net	65	65	60	5	-
Other financial liabilities	-717	-717	-717	-	-
Total	-2 356	-2 424	-2 118	-233	-73

Financial liabilities 2007: Carrying amounts and cash drains

In million CHF	Carrying amounts 31.12.2007	Total	Up to 1 year	2 to 5 years	Cash drains More than 5 years
Trade accounts payable	-1 082	-1 082	-1 082	–	–
Liabilities to banks	-349	-369	-346	-12	-11
Issued debt instruments	-301	-316	-11	-305	–
Finance lease liabilities	-22	-26	-9	-15	-2
Forward exchange contracts					
Cash inflows		1 723	1 625	98	–
Cash drains		-1 722	-1 624	-98	–
Net	1	1	1	–	–
Other financial liabilities	-807	-871	-836	-22	-13
Total	-2 560	-2 663	-2 283	-354	-26

The cash flows shown above are subject to the following conditions and exceptions:

- All instruments are included that were recognized on December 31, 2008, and 2007 respectively, and for which payments were already contractually agreed. Plan figures for future new liabilities are not included.
- Foreign currency amounts are translated at balance sheet rates.
- Variable interest payments from the financial instruments are based on the last interest rates fixed on December 31, 2008, and 2007 respectively.
- Repayable financial liabilities are always assigned to the earliest maturity date.
- Derivative financial instruments comprise derivatives with negative as well as positive fair values. This takes account of the fact that all derivative financial instruments, and not only those with a negative fair value, can have influence on individual timeframes.

31.7 Market risks

In view of its international business relationships, financial activities, and investments, within the scope of its normal business activities the Group is exposed to market risks that can arise from interest rates, foreign currency exchange rates, as well as to a limited extent from share prices of listed securities. In addition, on the purchasing side, there are risks associated with commodity prices. The risks can have a negative effect on the capital, financial, and income situation of the Group. For Schindler, handling of these market risks is a central task.

In managing these risks, the objective is to take advantage of opportunities that present themselves through the sale of goods and services in international markets, at the same time as proactively calculating and limiting the associated risks. Primarily, Schindler endeavors to measure, monitor, and limit these risks as part of its normal business conduct. If necessary, the risks are managed by the use of derivative financial instruments such as foreign currency contracts or interest rate swaps. Further information about financial instruments and derivatives is contained in Note 32 to the consolidated financial statements. Economic analyses, market information, and industry information flow continuously into the risk management process.

The risks that could have disadvantageous effects on the capital, financial, and income situation are described below. These are not necessarily the only risks to which the Group is exposed. Risks that are currently still estimated to be immaterial, or which are not yet known, could also impair the business activities.

The Group's assets and liabilities associated with pension plans are not included in the following quantitative and qualitative information. Further information about Schindler's pension plans is contained in Note 23 to the consolidated financial statements.

31.8 Risk management

The management of market risks is a component of risk management that is monitored at Management Committee level. Group Treasury regards the management of market risks as one of its main tasks.

To assess the effects of different conditions in the market, sensitivity analyses are used. Sensitivity analysis is a commonly used instrument for measuring market risks that allows the evaluation of such risk items for the entire Group. The analysis approximately quantifies the risk that can arise under given assumptions when individual parameters are changed in isolation by a defined amount. The risk evaluation assumes an upward revaluation (downward devaluation) of 5% in the Swiss franc relative to the most important foreign currencies as well as to a simultaneous parallel displacement of 100 base points in the interest curves of all currencies.

The potential economic consequences are based on the occurrence of the (un)favorable market changes assumed in the sensitivity analysis. Actual effects on the profit and loss statement resulting from actually occurring market developments may be substantially different.

31.8.1 Interest rate risks

Interest rate risks result from changes in interest rates which could negatively affect the capital and income of the Group. Fluctuations in interest rates cause changes in the interest income and interest cost of interest-bearing assets and liabilities.

Schindler is mainly exposed to interest risks in CHF, EUR, USD, and BRL. To minimize the effects of interest rate fluctuations in these currencies, the Group monitors its long-term financial liabilities centrally through the Group Treasury Department.

Not only Group-internal finance companies, but also to a limited extent the operational subsidiaries, have the possibility to invest capital in interest-bearing financial assets.

Group-internal guidelines stipulate the desired mix of fixed and variable interest-bearing financial liabilities. According to current internal rules, the operational subsidiaries are not allowed to take up long-term fixed-interest financial liabilities. Local, short-term interest rate risks are not normally hedged by the subsidiaries. For this reason, the majority of the Group's credit instruments are variable interest rate instruments and therefore exposed to interest rate fluctuations.

Taking into account the existing and planned debt structure, Group Treasury uses interest derivatives if necessary to adjust the interest structure of the financial liabilities to the structure stipulated by management. Depending on whether the Group has a financial overhang in fixed or variable interest-bearing instruments, interest risks can result from a rise in market interest rates as well as a fall.

Risks from changes in interest rates are modeled by means of sensitivity analyses. These sensitivity analyses demonstrate the effects of changes in market interest rates on interest expense and interest income as well as on shareholders' equity.

If the level of market interest rates on December 31, 2008, had been 100 base points higher (lower), net financial income would have been CHF 10 million higher (lower) (2007: CHF 2 million).

31.8.2 Exchange rate risks

Foreign currency risks can be divided into transaction risks and translation risks. These risks can have negative effects on the capital, financial, and income situation presented in Swiss francs. Through its worldwide activities and global alignment, Schindler is exposed to currency risks arising from the purchase and sale of goods and services in foreign currency that are not settled in the local currency of the respective subsidiary.

The foreign currency risk resulting from the operational business can be partly compensated by utilizing the worldwide production locations as well as making purchases in the respective foreign currency. The bulk of expenses and income occur in local currency. As far as possible, the further exchange rate transaction risks are hedged centrally with currency derivatives from counterparties with good international risk ratings. By limiting intercompany billings to three main currencies (CHF, EUR, and USD), exchange rate transaction risks are minimized and netting facilities utilized as extensively as possible.

Exchange rate translation risks that occur when profit and loss statements and balance sheets of subsidiaries are translated in the Group financial statements are only hedged in exceptional cases.

The operating subsidiaries are not allowed to obtain or invest cash in foreign currencies. Group-internal financing or investments by subsidiaries preferably take place in the respective local currency.

The Groupwide guidelines require each subsidiary to monitor its transaction-related foreign currency risks and to calculate its respective net exposure in the different currencies. According to a Group guideline issued by the Group Treasury Department, all units are obliged to hedge their transaction-related foreign currency risks – as far as possible – with the Group-internal finance companies. In view of this hedging activity, the operating subsidiaries, which conduct most of their activities in their respective functional currency, are not exposed to a material currency risk either on the date of the balance sheet or during the year.

Through centralization, the Group Treasury can compensate the individual exchange rate risks in the same currency and thereby create natural hedges between individual currencies independent of the transactions. Thus, only those open positions that are not mutually hedged by Group Treasury are exposed to a transaction risk. Management receives monthly information on the risk exposure with the Treasury Report.

By regular use of forward contracts, Schindler continuously reduces the exchange rate risk to a minimal size, so that there is no material exchange rate risk to the Group.

The following table shows the unhedged net exposures in CHF of the Group in its CHF, EUR, and USD positions at December 31, 2008, and 2007 respectively. The unhedged net exposures at the end of the year are also representative of the risks during the year.

In million CHF	CHF	EUR	USD
31. 12. 2008	1	-3	9
31. 12. 2007	1	-3	13

In the following sensitivity analysis, the foreign currency risk of the operating companies and finance companies is calculated. The Group's financial companies are responsible for fulfilling the liquidity requirements at any time. Most of the securities and financial assets are also managed within these companies. The forward contracts of the finance companies have associated currency risks and are included in the calculations.

If, on December 31, 2008, the Swiss franc had been 5% stronger against the euro (US dollar) and all other variables had remained unchanged, the financial result for the year would have been CHF 17 million (CHF 17 million) higher.

Conversely, if, on December 31, 2008, the Swiss franc had been 5% weaker against the euro (US dollar) and all other variables had remained unchanged, the net profit for the year would have been CHF 17 million (CHF 17 million) lower. As of December 31, 2007, financial result would have been CHF 11 million (CHF 3 million) higher or lower respectively.

31.8.3 Share price risks

Schindler has only limited holdings of shares in listed companies, options on shares, and other equity instruments, that are not related to its business activities.

Since the share price risk in the reporting periods was, and still is, immaterial, the Group does not present a separate sensitivity analysis of the share price risk.

32 Financial instruments

32.1 Financial instruments 2008

In million CHF	Financial assets				Financial liabilities		Total	Total market values
	at fair value through profit or loss		Loans and receivables	available for sale	held for trading	at amortized acquisition costs		
	Assigned per designation	held for trading						
Cash on hand			1 254				1 254	1 254
Securities	326		239				565	565
Accounts receivable		3	1 711				1 714	1 714
Prepaid expenses		90	88				178	178
Financial assets			47	114			161	161
Financial debts						783	783	784
Accounts payable					1	921	922	922
Deferred income					25	717	742	742
Total	326	93	3 339	114	26	2 421		
Interest income/expense			48	9		-79	-22	
Net income from securities/trading	-17	69	-4	-3			45	
Change in value adjustments and losses on trade accounts receivable			-22				-22	
Total net gain/loss in the profit and loss statement	-17	69	22	6	-	-79	1	
Recognized in shareholders' equity:								
Gains/losses recognized through profit or loss				7			7	
				-4			-4	
Total	-17	69	22	9	-	-79	4	

32.2 Financial instruments 2007

In million CHF	Financial assets				Financial liabilities		Total	Total market values
	Assigned per designation	at fair value through profit or loss	Loans and receivables	available for sale	held for trading	at amortized acquisition costs		
		held for trading						
Cash on hand			1 026				1 026	1 026
Securities	249		11				260	260
Accounts receivable		1	1 932				1 933	1 933
Prepaid expenses		27	163				190	190
Financial assets			57	201			258	258
Financial debts						672	672	674
Accounts payable					2	1 082	1 084	1 084
Deferred income					26	807	833	833
Total	249	28	3 189	201	28	2 561		
Interest income/expense	1		37	8		−66	−20	
Net income from securities/trading	9	−1	−3				5	
Change in value adjustments and losses on trade accounts receivable			−6				−6	
Total net gain/(loss) in the profit and loss statement	10	−1	28	8	−	−66	−21	
Recognized in shareholders' equity:								
Gains/losses recognized through profit or loss				2			2	
Total	10	−1	28	10	−	−66	−19	

32.3 Open derivative financial instruments

	2008			2007		
	Contract value	Positive market value	Negative market value	Contract value	Positive market value	Negative market value
In million: CHF						
Currency instruments						
Forward currency contracts	1 948	90	25	1 696	27	26
Currency options (OTC)	260	2	–	50	1	–
Total currency instruments	2 208	92	25	1 746	28	26
Interest instruments						
Interest rate swaps	322	1	1	302	–	2
Interest rate options	300	–	–	–	–	–
Total interest instruments	622	1	1	302	–	2
Other derivative financial instruments				1	–	–
Total	2 830	93	26	2 049	28	28
Total derivative financial instruments						
contained in the receivables/payables						
and/or transitory assets/liabilities		93	26		28	28

32.4 Maturity dates of the derivative financial instruments 2008

	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
In million: CHF					
Currency instruments					
Forward currency contracts	895	894	159	–	1 948
Currency options (OTC)	225	35	–	–	260
Total currency instruments	1 120	929	159	–	2 208
Interest instruments					
Interest rate swaps	–	322	–	–	322
Interest rate options	–	300	–	–	300
Total interest instruments	–	622	–	–	622
Other derivative financial instruments	–	–	–	–	–
Total	1 120	1 551	159	–	2 830

32.5 Maturity dates of the derivative financial instruments 2007

In million CHF	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Currency instruments					
Forward currency contracts	922	676	98	–	1 696
Currency options (OTC)	27	23	–	–	50
Total currency instruments	949	699	98	–	1 746
Interest instruments					
Interest rate swaps	–	–	302	–	302
Total interest instruments	–	–	302	–	302
Other derivative financial instruments	–	1	–	–	1
Total	949	700	400	–	2 049

32.6 Hedging transactions 2008

In million CHF	Market value	Purchase cost	Risk	Hedging instrument	Positive replacement value	Negative replacement value
Hedged items						
Cash flow	–111	–115	Foreign currency	Forward exchange transaction	4	–
Fair value hedges	–23	–22	Interest rate	Interest rate swap	–	1
Current financial debts	–299	–300	Market value	Interest rate swap	1	–
Fair value hedges	98	99	Foreign currency	Forward exchange transaction	1	2

32.7 Hedging transactions 2007

In million CHF	Market value	Purchase cost	Risk	Hedging instrument	Positive replacement value	Negative replacement value
Hedged items						
Cash flow	–158	–160	Foreign currency	Forward exchange transaction	2	–
Cash flow	2	2	Interest rate	Interest rate swap	–	–
Non-current financial debts	–302	–300	Market value	Interest rate swap	–	2

33 Pledged assets (assets pledged or assigned as security against the company's own liabilities)

In million CHF	2008	2007
Securities	21	5
Accounts receivable	149	238
Inventories	91	99
Property, plant, and equipment	42	62
Total pledged assets	303	404

The Group assets shown above, mainly comprising items of the ALSO Group, have been pledged to secure existing financial liabilities.

34 Segment reporting

The Group consists of the traditional core business of Elevators & Escalators and the ALSO Group, which is active in the IT logistics and service business (see also Note 2.24).

The results of the business segments have been presented on a management reporting basis (Management Approach). They include all revenues and expenses which are directly attributable to a segment plus a Group overhead cost which has been assigned to each segment.

Intercompany charges have been included in the individual values and are based on market prices (at arm's length). "Services/Eliminations E & E" contains values of management and service companies as well as eliminations within the Elevators & Escalators business. Intercompany sales of ALSO to Elevators & Escalators are included in "Finance/Eliminations."

Allocation of operating revenue to geographical regions is based on the location where invoicing occurs.

Assets and liabilities which cannot be divided between the two segments, especially financial liabilities for Group financing, are reported under Finance/Eliminations.

34.1 Segment information 2008

In million: CHF	Europe	North, Central, and South America	Asia, Australia, Africa	Services/ Eliminations E & E	Elevators & Escalators	ALSO	Finance/ Eliminations	Group
Operating revenue third parties	4 752	2 617	1 392	–	8 761	5 266	–	14 027
Intercompany sales	1 717	88	362	–2 167	–	–	–	–
Total operating revenue	6 469	2 705	1 754	–2 167	8 761	5 266	–	14 027
Operating profit					895	24	–30	889
Assets	2 583	1 188	841	3	4 615	876	1 298	6 789
Investments in associated companies	14	–	155	–	169	–	–	169
Liabilities	2 153	822	522	209	3 706	696	369	4 771
Additions of property, plant, and equipment and intangible assets	63	44	12	7	126	9	–	135
Depreciation and amortization	59	27	19	7	112	16	1	129
of which impairment	–	–	–	–	–	4	–	4
Share in profits of associated companies					1	–	–	1
Personnel at year-end (number)	21 008	12 674	9 116	428	43 226	1 837	–	45 063

34.2 Segment information 2007

In million: CHF	Europe	North, Central, and South America	Asia, Australia, Africa	Services/ Eliminations E & E	Elevators & Escalators	ALSO	Finance/ Eliminations	Group
Operating revenue third parties	4 717	2 643	1 392	–	8 752	5 083	–	13 835
Intercompany sales	1 858	90	332	–2 280	–	–	–	–
Total operating revenue	6 575	2 733	1 724	–2 280	8 752	5 083	–	13 835
Operating profit					802	54	–26	830
Assets	2 889 ¹	1 260	881	89	5 119 ¹	1 144	878	7 141 ¹
Investments in associated companies	23	–	210	–	233	–	–	233
Liabilities	2 121 ¹	823	548	214	3 706 ¹	929	424	5 059 ¹
Additions of property, plant, and equipment and intangible assets	55	33	19	6	113	11	–	124
Depreciation and amortization	63	26	19	7	115	12	1	128
of which impairment	–	–	–	–	–	–	–	–
Share in profits of associated companies					–	–	–	–
Personnel at year-end (number)	21 237	12 978	8 611	395	43 221	1 987	–	45 208

¹ Retrospective adjustment due to application of IFRIC 14 (see Note 2.2, page 8)

35 Capital participation plans

35.1 Share plan of Schindler Holding Ltd.

For the participation plan relating to the result for 2007, 111 913 registered shares (previous year: 92 659) were removed from treasury at the time when they were awarded (April 2008).

In the respective annual financial statements, the expense is accrued at the year-end share price, and based on the approximate number of shares, and charged as expense to personnel cost for the corresponding period. When the awards become definite (at the end of March in the following year), a possible difference in the number and/or in the market value at the end of March is also debited as expense, or credited as income respectively, to personnel cost.

35.2 Option conditions on registered shares and bearer participation certificates Schindler Holding Ltd.

All values after both 10:1 share/participation certificate splits on June 11, 2002, and March 27, 2006

Year of issue	2008	2007	2006	2005	2004	2003	2002
Options awarded		159 994	138 376	263 060	279 670	645 360	131 900
Exercised/expired in the previous year		-558	-7 868	-23 770	-125 753	-477 550	-127 300
Outstanding as at January 1		159 436	130 508	239 290	153 917	167 810	4 600
Options awarded	357 092						
Options exercised	-	-4 716	-6 239	-65 968	-48 732	-61 740	-4 600
Withdrawn	-1 978	-408	-260	-	-	-	-
Balance on 31. 12. 2008	355 114	154 312	124 009	173 322	105 185	106 070	-
of which exercisable	-	-	-	173 322	105 185	106 070	-
Entitles to purchase of	Shares	Shares	Shares	BPC	BPC	Shares	Shares
Exercise price	80.90	56.20	48.80	32.90	28.70	25.50	27.10
Vesting period ends	30. 04. 2011	30. 04. 2010	30. 04. 2009	30. 04. 2008	30. 04. 2007	30. 04. 2006	30. 04. 2005
Exercise period ends	30. 04. 2014	30. 04. 2013	30. 04. 2012	30. 04. 2011	30. 04. 2010	30. 04. 2009	30. 04. 2008
Assignment ratio options : shares/BPC	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Weighted stock exchange price on exercise in 2007	-	73.60	76.30	76.55	78.35	76.00	77.80
Weighted stock exchange price on exercise in 2008	-	76.30	75.75	79.40	77.75	79.10	74.45

35.3 Option conditions on shares ALSO Holding AG

All values after 10:1 share split on March 23, 2006

Year of issue	Right to	Exercise period	Exercise price then applicable in CHF	Open on 31. 12. 2008 Number
2004	Shares	May 1, 2007 until April 30, 2010	33.47	3 960
2005	Shares	May 1, 2008 until April 30, 2011	33.08	5 030
2006	Shares	May 1, 2009 until April 30, 2012	35.68	1 975
2007	Shares	May 1, 2010 until April 30, 2013	43.96	2 345
2008	Shares	May 1, 2011 until April 30, 2014	67.20	1 602

One option gives entitlement to purchase one registered share of ALSO Holding AG.

All 27 680 options (number after split) from 2003 were exercised in 2006.

35.4 Valuation of the options

The options are valued using the Hull-White model, which explicitly takes into account the effects of the vesting period as well as of an earlier exercise date. The following parameters are used in the valuation:

35.4.1 Schindler Holding Ltd.

	2008	2007
Registered shares		
Price in CHF	73.60	74.00
Strike in CHF	80.90	56.20
Volatility	26.0%	22.0%
Risk-free interest rate	3.1%	2.8%
Dividend rate	2.0%	1.7%
Exit rate	5.0%	5.0%
Fair value of the option in CHF	15.66	24.29
Life of the option in years	4.5	4.5

35.4.2 ALSO Holding AG

	2008	2007
Registered shares		
Price in CHF	57.90	67.35
Strike in CHF	67.20	43.96
Volatility	45.1%	27.0%
Risk-free interest rate	3.1%	2.8%
Dividend rate	0.8%	1.1%
Exit rate	5.0%	5.0%
Fair value of the option in CHF	21.70	29.44
Life of the option in years	5.4	5.4

The volatility was calculated on the basis of the historical volatility of the share price over a time horizon of one year before the date of valuation.

The fair value of the options is recognized as expense in the respective reporting year, with one third being charged to personnel cost.

35.5 Allocation to Board of Directors and Management Committees

Year of issue	2008	2007
Registered shares Schindler Holding Ltd.	26 989	26 573
Options on registered shares Schindler Holding Ltd.	72 318	38 833
Shares ALSO Holding AG	2 195	1 751
Options on shares ALSO Holding AG	1 602	2 345

At their own wish, the non-executive members of the Board of Directors of Schindler Holding Ltd. are not included in the capital participation plan.

36 Related parties

Schindler Holding Ltd., Hergiswil, Switzerland, is the ultimate holding body and is not controlled by any other company.

On December 31, 2008, the Schindler and Bonnard families, together with parties related to these families, held within a shareholders' agreement 51 082 480 registered shares of Schindler Holding Ltd., corresponding to 70.5% of the voting rights of the share capital entered in the Register of Companies.

All business transactions with related parties have been held "at arm's length." Neither with the major shareholders nor with other related parties have unusual transactions taken place during the periods reported.

The transactions with associated companies and other related parties consist of the following:

In million CHF	2008	2007
Invoicing	88	55
Material and operating expenses	5	4

In million CHF	2008	2007
Receivables and loans	30	20
Liabilities	12	18

37 Compensation of key management

The members of the Board of Directors of Schindler Holding Ltd. collectively receive for their activities as Board members total fees and expenses of CHF 1.9 million (previous year: CHF 1.7 million). In addition, the executive members of the Board of Directors and the members of the Management Committees receive a fixed salary plus performance-related compensation customary for the industry (see also Compensation Report, pages 125 to 138).

In million CHF	2008	2007
Short-term employee benefits	29	24
Post-employment benefits	3	4
Other long-term benefits	–	–
Termination benefits	2	–
Share-based payment	3	3
Total	37	31

The legally required disclosure of compensation and participation plans is contained in the annual financial statements of Schindler Holding Ltd., pages 88 to 95.

38 Risk assessment

The Board of Directors of Schindler Holding Ltd. assesses the corporate risks within the framework of a systematic risk identification and analysis. Based on this assessment, measures for risk management in the company are defined and constantly monitored. The company has a risk management system which is designed for the prompt identification and analysis of risks as well as the initiation of corresponding measures. The organization, principles, and reporting of risk management are described in detail under Corporate Governance, paragraph 3.5, page 118.

39 Proposal of the Board of Directors

The Board of Directors proposes to the General Meeting a dividend for the financial year 2008 of CHF 2.00 (previous year: CHF 1.60) per registered share and bearer participation certificate. This represents a total dividend payment of CHF 243 million (previous year: CHF 192 million).

40 Release of the consolidated financial statements for publication

The consolidated financial statements were released for publication by the Board of Directors of Schindler Holding Ltd. on February 12, 2009, and presented for approval by the General Meeting of March 16, 2009.

41 Events after balance sheet date

As at January 1, 2009, parcels of land in Pratteln, Switzerland, were sold. The accounting gain of CHF 39 million realized from this sale will have a correspondingly positive effect on the pretax profit for 2009.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Schindler Holding Ltd., which comprise the profit and loss statement, balance sheet, cash flow statement, statement of shareholders' equity, and notes (pages 3 to 75) for the year ended December 31, 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2008, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Article 728 CO and Article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a Paragraph 1 Item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Berne, February 12, 2009

ERNST & YOUNG AG

Roland Ruprecht
Licensed audit expert
(Auditor in charge)

Manuel Trösch
Licensed audit expert

Financial Statements Schindler Holding Ltd.

Profit and loss statement

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Financial Statements
Schindler Holding Ltd.

Revenue			
In 1000 CHF	Notes	2008	2007
Income from subsidiaries	1	519 687	397 963
Extraordinary income	2	12 068	524 926
Income from financial operations	3	31 911	21 575
Total revenue		563 666	944 464

Expenses			
In 1000 CHF	Notes	2008	2007
Financial expenses	4	31 786	17 699
Depreciation and adjustments	5	82 278	28 463
Administration expenses and taxes	6	22 020	24 097
Total expenses		136 084	70 259
Net profit for the year		427 582	874 205

Balance sheet before appropriation of profits

Financial Statements
Schindler Holding Ltd.

Assets

In 1 000 CHF	Notes	31. 12. 2008	%	31. 12. 2007	%
Current assets					
Cash and cash equivalents	7	793 078		373 306	
Securities	7	149 109		229 118	
Accounts receivable from subsidiaries	8	261 835		440 756	
Accounts receivable from third parties	9	1 540		1 256	
Prepaid expenses and accrued income	10	13 729		7 429	
Total current assets		1 219 291	43.2	1 051 865	39.4
Non-current assets					
Investments in subsidiaries	11	1 600 000		1 600 000	
Loans to subsidiaries	12	–		12 000	
Financial assets	13	3 577		3 577	
Total non-current assets		1 603 577	56.8	1 615 577	60.6
Total assets		2 822 868	100.0	2 667 442	100.0

Liabilities and shareholders' equity

In 1 000 CHF	Notes	31. 12. 2008	%	31. 12. 2007	%
Liabilities					
Accounts payable to subsidiaries and shareholders	14	458 551		333 229	
Accounts payable to third parties	15	5 648		6 514	
Debenture	16	300 000		300 000	
Provisions	17	55 409		55 493	
Accrued expenses and deferred income	18	8 663		9 303	
Total liabilities		828 271	29.3	704 539	26.4
Shareholders' equity					
Share capital	19, 20	7 245		7 357	
Bearer participation capital	19, 20	4 926		5 094	
Statutory reserves	20	317 121		317 121	
Reserves for treasury stock	20	199 279		227 838	
Other reserves	20	1 019 877		519 945	
Brought forward from previous year	20	18 567		11 343	
Net profit for the year	20	427 582		874 205	
Total shareholders' equity		1 994 597	70.7	1 962 903	73.6
Total liabilities and shareholders' equity		2 822 868	100.0	2 667 442	100.0

Notes to the financial statements

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Financial Statements
Schindler Holding Ltd.

Principles of valuation

The financial statements as at December 31, 2008, comply with Swiss corporation law. Regarding the inclusion of Schindler Holding Ltd. in the consolidated financial statements, the accounting and reporting principles described in the notes to the consolidated financial statements apply.

Notes and explanations

The numbering is identical to the column "Notes" in the balance sheet and profit and loss statement.

1 Income from subsidiaries

Income from subsidiaries, totaling CHF 519.7 million (previous year: CHF 398.0 million), includes the ordinary dividends of the subsidiaries and associated companies as well as payments for services rendered by Schindler Holding Ltd.

2 Extraordinary income

Extraordinary income in the reporting year comprises accounting gains on the liquidation of subsidiaries. The income in the previous year resulted mainly from intercompany transactions of subsidiaries.

3 Income from financial operations

Income from financial operations, consisting of interest on investments in third parties and subsidiaries, together with income received from other financial investments, amounts to CHF 31.9 million (previous year: CHF 21.6 million). Interest income earned was higher than in the previous year. There were also exchange gains on foreign currencies.

4 Financial expenses

The financial expenses of CHF 31.8 million (previous year: CHF 17.7 million) comprise interest payments to subsidiaries for current account loans, interest on long-term liabilities in the form of an outstanding debenture, and revaluations of financial assets. The financial result for the reporting year is affected by adjustments to securities and derivatives. Relative to the previous year, interest payments to subsidiaries are slightly higher.

5 Depreciation and adjustments

Depreciation, amortization, and adjustments totaled CHF 82.3 million (previous year: CHF 28.5 million), of which CHF 16.7 million (previous year: CHF 28.5 million) were on investments in subsidiaries and loans. This expense item takes into account the prudent assessment of economic and currency risks associated with the investments in subsidiaries. In addition, value adjustments totaling CHF 65.6 million were made on own shares and bearer participation certificates in the reporting year.

6 Administration expenses and taxes

The main items included under this heading, amounting to CHF 22.0 million (previous year: CHF 24.1 million), are personnel costs, general business expenses, and taxes.

7 Cash, cash equivalents, and securities

Cash, cash equivalents, and securities amount to CHF 793.1 million (previous year: CHF 373.3 million). The cash flow that was earned, and the increased balances of subsidiaries, resulted in a net cash flow of CHF 419.8 million. The cash drain mainly comprises dividend payments and purchases of own shares and bearer participation certificates.

The inventory of securities of CHF 149.1 million (previous year: CHF 229.1 million) contains own shares and bearer participation certificates totaling CHF 133.7 million (previous year: CHF 227.8 million). As at December 31, 2008, value adjustments through profit and loss of CHF 65.6 million were made on own shares and bearer participation certificates.

All items in treasury are valued at the lowest of cost, market value, or the exercise price of the capital participation plans.

The treasury stock of registered shares and bearer participation certificates, the respective movements, and information about the repurchase program are shown in Note 23.

8 Accounts receivable from subsidiaries

Accounts receivable from subsidiaries and affiliated companies amount to CHF 261.8 million, which is CHF 179.0 million lower than the amount shown in the balance sheet of the previous year (CHF 440.8 million). The reduced amount is mainly attributable to the reduction in balances of finance companies.

9 Accounts receivable from third parties

Accounts receivable from third parties, including tax credits for withholding taxes and premiums paid on derivatives, closed at CHF 1.5 million (previous year: CHF 1.3 million).

10 Prepaid expenses and accrued income

Prepaid expenses amount to CHF 13.7 million (previous year: CHF 7.4 million) and comprise mainly accruals from the valuation of forward exchange transactions, which are substantially higher than the previous year.

11 Investments in subsidiaries

At the end of the reporting year, the balance sheet value of investments in subsidiaries was CHF 1 600.0 million (previous year: CHF 1 600.0 million). Purchase of shares in subsidiaries of CHF 15.2 million and amortization for the amount of CHF 15.2 million result in the reported amount for investments in subsidiaries.

The companies in which Schindler Holding Ltd. has a direct or indirect interest are listed on pages 98 to 101.

12 Loans to subsidiaries

The loans to subsidiaries and associated companies (previous year: CHF 12.0 million) were completely repaid in the reporting year.

13 Financial assets

The financial assets of CHF 3.6 million (previous year: CHF 3.6 million) are composed of holdings of less than 10%.

14 Accounts payable to subsidiaries and shareholders

Accounts payable to subsidiaries, associated companies, and related parties amount to CHF 458.6 million (previous year: CHF 333.2 million). Higher current account balances of subsidiaries, interim dividends of operating companies that were not yet recognized in income, and current account balances (CHF 59.4 million) of shareholders of Schindler Holding Ltd. caused the increase in the reporting period. The balances of the shareholders bear interest at normal market conditions.

15 Accounts payable to third parties

The reported accounts payable amount to CHF 5.6 million (previous year: CHF 6.5 million) and comprise accounts payable to employee benefit plans (see Note 22) and various other creditors.

16 Debenture		
In 1000 CHF	2008	2007
3½% debenture 1999–2009, due 2. 6. 2009	300 000	300 000

In the reporting year, the 3½% debenture was converted by means of an interest rate swap (IRS) into a liability with a variable interest expense. The resulting net interest expense (previous year: net interest income) is recognized in interest expense.

17 Provisions

The existing provisions to cover financial risks in conjunction with international business commitments amount to CHF 55.4 million (previous year: CHF 55.5 million). They consist mainly of provisions for guarantees, bad debts, and currency risks, as well as provisions to cover commitments entered into.

18 Accrued expenses and deferred income

Accrued liabilities amount to CHF 8.7 million (previous year: CHF 9.3 million), and comprise accrued interest for the outstanding debenture, unpaid invoices, as well as negative replacement values of derivative financial instruments.

19 Share capital/participation certificate capital

19.1 Share capital

			in CHF
	Number	Nominal value	Share capital
December 31, 2005	7 356 820	1.00	7 356 820
March 27, 2006, split 10:1	73 568 200	0.10	7 356 820
December 31, 2006	73 568 200	0.10	7 356 820
December 31, 2007	73 568 200	0.10	7 356 820
Legally binding reduction (as of June 4, 2008)	-1 117 000		-111 700
December 31, 2008	72 451 200	0.10	7 245 120

19.2 Bearer participation certificate capital

			in CHF
	Number	Nominal value	Participation certificate capital
December 31, 2005	5 141 640	1.00	5 141 640
March 27, 2006, split 10:1	51 416 400	0.10	5 141 640
December 31, 2006	51 416 400	0.10	5 141 640
Legally binding reduction (as of May 24, 2007)	-480 000		-48 000
December 31, 2007	50 936 400	0.10	5 093 640
Legally binding reduction (as of June 4, 2008)	-1 679 500		-167 950
December 31, 2008	49 256 900	0.10	4 925 690

20 Shareholders' equity

In the last three years, the individual components of shareholders' equity developed as follows:

In 1000 CHF	Share capital	Participation certificate capital	Statutory reserves	Reserves for treasury stock	Other reserves	Profits as per balance sheet	Total shareholders' equity
December 31, 2005	7 357	5 142	317 121	43 051	599 193	183 171	1 155 035
Dividend						-111 166	-111 166
Appropriation to other reserves					65 000	-65 000	
Change in reserves for treasury stock				51 008	-51 008		
Net profit 2006						232 893	232 893
December 31, 2006	7 357	5 142	317 121	94 059	613 185	239 898	1 276 762
Dividend						-158 555	-158 555
Appropriation to other reserves					70 000	-70 000	
Legally binding reduction							
(as of May 24, 2007)		-48		-29 509	48		-29 509
Change in reserves for treasury stock				163 288	-163 288		
Net profit 2007						874 205	874 205
December 31, 2007	7 357	5 094	317 121	227 838	519 945	885 548	1 962 903
Dividend						-191 981	-191 981
Appropriation to other reserves					675 000	-675 000	
Change in reserves for treasury stock				175 348	-175 348		
Legally binding reduction							
(as of June 4, 2008)	-112	-168		-203 907	280		-203 907
Net profit 2008						427 582	427 582
December 31, 2008	7 245	4 926	317 121	199 279	1 019 877	446 149	1 994 597
Of which share premiums (unchanged)			311 321				

21 Contingent liabilities

The contingent liabilities of Schindler Holding Ltd. amount to a total of CHF 651.7 million (previous year: CHF 529.7 million) and cover conditional obligations for bank guarantees, loans, and supply contracts in favor of subsidiaries and affiliated companies. Utilized credits and incurred obligations are reported in the consolidated balance sheet as accounts payable or – if necessary – covered by provisions and recognized in the balance sheet. The increase is caused by the hedge of a medium-term financing of a subsidiary.

There are also letters of comfort for unquantified amounts in favor of subsidiaries and affiliates. As a result of the group value added tax system for the Swiss companies introduced on January 1, 2003, there is a joint liability for the tax owed by the value added tax group in favor of the Swiss federal tax authority.

The total amount includes contingent liabilities in favor of unconsolidated subsidiaries and for a distributor of Schindler elevators and escalators, amounting to CHF 28.1 million (previous year: 31.5 million).

22 Liabilities to retirement benefit plans

In 1000 CHF	2008	2007
Total liabilities	875	1 222

The liabilities to retirement benefit plans consist entirely of current account overdrafts.

23 Own shares and bearer participation certificates

In million CHF	Registered shares		Bearer participation certificates	
	Number	Value	Number	Value
December 31, 2006	829 123	40	1 153 433	54
Elimination	–	–	–480 000	–29
Withdrawals for capital participation plan	–92 659	–7	–	–
Exercise of options from the capital participation plan	–160 306	–4	–128 373	–4
Purchase	1 224 316	92	1 240 500	95
Sales	–1 224	–	–152 383	–12
December 31, 2007	1 799 250	122	1 633 177	106
Elimination	–1 117 000	–81	–1 679 500	–123
Withdrawals for capital participation plan	–111 913	–8	–	–
Exercise of options from the capital participation plan	–77 295	–2	–114 700	–3
Purchase	1 533 284	11	1 125 481	79
Sales	–23 430	–2	–	–
December 31, 2008	2 002 896	140¹	964 458	59¹
Number of reserved shares and BPC for capital participation plan	1 328 296		316 958	
Already earmarked as at December 31, 2008	739 505		278 507	

¹ At purchase cost

23.1 Repurchase program

In December 2006, the Board of Directors of Schindler Holding Ltd. decided that there should be a repurchase program. This program entitles Schindler Holding Ltd. to repurchase up to a maximum of 10% of its own registered shares (= 7 356 820 shares) and a maximum of 10% of its own bearer participation certificates (= 5 141 640 BPC) corresponding to 10% of the registered share capital and 10% of the participation capital respectively (status as at December 31, 2006). Should less than 10% of the registered share capital be offered, Schindler Holding Ltd. has the right to repurchase more than 10% of the bearer participation capital. However, the total repurchases must not exceed 10% of the nominal capital of Schindler Holding Ltd. Schindler Holding Ltd. will terminate the repurchase program as soon as 10% of the nominal capital has been repurchased. The repurchase program began on January 3, 2007. In December 2008, the Board of Directors of Schindler Holding Ltd. decided to extend this repurchase program by one year, i. e. until December 31, 2009.

Execution of the repurchase program takes place through the second trading line for registered shares and bearer participation certificates which has been set up for this purpose in the main segment of SIX Swiss Exchange. These second trading lines are exclusively reserved for Schindler Holding Ltd. as purchaser to purchase its own registered shares and its own bearer participation certificates.

Under the authorized repurchase program, between January 3, 2007, and December 31, 2008, Schindler Holding Ltd. purchased a total of 1 791 500 registered shares and 2 327 000 bearer participation certificates each with a nominal value of CHF 0.10. The shares that were repurchased before the General Meeting of March 26, 2008, i. e. 1 117 000 registered shares and 1 679 500 bearer participation certificates, were eliminated through a capital reduction in 2008.

24 Significant shareholders

Regarding the existence of a stockholder retainer contract, see Note 36 to the Consolidated Financial Statements, page 74.

25 Compensation disclosed

Of the disclosed compensation, Schindler Holding Ltd. paid the fees to the members of the Board of Directors directly. The remaining items of compensation were borne by subsidiaries with corresponding Group management functions and charged to the subsidiaries and Schindler Holding Ltd. within the framework of a Groupwide intercompany charging concept.

In the reporting year, no securities (guarantees, etc.) were granted to members of the Board of Directors or of the Management Committee Elevators & Escalators. The company has not waived any liabilities due from members of the Board of Directors or of the Management Committee Elevators & Escalators.

In the reporting year, no members of the Board of Directors or Management Committee Elevators & Escalators received fees or other compensation for additional work for Schindler Holding Ltd. or any other subsidiary or affiliated company.

The composition of the fixed and variable compensation of the members of the Board of Directors and of the Management Committee Elevators & Escalators is explained in detail in the Compensation Report on pages 125 to 138.

The composition of the compensation is as follows:

25.1 Members of the Board of Directors of Schindler Holding Ltd.

25.1.1 Total Compensation 2008 – Board of Directors

in 1 000 CHF	Fixed compensation	Bonus cash (gross)	Registered shares ⁵	Performance Share Units ⁵	Variable compensation	Fringe benefits	Expenses for post- employment benefits	Total
	Cash (gross)				Options ⁶			
Alfred N. Schindler, Chairman ^{1,2}	3 265	3 475	137	–	90	–	451	7 418⁷
Luc Bonnard, Vice Chairman ^{1,2}	1 478	2 031	137	–	90	–	371	4 107
Alfred Spörri ⁸	1 154	2 248	137	–	90	–	215	3 844
Prof. Dr. Karl Hofstetter ²	885	560	–	291	210	–	232	2 178
Prof. Dr. Pius Baschera ³	185	–	–	–	–	–	11	196
Dr. Hubertus von Grünberg ³	185	–	–	–	–	–	8	193
Lord Charles Powell ³	185	–	–	–	–	–	8	193
Dr. Alexander Schaub ^{3,4}	323	–	–	–	–	–	–	323
Dr. Jenö C. A. Staehelin ³	185	–	–	–	–	–	–	185
Robert Studer ³	185	–	–	–	–	–	8	193
Total compensation	8 030	8 314	411	291	480	–	1 304	18 830

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Including compensation as member/Chairman of the Audit Committee

⁵ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2008 of CHF 47.05. For inclusion in the total compensation, the performance share units were also valued at CHF 47.05.

⁶ The awarded options are valued according to the Black-Scholes formula at CHF 8.97 per option.

⁷ After voluntarily waiving CHF 185 000 of fixed compensation.

⁸ Compensation for the full reporting year. Until March 26, 2008, for activities as executive member, subsequently for consulting activities to the Executive Committee of the Board.

The total compensation includes the following Board of Directors' fees (including flat-rate expense reimbursement): Chairman CHF 370 000 (previous year: CHF 320 000), Vice Chairman CHF 278 000 (previous year: CHF 240 000), other members CHF 185 000 (previous year: CHF 160 000).

The fees were adjusted on January 1, 2008. The last previous adjustment was on July 1, 2002.

25.1.2 Number of registered shares and options on registered shares awarded 2008 – Board of Directors

	Registered shares ³	Per- formance Share Units	Options
Alfred N. Schindler, Chairman ¹	2 922	–	10 033
Luc Bonnard, Vice Chairman ¹	2 922	–	10 033
Alfred Spörri ²	2 922	–	10 033
Prof. Dr. Karl Hofstetter ¹	–	6 192	23 392

¹ Executive member

² Executive member until March 26, 2008

³ This number is based on the award value of CHF 46.20.

In the reporting year 2008, the variable part of the compensation for the executive members of the Board of Directors was on average 54% (previous year: 42%) of the total compensation: 47% in cash (previous year: 34%), 4% in the form of shares (previous year: 5%), and 3% in the form of options (previous year: 3%).

25.1.3 Total Compensation 2007 – Board of Directors

in 1000 CHF	Fixed compensation		Variable compensation		Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	Bonus cash (gross)	Registered shares ⁵	Options ⁶			
Alfred N. Schindler, Chairman ^{1,2}	3 000	1 890	188	90	–	511	5 679 ⁷
Luc Bonnard, Vice Chairman ^{1,2}	1 500	1 080	188	90	–	356	3 214
Alfred Spörri ^{1,2}	1 223	1 202	188	90	–	286	2 989
Prof. Dr. Karl Hofstetter ²	707	374	181	86	–	236	1 584
Prof. Dr. Pius Baschera ³	160	–	–	–	–	9	169
Dr. Hubertus von Grünberg ³	160	–	–	–	–	8	168
Lord Charles Powell ³	160	–	–	–	–	7	167
Dr. Alexander Schaub ^{3,4}	110	–	–	–	–	–	110
Dr. Jenö C. A. Staehelin ³	160	–	–	–	–	–	160
Robert Studer ³	160	–	–	–	–	7	167
Total compensation	7 340	4 546	745	356	–	1 420	14 407

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ As from July 2007, Dr. A. Schaub was no longer an active member of the Board of Directors since the European Commission did not accept his membership of the Board of Directors of Schindler Holding Ltd. as long as the appeal of Schindler Holding Ltd. against the EU antitrust fine of February 21, 2007, was pending. In a letter from the European Commission dated November 20, 2007, this restriction was lifted with immediate effect. For the reporting year 2007, Dr. Schaub did not receive compensation as a member of the Board of Directors, but for his activities as a member of the Audit Committee he receives compensation as hitherto.

⁵ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.00.

⁶ The awarded options are valued according to the Black-Scholes formula at CHF 13.04 per option.

⁷ After voluntarily waiving CHF 400 000 of fixed compensation.

25.1.4 Number of registered shares and options on registered shares awarded 2007 – Board of Directors

	Registered shares ²	Options
Alfred N. Schindler, Chairman ¹	2 576	6 902
Luc Bonnard, Vice Chairman ¹	2 576	6 902
Alfred Spörri ¹	2 576	6 902
Prof. Dr. Karl Hofstetter ¹	2 473	6 626

¹ Executive member

² This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31. 3. 2008 had been less than CHF 52.40, the employees would have had the option of receiving the corresponding part of their bonus in cash instead of shares. Since the closing stock exchange price on 31. 3. 2008 was above CHF 52.40, the cash option did not apply.

Since calculation of the bonus of members of the Executive Committee of the Board depends on the cash flow from operations, in the reporting year 2007 the bonus was much lower because of the antitrust fines that were imposed. Should the fine imposed by the EU Commission be reduced, the Board of Directors reserves the right to take account of the reimbursed amount in the calculation of the variable compensation at that time.

25.2 Members of the Management Committee Elevators & Escalators

25.2.1 Total Compensation 2008 – Management Committee Elevators & Escalators

	Fixed compensation	Bonus	Performance	Variable compensation	Fringe benefits/ other	Expenses for post-employment benefits	Total
in 1000 CHF	Cash (gross)	cash (gross)	Share Units ¹	Options ²			
Total Management Committee Elevators & Escalators ³	5 452	4 021	1 283	921	2 334 ⁴	1 772	15 783
Highest single compensation: Jürgen Tinggren	900	1 185	364	262	–	244	2 955

¹ For inclusion in the total compensation, the Performance Share Units were valued as follows: Stock exchange price of the shares at 31. 12. 2008 (CHF 47.05) multiplied by a conversion rate of 1.

² The awarded options are valued according to the Black-Scholes formula at CHF 8.97 per option.

³ The compensation of the executive members of the Board of Directors is reported only under the compensation of the members of the Board of Directors and not under the Management Committee.

⁴ Includes a severance payment of CHF 1.9 million to a former member of the Management Committee.

25.2.2 Number of Performance Share Units and options on registered shares awarded 2008 – Management Committee Elevators & Escalators

	Performance Share Units	Options
Total Management Committee Elevators & Escalators	27 180	102 510
Jürgen Tinggren	7 740	29 240

In the reporting year, the variable component of the compensation for the members of the Management Committee Elevators & Escalators was on average 39% (previous year: 43%) of the total compensation: 25% in cash (previous year: 29%), 8% in the form of performance share units, and 6% in the form of options (in the previous year, 9% was allocated in the form of shares and 5% in the form of options). The calculation is based on a conversion rate of 1.

25.2.3 Total Compensation 2007 – Management Committee Elevators & Escalators

In 1 000 CHF	Fixed compensation	Bonus	Registered shares ¹	Variable compensation	Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	cash (gross)		Options ²			
Total Management Committee Elevators & Escalators ³	5 192	3 698	1 214	581	289	1 889	12 863
Highest single compensation: Roland W. Hess ⁴	923	1 069	188	90	–	312	2 582

¹ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.00.

² The awarded options are valued according to the Black-Scholes formula at CHF 13.04 per option.

³ The compensation of the executive members of the Board of Directors is reported only under the compensation of the members of the Board of Directors and not under the Management Committee.

⁴ Roland W. Hess relinquished his position as President of the Management Committee Elevators & Escalators on July 31, 2007. The compensation received by him since August 1, 2007, was as nominated member of the Executive Committee of the Board. The disclosed compensation relates to the full year 2007.

25.2.4 Number of registered shares and options on registered shares awarded 2007 – Management Committee Elevators & Escalators

	Registered Shares ¹	Options
Total Management Committee Elevators & Escalators	16 633	44 572
Roland W. Hess	2 576	6 902

¹ This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31.3.2008 had been less than CHF 52.40, the employees would have had the option of receiving the corresponding part of their bonus in cash instead of shares. Since the closing stock exchange price on 31.3.2008 was above CHF 52.40, the cash option did not apply.

26 Former members of governing bodies

In the reporting year 2008, Roland W. Hess, until July 31, 2007, President of the Management Committee Elevators & Escalators, received total compensation of CHF 1.2 million for his activities.

27 Related parties

Schindler Holding Ltd. pays pensions to three widows of former executive members of the Board of Directors. In the reporting year, these amounted to CHF 237 600. The actuarially determined cash value is recalculated annually, and on December 31, 2008, was CHF 1.8 million. This amount is reported by Schindler Holding Ltd. as a provision.

28 Loans

28.1 Present and past members of governing bodies

No loans were granted by Schindler Holding Ltd. or any other Group company to any present or past members of the governing bodies, and no such loans were outstanding as of December 31, 2008.

The Chairman of the Board of Directors has been granted borrowing rights. As of December 31, 2008, the unutilized credit limit was CHF 25 million, which was secured by shares of Schindler Holding Ltd. owned by the Chairman with a value of more than CHF 200 million.

28.2 Related parties

Schindler Holding Ltd. has not made any loans to related parties of present or past members of governing bodies.

29 Participations, option rights, and conversion rights

The participations and option rights of the members of the Board of Directors of Schindler Holding Ltd. and of the Management Committee Elevators & Escalators and of their related parties are as follows (there are no outstanding conversion rights):

29.1 Participations, option rights, and conversion rights 2008 – Board of Directors

	Number of		Number of vested options		
	Registered shares	Bearer participation certificates	on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004	on bearer participation certificates from option plan awarded 2005
as at 31. 12. 2008					
Alfred N. Schindler, Chairman ^{1,2}	⁴	18 320	–	–	6 220
Luc Bonnard, Vice Chairman ^{1,2}	⁴	–	–	–	–
Prof. Dr. Karl Hofstetter ²	24 623	10 760	23 000	7 560	6 220
Prof. Dr. Pius Baschera ³	3 000	–	–	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–	–	–
Lord Charles Powell ³	5 000	–	–	–	–
Dr. Alexander Schaub ³	3 000	–	–	–	–
Dr. Jenö C. A. Staehelin ³	⁴	–	–	–	–
Robert Studer ³	5 000	5 000	–	–	–

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, Dr. Jenö C. A. Staehelin, and parties related to these persons hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As of 31. 12. 2008, these comprised 51 082 480 registered shares, corresponding to 70.5% of the voting rights of the share capital entered in the Commercial Register.

29.2 Participations, option rights, and conversion rights 2007 – Board of Directors

	Number of		Number of vested options		
	Registered shares	Bearer participation certificates	on registered shares from option plan awarded 2002	on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004
as at 31. 12. 2007					
Alfred N. Schindler, Chairman ^{1,2}	⁴	10 760	–	–	7 560
Luc Bonnard, Vice Chairman ^{1,2}	⁴	5 010	–	–	–
Alfred Spörri ^{1,2}	11 709	5 010	–	–	7 560
Prof. Dr. Karl Hofstetter ²	22 150	10 760	–	27 000	7 560
Prof. Dr. Pius Baschera ³	3 000	–	–	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–	–	–
Lord Charles Powell ³	5 000	–	–	–	–
Dr. Alexander Schaub ³	–	–	–	–	–
Dr. Jenö C. A. Staehelin ³	⁴	–	–	–	–
Robert Studer ³	5 000	5 000	–	–	–

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, Dr. Jenö C. A. Staehelin, and parties related to these persons hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As of 31. 12. 2007, these comprised 50 772 838 registered shares, corresponding to 69.0% of the voting rights of the share capital entered in the Commercial Register.

29.3 Participations, option rights, and conversion rights 2008 – Management Committee Elevators & Escalators

	Registered shares	Number of Bearer participation certificates	Number of vested options		
			on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004	on bearer participation certificates from option plan awarded 2005
as at 31. 12. 2008					
Jürgen Tinggren, President	20 097	8 410	18 760	6 090	4 680
Miguel A. Rodríguez, Deputy President	15 672	10 120	21 010	–	6 220
Erich Ammann	7 879	4 450	–	–	5 530
Dr. Rudolf W. Fischer	27 338	4 450	–	–	5 530
Michael Füllemann	715	–	–	–	–
Dr. Christoph Lindenmeyer	11 300	3 340	–	–	4 150
Silvio Napoli ¹	1 811	725	–	3	460
Jakob Züger	14 828	5 030	–	460	3 320

¹ Member since March 1, 2008

29.4 Participations, option rights, and conversion rights 2007 – Management Committee Elevators & Escalators

	Registered shares	Number of Bearer participation certificates	Number of vested options		
			on registered shares from option plan awarded 2002	on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004
as at 31. 12. 2007					
Jürgen Tinggren, President ¹	17 899	4 650	–	18 760	6 090
Roland W. Hess ²	20 349	10 090	–	16 990	7 560
Miguel A. Rodríguez, Deputy President	14 075	10 120	–	21 010	–
Emmanuel Altmayer	7 351	4 400	1 100	8 340	2 940
Erich Ammann	5 715	9 090	–	–	–
Dr. Rudolf W. Fischer	25 209	9 100	–	–	6 110
Michael Füllemann ³	–	–	–	–	–
Dr. Christoph Lindenmeyer	9 378	6 280	–	–	–
Jakob Züger	4 997	5 030	–	–	1 110

¹ President since August 1, 2007

² President until July 31, 2007

³ Member since August 1, 2007

Regarding option conditions, see Note 35 to the Financial Statements, page 72.

30 Risk assessment

The Board of Directors of Schindler Holding Ltd. assesses the corporate risks within the framework of a systematic risk identification and analysis. Based on this assessment, measures for risk management in the company are defined and constantly monitored. The company has a risk management system which is designed for the prompt identification and analysis of risks as well as the initiation of corresponding measures. The organization, principles, and reporting of risk management are described in detail under Corporate Governance, paragraph 3.5, page 118.

Appropriation of profits

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Financial Statements
Schindler Holding Ltd.

Proposals to the General Meeting

In 1000 CHF	31. 12. 2008	31. 12. 2007
Total available profit		
Net profit for the year	427 582	874 205
Brought forward from previous year	18 567	11 343
Profits as per balance sheet	446 149	885 548

Appropriation of net profit

Gross dividends proposed:			
per registered share	CHF 2.00 (previous year: CHF 1.60)	144 902 ¹	113 759 ²
per bearer participation certificate	CHF 2.00 (previous year: CHF 1.60)	98 514 ¹	78 222 ²
Total dividend		243 416	191 981
Appropriation to other reserves		190 000	675 000
Total appropriation of net profit		433 416	866 981
Balance carried forward to new account		12 733	18 567

¹ The total dividend amount covers all outstanding registered shares and bearer participation certificates. However, registered shares and bearer participation certificates still held in treasury on the date of the dividend declaration are not eligible for dividend payments. In consequence, the reported total dividend amount may be correspondingly lower.

² Distribution excluding dividends on treasury stock (see also Note 23, page 86)

Essential affiliated companies and unconsolidated subsidiaries

Status December 31, 2008

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)	
Europe					
Austria	Ternitz	Ternitz Druckguss GmbH	100	291 EUR	●
		Haushahn Aufzüge GmbH	100	290 EUR	●
	Vienna	Schinac Verwaltungs AG	100	70 EUR	○
		Schindler Aufzüge und Fahrtreppen GmbH	100	2 000 EUR	● ●
		Schindler Fahrtreppen International GmbH	100	2 000 EUR	●
		Schindler Liegenschaftsverwaltungs GmbH	100	4 362 EUR	○
	Wolfurt	Doppelmayer Aufzüge AG	100	730 EUR	●
Belgium	Brussels	S.A. Schindler N.V.	100	75 570 EUR	●
Bulgaria	Sofia	Schindler Bulgaria EOOD	100	200 BGN	●
Croatia	Zagreb	Schindler Hrvatska d.o.o.	100	20 HRK	●
Czech Republic	Olomouc	Schindler Moravia, s.r.o.	100	2 000 CZK	●
	Prague	Schindler CZ a.s.	100	101 000 CZK	●
Denmark	Herlev	Schindler Elevatorer A/S	100	1 000 DKK	●
Estonia	Tallinn	GNT Eesti AS ²	100	3 000 EEK	○
		OÜ ServiceNet EE ²	100	41 EEK	○
Finland	Helsinki	ALSO Nordic Holding Oy ¹	100	10 000 EUR	○
		Schindler Oy	100	100 EUR	●
	Tampere	GNT Finland Oy ²	100	841 EUR	○
France	Illzach	Elevator Car System	99.9	2 416 EUR	● ●
	Vélizy-Villacoublay	Schindler	99.9	7 500 EUR	●
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100	9 715 EUR	●
		Schindler Deutschland GmbH	100	51 129 EUR	○
	Straubing	ALSO Deutschland GmbH ¹	100	103 EUR	○
	Stuttgart	C. Haushahn GmbH & Co.	100	6 947 EUR	●
Great Britain	Sunbury on Thames	Schindler Ltd.	100	0.1 GBP	●
		Schinvest Ltd.	100	2 005 GBP	○
Greece	Athens	Schindler Hellas S.A.	100	2 833 EUR	●
Hungary	Budapest	Schindler Hungária Lift és Mozgólépcső KFT	100	460 000 HUF	●
Iceland	Reykjavík	HÉDINN Schindler Lyftur hf.	51	10 000 ISK	●
Ireland	Dublin	Schindler Ltd.	100	25 EUR	●
Italy	Concorezzo	Schindler S.p.A.	100	8 400 EUR	●
Jersey	St. Helier	Schinvest (Jersey) Ltd.	100	95 GBP	○
Latvia	Marupe	GNT LATVIA SIA ²	100	842 LVL	○
		GNT Nekustamie Ipasumi SIA ²	100	50 LVL	○
	Riga	A.S. Latvijas Lifts Schindler	100	123 LVL	●
		Service Net LV SIA ²	100	53 LVL	○
Liechtenstein	Vaduz	Reassur AG	100	20 000 CHF	○

● Production

● Sales, installation, maintenance

○ Other services

¹ Participations of ALSO Holding AG

² Indirect participation of ALSO Holding AG. Because of a deferred purchase price obligation, fully consolidated in the ALSO Group.

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
Lithuania	Kaunas	GNT Turto Valdymas ²	100	10	LTL	○
		UAB GNT Lietuva ²	100	6 500	LTL	○
		UAB Servicenet ²	100	10	LTL	○
	Vilnius	UAB Schindler Liftas	100	1 365	LTL	●
Luxembourg	Luxembourg	Schindler S.à r.l.	100	175	EUR	●
Malta	Msida	Schindler Ltd.	70	50	MTL	●
Monaco	Fontvieille	Schindler Monaco	98	150	EUR	●
Netherlands	The Hague	Schindler Liften B.V.	100	565	EUR	●
Norway	Bergen	Schindler Stahl Heiser A/S	100	550	NOK	●
		Sandefjord	100	11 063	NOK	○
		Vennesla	100	8 000	NOK	●
Poland	Warsaw	Schindler Polska sp.z o.o.	100	5 000	PLN	●
		Wroclaw	100	3 000	PLN	○
Portugal	Carnaxide	Schindler S.A.	100	4 000	EUR	●
Romania	Bucharest	Schindler Romania S.R.L.	100	1 250 000	LEI	●
Russia	Moscow	ZAO Schindler	100	21	RUR	●
Serbia	Belgrade	Schindler d.o.o. Beograd	100	100	EUR	●
Slovakia	Bratislava	Schindler Výťahy a Eskalátory a.s.	100	29 000	SKK	●
		Dunajská	100	37 244	SKK	●
Slovenia	Ljubljana	Schindler Slovenija d.o.o.	100	73 012	SIT	●
Spain	Madrid	Schindler S.A.	99.5	18 028	EUR	● ●
		Saragossa	100	4 420	EUR	○
Sweden	Stockholm	Schindler Hiss AB	100	9 440	SEK	●
		Upplands Väsby	100	5 000	SEK	○
Switzerland	Ebikon	EbiSquare AG	74	500	CHF	○
		Schindler Aufzüge AG	100	25 000	CHF	● ●
		Schindler Consulting AG	100	250	CHF	○
		Schindler Informatik AG	100	1 000	CHF	○
		Schindler Management AG	100	1 000	CHF	○
	Emmen	Schindler Repro AG	52	150	CHF	○
		ALSO Schweiz AG ¹	100	100	CHF	○
		Hergiswil	64	6 038	CHF	○
		Inventio AG	100	11 000	CHF	○
		Schindler Pars International Ltd.	100	5 000	CHF	○
	Locarno	Schindler Elettronica S.A.	100	2 000	CHF	●
	Pratteln	Schindler Technik AG	100	1 000	CHF	○
	Wettswil	AS Aufzüge AG	100	7 000	CHF	●
Turkey	Istanbul	Schindler Turkeli Asansor Sanayi A.S.	100	3 600	TRY	●
Ukraine	Kiev	Schindler Ukraine	100	21	UAH	●

● Production

● Sales, installation, maintenance

○ Other services

¹ Participations of ALSO Holding AG

² Indirect participation of ALSO Holding AG. Because of a deferred purchase price obligation, fully consolidated in the ALSO Group.

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
North, Central, and South America						
Argentina	Buenos Aires	Ascensores Schindler S.A.	90	1 372	ARS	●
Brazil	São Paulo	Elevadores Atlas Schindler S.A.	100	195 479	BRL	● ●
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50	100	USD	○
Canada	Scarborough	Schindler Elevator Corporation	100	31 464	CAD	●
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	99.7	59 200 000	CLP	●
Colombia	Bogotá	Ascensores Schindler de Colombia S.A.	100	617 718	COP	●
Costa Rica	San José	Elevadores Schindler S.A.	60	200 000	CRC	●
Guatemala	Guatemala	Elevadores Schindler S.A.	100	600	GTQ	●
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100	32 073	MXP	●
Peru	Lima	Ascensores Schindler del Perú S.A.	100	2 371	PEN	●
Uruguay	Montevideo	Ascensores Schindler S.A.	100	698	UYU	●
USA	Gantano	Schindler Corp. of Puerto Rico	100	4 039	USD	●
	Morristown	Schindler Elevator Corporation	100	557 670	USD	● ●
	Mountainside	Slade Industries, Inc.	100	100	USD	●
	Niles	Adams Elevator Equipment Company	100	6 625	USD	● ●
	Wilmington	Schindler Enterprises, Inc.	100	568 434	USD	○
Venezuela	Caracas	Ascensores Schindler de Venezuela S.A.	100	40 000	VEB	●
Africa						
Botswana	Gabarone	Schindler Lifts (Botswana) (PTY) Ltd.	100	120	BWP	●
Egypt	Cairo	Schindler Ltd.	100	24 250	EGP	●
Ghana	Accra	Elesca Engineering Ltd.	20	28 000	GHC	●
Kenya	Nairobi	Schindler Ltd.	100	5 000	KES	●
Morocco	Casablanca	Schindler Maroc S.A.	100	10 000	MAD	●
Namibia	Windhoek	Schindler Lifts (Namibia) (PTY) Ltd.	100	1	NAD	●
South Africa	Johannesburg	Schindler Lifts SA Investments Holding (PTY) Ltd.	100	4 250	ZAR	●
		Schindler Lifts (SA) (PTY) Ltd.	90	100	ZAR	●
Zimbabwe	Harare	Schindler Lifts (Zimbabwe) (PVT) Ltd.	100	4	ZWD	●

- Production
- Sales, installation, maintenance
- Other services

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)	
Asia/Australia					
Australia	Sydney	Deve Hydraulic Lifts Pty. Ltd.	100	2 AUD	●
		Schindler Lifts Australia Pty. Ltd.	100	22 950 AUD	●
Bahrain	Manama	Jalal Schindler Lifts & Escalators Co. W.L.L.	49	20 BHD	●
Brunei	Bandar Seri Begawan	Schindler Liftec Sdn. Bhd. ¹	50	500 BND	●
Cambodia	Phnom Penh	Jardine Schindler (Cambodia) Ltd. ¹	100	21 USD	●
China	Hong Kong SAR	Holake Hong Kong Lifts Limited ¹	100	500 HKD	●
		Schindler Lifts (Hong Kong) Ltd. ¹	100	25 000 HKD	●
	Macau SAR	Jardine Schindler Lifts (Macao) Ltd. ¹	100	25 MOP	●
	Shanghai	Schindler (China) Elevator Co. Ltd.	96.4	564 602 CNY	● ●
		Shanghai Schindler Trading Co. Ltd.	100	1 200 CNY	○
		Schindler Management AP (Shanghai) Co. Ltd.	100	15 119 CNY	○
	Suzhou	Schindler Electronics (Suzhou) Co. Ltd.	100	71 426 CNY	●
		Suzhou Esca Step Co. Ltd.	100	38 914 CNY	●
		Suzhou Schindler Elevator Co. Ltd.	92	155 373 CNY	● ●
India	Mumbai	Schindler India PVT Ltd.	100	1 191 879 INR	●
Indonesia	Jakarta	PT Berca Schindler Lifts	50	6 745 000 IDR	●
Israel	Kfar Yona	Schindler Nechushtan Elevators Ltd.	100	7 045 ILS	● ●
Japan	Kagoshima	Mercury Ascensore Ltd.	100	25 000 JPY	●
	Tokio	Schindler Elevator K.K.	99.8	1 500 000 JPY	●
Lebanon	Antelias/Beirut	Schindler Lebanon S.A.L.	100	600 000 LBP	●
Malaysia	Kuala Lumpur	Antah Schindler Sdn. Bhd. ¹	70	14 500 MYR	●
Myanmar	Yangon	Myanmar Jardine Schindler Ltd. ¹	100	300 MMK	●
New Zealand	Auckland	Schindler Lifts NZ Ltd.	100	1 000 NZD	●
Philippines	Manila	Jardine Schindler Elevator Corp. ¹	100	277 000 PHP	●
Qatar	Doha	Al Doha Schindler Elevators & Escalators WLL	49	200 QAR	●
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd. ¹	100	27 514 SGD	●
South Korea	Kyungki-do	Hyundai Elevators Co. Ltd.	25.5	35 662 565 KRW	● ● ○
	Seoul	Schindler Elevator Company Ltd.	100	5 902 000 KRW	● ●
Taiwan	Taipei	Jardine Schindler Lifts Ltd. ¹	100	100 000 TWD	●
Thailand	Bangkok	Jardine Schindler (Thai) Ltd. ¹	100	90 268 THB	●
United Arab Emirates	Dubai	Schindler Pars International Ltd. (Dubai and Abu Dhabi branches)	100	– –	●
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd. ¹	100	20 818 485 VND	● ●

● Production

● Sales, installation, maintenance

○ Other services

¹ Participations of Jardine Holdings Ltd., BVI

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Schindler Holding Ltd., which comprise the profit and loss statement, balance sheet, and notes (pages 79 to 101) for the year ended December 31, 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2008, comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Article 728 Code of Obligations (CO) and Article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a Paragraph 1 Item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Berne, February 12, 2009

ERNST & YOUNG AG

Roland Ruprecht
Licensed audit expert
(Auditor in charge)

Manuel Trösch
Licensed audit expert

Corporate Governance

The report on corporate governance describes the management structure and control at the highest corporate level of the Schindler Group. The report's content and structure fulfill the requirements of the "Directive on Information Relating to Corporate Governance" of the SIX Swiss Exchange that was valid on December 31, 2008. The Corporate Governance report also contains the legally required disclosure of compensation and shareholdings of the highest corporate level.

1 Structure of the Group and its shareholders

1.1 Operational structure of the Group

Board of Directors of Schindler Holding Ltd.	
Status as at 31.12.2008	
Alfred N. Schindler	Chairman, executive member ¹
Luc Bonnard	Vice Chairman, executive member ¹
Prof. Dr. Karl Hofstetter	Executive member
Prof. Dr. Pius Baschera	Non-executive member
Dr. Hubertus von Grünberg	Non-executive member
Lord Charles Powell	Non-executive member
Dr. Alexander Schaub	Non-executive member
Dr. Jenö C. A. Staehelin	Non-executive member
Robert Studer	Non-executive member
¹ Member of the Executive Committee of the Board	
Management Committees	
Status as at 31.12.2008	
Elevators & Escalators	ALSO
Jürgen Tinggren, President	Thomas C. Weissmann, President
Miguel A. Rodríguez, Deputy President	Marc Schnyder, Deputy President
Erich Ammann	Michael Dressen
Dr. Rudolf W. Fischer	Hans Wyss
Michael Fülleman	Peter Zurbrugg
Dr. Christoph Lindenmeyer	
Silvio Napoli	
Jakob Züger	

The operational structure of the Group corresponds to the segment reporting presented on page 71 of the Financial Statements. Essential affiliated companies and unconsolidated subsidiaries are listed on pages 98 to 101 of the Financial Statements.

ALSO Holding AG, Hergiswil/Switzerland, 64% of whose shares were held by Schindler Holding Ltd. at the end of 2008, has been listed on the SIX Swiss Exchange (securities number 2 459 027) since 1986 and publishes its own annual report. That annual report also fulfills the requirements of the "International Financial Reporting Standards" (IFRS). As at December 31, 2008, the market capitalization of ALSO was CHF 64 million. In view of the extent of the required information, ALSO's comments on its own corporate governance as well as disclosure of the compensation (Code of Obligations, Art. 663b^{bis}) and participations (Code of Obligations, Art. 663c) are not repeated here, since they are available in the ALSO annual report as well as in the permanent information source at www.also.com.

1.2 Shareholders

At the end of 2008, shares were held by 4 197 shareholders (previous year: 4 066).

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 51 082 480 registered shares of Schindler Holding Ltd., corresponding to 70.5% of the voting rights of the share capital entered in the Register of Companies.

1.3 Cross-shareholdings

Schindler Holding Ltd. has no cross-shareholdings in companies outside the Schindler Group which exceed a limit of 5% of the voting rights or capital.

2 Capital structure

2.1 Capital

As at December 31, 2008, the share capital of Schindler Holding Ltd. is CHF 7 245 120.– and the participation capital CHF 4 925 690.–.

2.2 Authorized and conditional capital

On December 31, 2008, Schindler Holding Ltd. did not own any authorized or conditional capital.

2.3 Changes in capital

Details of how the capital of Schindler Holding Ltd. has changed in the last three reporting years are presented on pages 84 and 85 of the Financial Statements.

2.4 Shares and bearer participation certificates

The share capital on December 31, 2008, was CHF 7 245 120.– and is divided into 72 451 200 fully paid registered shares, each with a nominal value of CHF 0.10. Subject to Article 13 of the Articles of Association, each share carries the right to one vote, as well as the right to a share in the profits reported in the balance sheet, and in the proceeds of liquidation, corresponding to its nominal value.

The bearer participation capital on December 31, 2008, was CHF 4 925 690.– and is divided into 49 256 900 fully paid bearer participation certificates, each with a nominal value of CHF 0.10. Each bearer participation certificate carries the right to a share in the profits as per balance sheet, and in the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, nor any other rights of membership, such as participation at General Meetings of Shareholders.

2.5 Bonus certificates

No bonus certificates have been issued.

2.6 Limitations on share transferability and nominee registrations

2.6.1 Registration of shares

According to Article 13 of the Articles of Association, the Board of Directors shall refuse registration of an applicant as a full shareholder:

- if the applicant has not purchased the share(s) in his/her own name and on his/her own account, or
- registration would result in the applicant holding more than 3% of the voting rights.

The voting rights of associated shareholders shall be accumulated. This does not apply to representatives of corporate bodies, or deposit agreements with banks.

In accordance with Swiss federal law requiring the ability to demonstrate Swiss control of the company, the registration of foreign applicants can be refused if, as a result of their registration, all foreign shareholders together would hold more than 10% of the voting rights.

The statutory restrictions on registration do not apply if:

- on June 15, 1992, the applicant, or the applicant's spouse, child, brother, sister, or other such person, was already recorded in the share register as holding 3% of the voting rights, or
- the voting rights were acquired directly by inheritance or marriage contract.

The General Meeting of Shareholders may determine further exceptions by relative majority, at least half of the shares registered in the Register of Companies being required for a decision to be duly passed. Applicants have the right to pursue their application at the General Meeting of Shareholders. In the reporting year 2008, the General Meeting of Shareholders was not required to rule on any applications for exception.

2.6.2 Nominee registrations

The Articles of Association contain no special regulations regarding nominee registrations.

2.7 Convertible bonds and options

2.7.1 Convertible bonds and debentures

Schindler Holding Ltd. has no outstanding convertible bonds.

Details of the outstanding debenture of Schindler Holding Ltd., with its amount, interest rate, and expiration date, are presented on page 83 of the Financial Statements.

2.7.2 Employee options

All values after both 10:1 share/participation certificate splits of June 11, 2002, and March 27, 2006, respectively

Award year	Options awarded (number)	Exercise price in CHF	Barred period ends	Exercise period ends	Number as at 31. 12. 2008		
					Expired	Exercised	Outstanding
2002	131 900 ¹	27.10	30.04.05	30.04.08	-3 600	-128 300	-
2003	645 360 ¹	25.50	30.04.06	30.04.09	-33 890	-505 400	106 070
2004	279 670 ²	28.70	30.04.07	30.04.10	-6 680	-167 805	105 185
2005	263 060 ²	32.90	30.04.08	30.04.11	-4 630	-85 108	173 322
2006	138 376 ¹	48.80	30.04.09	30.04.12	-307	-14 060	124 009
2007	159 994 ¹	56.20	30.04.10	30.04.13	-408	-5 274	154 312
2008	357 092 ¹	80.90	30.04.11	30.04.14	-	-1 978	355 114

¹ Each option gives entitlement to purchase one registered share

² Each option gives entitlement to purchase one bearer participation certificate

3 Board of Directors, Executive Committee of the Board, and other committees

According to Article 716a of the Swiss Code of Obligations, the Board of Directors of Schindler Holding Ltd. exercises ultimate direction and ultimate supervision over the entire Schindler Group, i. e. over the Elevators & Escalators business and over ALSO.

The Board of Directors, which according to its Articles of Association comprises between five and ten members, currently has nine members. Three members are executive members. Two of these executive members form the Executive Committee of the Board. The remaining six members are non-executive members.

The Executive Committee of the Board is elected for a term of three years. According to the management bylaws, it is responsible for the immediate supervision of the two Management Committees. Members of the Executive Committee of the Board are not members of the Management Committees.

To assist the Board of Directors, there are also further committees.

3.1 Board of Directors of Schindler Holding Ltd.

			In	Term of
Status as at 31.12.2008			office since ¹	office expires ¹
Alfred N. Schindler	Hergiswil, Switzerland	Chairman, executive member ²	1977	2011
Luc Bonnard	Hergiswil, Switzerland	Vice Chairman, executive member ²	1984	2011
Prof. Dr. Karl Hofstetter	Wilen (Sarnen), Switzerland	Executive member	2006	2009
Prof. Dr. Pius Baschera	Zurich, Switzerland	Non-executive member	2005	2011
Dr. Hubertus von Grünberg	Hanover, Germany	Non-executive member	1999	2011
Charles Powell (Lord Powell of Bayswater KCMG)	London, UK	Non-executive member	2003	2009
Dr. Alexander Schaub	Brussels, Belgium	Non-executive member	2007	2010
Dr. Jenö C. A. Staehelin	Basel, Switzerland	Non-executive member	1980	2011
Robert Studer	Schönenberg, Switzerland	Non-executive member	1981	2011

¹ At the Annual General Meeting of Shareholders in the year shown

² Member of the Executive Committee of the Board

3.2 Activities and vested interests

Alfred N. Schindler (1949, Switzerland)

has been a member of the Board of Directors since July 1977, and CEO of the Schindler Group since 1985. Since 1995, Alfred N. Schindler has also been Chairman of the Board of Directors. Before joining the Schindler Group, he was employed by Neutra Treuhand AG in Berne, later becoming CFO of Notz AG in Biel. In order to focus on Schindler, Alfred N. Schindler has relinquished his board memberships of the following companies: Bank Julius Bär, UBS, Jacobs Suchard, and Deutsche Post AG. He still is a member of the European Advisory Board of the Wharton School. Alfred N. Schindler holds a degree in law from the University of Basel, and an MBA from the Wharton School of Finance of the University of Pennsylvania, USA.

Luc Bonnard (1946, Switzerland)

has been a member of the Board of Directors since October 1984, and a member of the Executive Committee of the Board since 1991. Since 1996 he has been Vice Chairman of the Board of Directors. Luc Bonnard joined Schindler in 1972, and from 1983 was a member of the Management Committee with responsibility for northern Europe. From 1986 until 1990 he was head of the Group's Elevators & Escalators business. He is a member of the board of directors of Bobst Group SA, Lausanne. Luc Bonnard holds a master's degree in electrical engineering from the Swiss Federal Institute of Technology, Zurich.

Prof. Dr. Karl Hofstetter (1956, Switzerland)

was elected to the Board of Directors at the Annual General Meeting of 2006, and as an executive member holds the position of Group General Counsel. Karl Hofstetter has worked for Schindler since 1990. Until the Annual General Meeting of 2006, Karl Hofstetter was a member of the Management Committee Elevators & Escalators. Karl Hofstetter is a member of the Board of Directors of ALSO Holding AG and of Venture Incubator AG, Zug. He is also a member of the governing council of the University of Lucerne, of the Commission of Experts on Disclosure of Shareholdings of the SIX Swiss Exchange, and of the Arbitration Commission of the Chamber of Commerce of Central Switzerland. Karl Hofstetter studied at the universities of Zurich, Stanford, UCLA, and Harvard. He is a licensed attorney in Zurich and New York, as well as a professor of private and business law at the University of Zurich. During the spring term 2009 he will be lecturing at Harvard Law School as visiting professor.

Prof. Dr. Pius Baschera (1950, Switzerland and Italy)

was elected to membership of the Board of Directors in March 2005. He joined Hilti AG, Schaan, Liechtenstein, as head of production controlling in 1979, transferring in 1982 to Hilti Inc., Tulsa, USA, as head of corporate development. In 1985, Pius Baschera became head of Hilti (Switzerland) AG, then of Hilti Germany GmbH, and in 1989 became responsible for the market region Europe 1. In 1990, as chief financial officer, he was made a member of the executive board of Hilti AG, and from January 1994 until the end of 2006 was its chairman. On January 1, 2007, he became chairman of the board of directors of Hilti AG. He is also a member of the board of directors of F. Hoffmann-La Roche Ltd., Basel, Switzerland, a member of the advisory board of Vorwerk & Co, Wuppertal, and of Ardex, Witten, both in Germany, as well as chairman of the board of directors of Venture Incubator AG, Zug, Switzerland, and a professor of business administration at the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland. On completion of his studies in mechanical engineering and management science at the Swiss Federal Institute of Technology in Zurich, Pius Baschera was awarded a doctor of science degree.

Dr. Hubertus von Grünberg (1942, Germany)

has been a member of the Board of Directors since May 1999. On completing his education, he first worked for Teves GmbH, Frankfurt (ITT). In 1989 he became president and CEO of ITT Automotive Inc., Auburn Hills, Michigan, USA, and a senior vice president of ITT Corporation. From 1991 to 1999 he was president of the executive management committee of Continental AG, Hanover, Germany. Since June 1999 he has been chairman of the supervisory board of Continental AG. He is also a member of the supervisory boards of Allianz Versicherungs AG, Munich, and Deutsche Telekom AG, Bonn, Germany. He relinquished his directorship of MAN AG in March 2007 and Deutsche Post AG in July 2007, as well as his position of an advisor to BHF Bank AG. Since May 3, 2007, Dr. von Grünberg has been chairman of the board of directors of ABB Ltd., Zurich. Hubertus von Grünberg holds a doctorate in physics from the University of Cologne, Germany.

Lord Powell of Bayswater KCMG (1941, UK)

Charles Powell was elected to the Board of Directors in March 2003. From 1963 to 1982 he was a member of the British Diplomatic Service. From 1983 to 1991 he was private secretary and advisor on foreign affairs and defense to Prime Ministers Margaret Thatcher and John Major. Since 1992, Lord Powell has been an international businessman. He is chairman of Magna Holdings Ltd., Bermuda, and serves on the boards of Caterpillar Inc., Peoria, Illinois; Textron Corporation, Providence, USA; LVMH (Louis Vuitton Moët Hennessy), Paris; Mandarin Oriental International Ltd., Bermuda; Hong Kong Land Holdings Ltd., Bermuda; Matheson & Co Ltd., London; Financière Agache, Paris; Singapore Millennium Foundation, Singapore; Falgos Investments, London; Yell Group Ltd., London; Northern Trust Global Services, Chicago/London; and Capital Generation Partners Ltd., London. He is a member of several company advisory boards including Rolls-Royce, Derby; Barrick Gold, Toronto; Thales, Paris; GEMS, Hong Kong; and ACE, Bermuda. He is chairman of the Trustees of the Oxford University Business School Foundation, chairman of the China-Britain Business Council, chairman of the Atlantic Partnership, London, as well as a Trustee of the British Museum, London, and of the Aspen Institute, USA. Lord Powell is an independent member of the House of Lords. Lord Powell gained a master of arts degree with first-class honors in history at Oxford University.

Dr. Alexander Schaub (1941, Germany)

was elected to membership of the Board of Directors in March 2007. He has been a member of the Audit Committee of the Schindler Group since March 2007, and since July 2008 its chairman. In addition, since September 2006 he has been a member of the Audit Expert Group, and since July 2008 its chairman. Since 2007, Alexander Schaub has also been of counsel with the international law firm Freshfields Bruckhaus Deringer LLP at its Brussels office, as well as a lecturer at the University of St. Gallen. Alexander Schaub began his career at the European Commission in Brussels in 1973 in the office of Ralf Dahrendorf and subsequently worked for Commissioners Guido Brunner, Etienne Davignon, and Willy De Clercq, and for Commission President Gaston Thorn. From 1995 to 2002, he was director general for competition with commission members Karel van Miert and Mario Monti. During that period, he oversaw the preparation of major reforms in European competition policy ("modernization"). He then worked as director general internal market and services until he retired in mid-2006. Alexander Schaub studied law and economics at the universities of Freiburg im Breisgau and Bonn, Germany; Lausanne, Switzerland; and the College of Europe, Bruges, Belgium.

Dr. Jenö C. A. Staehelin (1940, Switzerland)

was elected to the Board of Directors in June 1980. In 1969 he joined the Swiss Federal Department of Foreign Affairs (FDFA) where he worked as a legal consultant before being appointed vice chairman of the European Patent Organisation in Munich in 1977. In 1984 he returned to the FDFA where in 1987 he was appointed an ambassador, and head of the Department for Europe and North America. At the same time as holding this office, from 1991 to 1993 he was also a special ambassador to the Vatican. In April 1993, he was made Swiss Ambassador to Japan, following which in June 1997 he was appointed permanent Swiss observer at the United Nations in New York. Subsequent to Switzerland's entry to the United Nations, from 2002 to 2004 he became the first permanent representative of Switzerland at the UN. Starting January 2003, Jenö Staehelin was for one year president of the Executive Board of UNICEF. In the following year, he began a two-year term as chairman of the United Nations Mine Action Support Group. He was also Swiss commissioner for the World Exhibition 2005 in Aichi, Japan. He is currently a member of the International Committee of the Red Cross, the Kofi Annan Foundation, and the Center for Humanitarian Dialogue, Geneva. He holds a doctorate in law from the University of Berne, a master of law degree from Harvard Law School, USA, and is a licensed attorney in Zurich.

Robert Studer (1938, Switzerland)

has been a member of the Board of Directors since July 1981. From 1991 to 1996 he was president of the executive committee of the Union Bank of Switzerland, and from 1996 to 1998 chairman of the board of directors of the same bank. Robert Studer is a member of the board of directors of Espirito Santo Financial Group SA, Luxembourg. After completing a commercial apprenticeship he gained a diploma in business at the Zurich Management School in 1969.

3.3 Election and term of office

The Board of Directors of Schindler Holding Ltd. is elected by the General Meeting for a term of three years, on completion of which it can be reelected for a further period of the same duration.

Elections are held according to the principle of phased renewal (individual election on first appointment, collective election for renewal). According to the Articles of Association, the Chairman of the Board of Directors is elected by the General Meeting. The Vice Chairman, or several Vice Chairmen, is/are elected by the Board of Directors from among its members for a term of three years.

Members of the Board of Directors are required to retire on the date of the Annual General Meeting in the year in which they attain the age of 70. In exceptional cases, the Board of Directors may depart from this rule.

3.4 Internal organization and regulation of authorities

According to the law, the Board of Directors is responsible for the ultimate direction and ultimate supervision of the entire Schindler Group. It is required to resolve all matters which are not defined by the law, Articles of Association, or management bylaws as being the responsibility of any other governing body. According to the Swiss Code of Obligations, Article 716a, Paragraph 1, the following nontransferable and inalienable responsibilities are incumbent on the Board of Directors:

- Ultimate direction of the company and issuance of necessary instructions
- Definition of the organization
- Establishment of systems and procedures for accounting, financial control, and financial planning
- Appointment and discharge of persons charged with managing and representing the business
- Ultimate supervision of the persons charged with managing the business, especially with regard to compliance with the law, statutes, bylaws, and instructions
- Preparation of the Annual Report, and preparation of General Meetings of Shareholders and execution of their resolutions
- Notification of the legal authorities in case of overindebtedness.

- It is also incumbent on the Board of Directors to decide on the following:
- The objectives and strategy of the Group as a whole, and of its two businesses
 - The essential prerequisites for business activity
 - Staffing of the Management Committees according to the management bylaws
 - Business transactions whose financial value exceeds certain amounts.

To assist the Board of Directors, it has available four standing committees: the Executive Committee of the Board, the Nomination Committee, the Compensation Committee, and the Audit Committee.

3.4.1 Committees

The committees designated by the Board of Directors are governed by committee charters which define their responsibilities and authorities. For each committee, the Board of Directors appoints a chairman. The committees minute their meetings, and on matters which they are not authorized to decide themselves, submit proposals to the full Board of Directors.

3.4.2 Executive Committee of the Board

The Board of Directors appoints from among its members a standing Executive Committee of the Board, with three or four members, for a term of three years. The Chairman and Vice Chairman of the Board are members of the Executive Committee.

Members ¹	
as at 31.12.2008	
Alfred N. Schindler	Chairman
Luc Bonnard	Vice Chairman

¹ Alfred Spörri, member of the Executive Committee of the Board until March 26, 2008 (when he retired at the Annual General Meeting on grounds of age), continued to work in this body as a consultant.

The Executive Committee of the Board prepares all matters for the Board of Directors (in particular those according to the Swiss Code of Obligations, Article 716a, Paragraph 1), provides the Board with relevant documentation, and submits proposals to the Board.

It creates the prerequisites for ultimate direction by the Board of Directors. It exercises supervision of the Group as a whole, and thereby creates the prerequisites for the exercise of ultimate supervision by the Board of Directors.

The Executive Committee of the Board ensures that the Board of Directors is informed, and that its resolutions are executed. For this purpose, it is assisted by various committees. The Executive Committee of the Board reviews and approves the Annual Financial Statements for presentation to the Board of Directors.

The Executive Committee of the Board creates a uniform entrepreneurial will, ensures cohesion of the Group in its entirety, and continuously monitors the managerial competence of the members of the two Management Committees, as well as other holders of key staff and line functions.

In close collaboration with the two Management Committees, the Executive Committee of the Board formulates and submits to the Board of Directors the goals and strategies of the Group as a whole, and of its two businesses, and defines the required financial and human resources.

3.4.3 Nomination Committee

The Executive Committee of the Board also resumes the function as nomination committee and in that role it is responsible for nominating candidates for election to the Board of Directors. Each member of the Board of Directors has the right to make nominations of its own to the Chairman. With regard to the composition of the Board of Directors, attention is paid not only to competence, but also to professional and cultural diversity.

The Board of Directors makes the final decision regarding nominations to be proposed to the General Meeting.

The Nomination Committee is also responsible to the Board of Directors for planning succession, and for nomination of the top management of the Group.

3.4.4 Compensation Committee

According to the management bylaws, the Board of Directors appoints a Compensation Committee composed of three independent members of the Board of Directors who are not members of the Executive Committee of the Board.

Members

as at 31.12.2008

Dr. Hubertus von Grünberg	Independent member of the Board of Directors	Chairman
Prof. Dr. Pius Baschera	Independent member of the Board of Directors	Member
Robert Studer	Independent member of the Board of Directors	Member

The Compensation Committee definitively determines the compensation of the Chairman of the Board of Directors. It also approves upon proposal of the Chairman of the Board of Directors the compensation of the remaining executive members of the Board of Directors and of the President of the Management Committee Elevators & Escalators. It is also informed of all compensation of members of the Management Committee Elevators & Escalators.

The compensation of the executive members of the Board of Directors and of the Management Committee Elevators & Escalators is presented to the Board of Directors once per year by the Compensation Committee.

3.4.5 Audit Committee

According to the management bylaws, the Board of Directors appoints an Audit Committee whose chairman must be an independent member of the Board of Directors. The Audit Committee has two to three members, who possess the necessary financial, legal, and technical know-how.

Members

as at 31.12.2008

Dr. Alexander Schaub	Independent member of the Board of Directors	Chairman
Luc Bonnard	Vice Chairman, executive member of the	
	Board of Directors	Member

The Audit Committee reports to the Board of Directors. The Chairman of the Audit Committee informs the Board of Directors about the work of the Audit Committee at every meeting of the Board. A full report is given once per year.

The Audit Committee is particularly responsible for the following:

- Approval of the annual, semiannual, and quarterly financial statements for submission to the Board of Directors
- Review and determination of audit programs
- Discussion of all reports issued by the auditing bodies as well as status reports on their implementation
- Issuance of recommendations and instructions regarding organization, personnel, and activities in the Audit and Compliance areas within the Schindler Group
- Review of the appropriateness of sanctions that are proposed in consequence of detected wrong conduct or infringements of internal guidelines
- Enactment of new guidelines, instructions, clarifications, or other instructions in connection with the Code of Conduct.

To ensure the protection of legitimate whistle-blowers, rules against potential discrimination of whistle-blowers were added to the Code of Conduct in 2006.

The Audit Committee maintains contact with the external auditors. It is also assisted by an Audit Expert Group.

Audit Expert Group

as at 31. 12. 2008

Dr. Alexander Schaub	Independent member of the Board of Directors	Chairman
Alfred Spörri	Not a member of the Board of Directors ¹	Vice Chairman
Walter G. Frehner	External, not a member of the Board of Directors	Member
Prof. Dr. Oliver Gassmann	External, not a member of the Board of Directors	Member
Prof. Dr. Karl Hofstetter	Executive member of the Board of Directors	Member

¹ Executive member of the Board of Directors until March 26, 2008

The Audit Expert Group assists the Audit Committee and the Executive Committee of the Board in fulfilling its supervisory functions.

The Audit Expert Group applies the following supervisory instruments of the Audit Committee:

- Internal audits, for the purpose of verifying compliance with rules and processes in the business and financial area
- Code of Conduct Compliance, for the purpose of verifying and enforcing the Code of Conduct enacted by the Board of Directors in 1997, which is binding for all employees worldwide
- Technical Compliance, for the purpose of verifying compliance with safety-relevant standards and processes in the Elevators & Escalators business
- Information Security, for the purpose of ensuring appropriate and constant protection of vital corporate data against internal and external hazards,

which are coordinated by Group Assurance.

The Audit Expert Group possesses the necessary financial and technical knowledge for it to be able to provide substantial support to the Audit Committee. It holds whole-day meetings four to six times per year. At the meetings, a total of approximately 120 audit reports from the areas listed above are discussed.

3.4.6 Frequency of meetings of the Board of Directors and its committees

The Board of Directors holds six regular half- or whole-day meetings per year, and ad hoc meetings as necessary. A two-day meeting is held in September of each year. In the reporting year, eight days of meetings were held.

The Executive Committee of the Board holds whole-day meetings usually once every two weeks. In the reporting year, 25 meetings were held.

The other committees meet for half or whole day according to need. In the reporting year the Audit Committee held five meetings. The Compensation Committee met twice, and the Nomination Committee ten times. No external advisors were consulted.

The agendas of the meetings are determined by the respective chairmen. Minutes are taken of all discussions and resolutions at the meetings.

The President of the Management Committee Elevators & Escalators attends all meetings of the Board of Directors. Other members of the Management Committees, or persons from outside, may be invited to the meetings of the Board of Directors or its committees by the respective chairmen.

3.5 Information and control instruments vis-à-vis the Management Committees

The Schindler Group has at its disposal a comprehensive electronic management information system (MIS).

Each quarter, the Board of Directors receives a written report. The Executive Committee of the Board is informed monthly in detail about the financial and operational development of the Elevators & Escalators and ALSO businesses.

In the presence of the responsible persons, the reports are discussed in detail at the respective meetings of the Board of Directors and Executive Committee of the Board.

The annual, semiannual, and quarterly financial statements as at March and September, the forecast and budget of the Group, and the annual financial statements, forecast, and budget of Schindler Holding Ltd. are submitted to the Board of Directors in writing and presented to them for approval.

Once yearly, a joint two-day meeting of the Board of Directors takes place with the members of both Management Committees.

Schindler defines and evaluates the most important risks of the Group in a four-phase process based on a detailed risk catalog. These risks are divided into the categories of product, market and business risks, financial, operational, and organizational risks, as well as safety, health, and environment risks. In all risk categories, the legal aspects are also evaluated. The four phases of the process are as follows:

- Each subsidiary creates a risk matrix as part of its budget process.
- The risks are consolidated into a Group matrix and evaluated in detail by an interdisciplinary risk committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalog of measures is presented to the Management Committee.
- The Management Committee evaluates the risk matrix and the proposed catalog of measures from its point of view and proposes corresponding additions.
- The ten most important risks, along with possible measures to prevent and reduce potential damage, are presented to the Executive Committee of the Board and the Board of Directors for decision.

The role and reporting of Internal Auditing are described under 3.4.5.

3.6 Board of Directors of ALSO Holding AG

as at 31.12.2008

Thomas C. Weissmann	Chairman of the Board of Directors and President of the Management Committee	Executive member
Prof. Dr. Karl Hofstetter		Non-executive member
Prof. Dr. Rudolf Marty		Non-executive member

Further information is contained in the ALSO Holding AG annual report.

4 Management Committees

According to Article 716b of the Swiss Code of Obligations, and the company's management bylaws, the management of the operational business of the Schindler Group rests in the hands of the two Management Committees.

4.1 Management Committee Elevators & Escalators

as at 31. 12. 2008

Jürgen Tinggren President

Miguel A. Rodríguez Deputy President
Europe

Erich Ammann
Chief Financial Officer (CFO)

Dr. Rudolf W. Fischer
Human Resources and Training

Michael Füllemann
Global Business

Dr. Christoph Lindenmeyer
East, Middle East, India, and Africa (EMIA)

Silvio Napoli
Asia/Pacific (since March 1, 2008)

Jakob Züger
North, Central, and South America

Left, from bottom: Miguel A. Rodríguez, Silvio Napoli, Erich Ammann, Dr. Rudolf W. Fischer
Right, from bottom: Jürgen Tinggren, Dr. Christoph Lindenmeyer, Michael Füllemann, Jakob Züger



4.1.1 Personnel changes in the Management Committee Elevators & Escalators

Silvio Napoli, formerly CEO of the Jardine Schindler Group, succeeded Emmanuel Altmayer as member of the Management Committee for Asia/Pacific as from March 1, 2008.

4.2 Activities and vested interests

Jürgen Tinggren (1958, Sweden)

has been President of the Management Committee since August 1, 2007. He joined the Management Committee on April 1, 1997, initially with responsibility for Europe 1. In 1999 he took over responsibility for the Asia/Pacific region. On May 1, 2005, Jürgen Tinggren was appointed Deputy to the President of the Management Committee and took over responsibility for Technology and Strategic Procurement. From 1985 to 1997 he worked for the Sika Group, ultimately as a member of the management committee with responsibility for North America. Jürgen Tinggren holds a joint MBA from the Stockholm School of Economics and New York University Business School.

Miguel A. Rodríguez (1953, Spain)

has been a member of the Management Committee since December 1, 1998, with responsibility initially for Europe South West, and since November 1, 2001, for all of Europe. From 1991 to 1998 he managed the Schindler subsidiaries in Spain and Portugal. From 1981 to 1991 he was a member of the corporate management of the Armstrong Group, holding the position of general manager of various subsidiaries in Spain. Miguel A. Rodríguez studied at the Advanced School of Industrial Engineering of the University of Bilbao, Spain, where he graduated as an industrial engineer.

Erich Ammann (1957, Switzerland)

has been a member of the Management Committee, and Chief Financial Officer of the Schindler Group, since November 1, 2001. From 1997 he was Head of Group Controlling, and from 1992 to 1997 CFO of Schindler USA. Erich Ammann joined the Schindler Group in 1988 as Area Controller for North America. Prior to that, he was a treasurer with Intershop Holding, and before that an auditor with Schweizerische Treuhandgesellschaft (STG) in Geneva. He obtained a degree in economics and business administration from St. Gallen University of Applied Sciences, Switzerland, and in 1994 gained an executive MBA from the Wharton School, University of Pennsylvania, USA.

Dr. Rudolf W. Fischer (1952, Switzerland)

has been a member of the Management Committee since January 1, 1996, with responsibility for Human Resources and Training as well as Corporate Safety & Health. From 1994 to 1995 he was a partner in Dr. Björn Johansson Associates, an executive search company in Zurich. From 1991 to 1994 he was CEO of Jockey/Vollmöller AG in Uster, and subsequently of Hanro AG in Liestal. Previously, for almost nine years, he held various managerial positions in human resources and trade marketing with Jacobs Suchard in Switzerland and Belgium. He is a member of the board of directors of Vetropack Holding AG, Bülach. Rudolf W. Fischer completed his studies in 1979 with a doctorate in economics at the University of Zurich.

Michael Füllemann (1967, Switzerland)

joined the Management Committee on August 1, 2007, and took over responsibility for the newly created Global Business function. From 1993 until 2007 Michael Füllemann worked for the Boston Consulting Group (BCG) in Germany, the United States, and finally as senior partner and managing director in Switzerland. At BCG he was responsible for the Global Competence Center Industrial After Sales and the Swiss business with industrial goods companies. Michael Füllemann graduated from St. Gallen University with a master's degree in economics in 1992.

Dr. Christoph Lindenmeyer (1953, Switzerland)

became a member of the Management Committee on March 1, 2003, with responsibility for the EMIA region (East, Middle East, India, and Africa). He joined the Schindler Group in 1983 as Deputy Head of Corporate Planning. Since then he has held various managerial functions within the Group including CFO North America, Head of Field Operations Germany, and CEO of Schindler Elevator Ltd., Switzerland. He is also a board member of the Ammann Group, Langenthal, Switzerland, and a member of the executive committee of Swissmem. Christoph Lindenmeyer is a licensed attorney and holds a doctor of law degree from Berne University as well as an MBA from INSEAD.

Silvio Napoli (1965, Italy)

was appointed to the Management Committee with responsibility for the Asia/Pacific region on March 1, 2008. Previously he was for three years Chief Executive Officer of the Jardine Schindler Group, and from 2003 to 2005 Managing Director of Schindler Lifts (Hong Kong) Ltd. From 2001 to 2003 he was Director of Corporate Development (M&A) of ALSO Holding AG. Silvio Napoli joined the Schindler Group in 1994 and has held various positions, including Vice President South Asia, President and CEO Schindler India, and Head of Corporate Planning. Prior to joining Schindler, Silvio Napoli spent four years with The Dow Chemical Company in Germany. He holds an MBA from Harvard Business School and a master of engineering degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne.

Jakob Züger (1952, Switzerland)

has been a member of the Management Committee since July 1, 2006, with responsibility for North, Central, and South America. He joined Schindler in March 1995. In 2003 he became Chief Executive Officer of Schindler Switzerland. From 1990 to 1995 Jakob Züger was chief executive officer of Saurer Embroidery Systems Ltd., a subsidiary of the Saurer Group. Before that, he worked for several machine tool and textile machine manufacturers. Jakob Züger studied at the Swiss Federal Institute of Technology (ETH), Zurich, and graduated with a master of mechanical engineering degree in 1978 and completed additional studies in management science.

4.3 Management Committee ALSO	
as at 31.12.2008	
Thomas C. Weissmann	President of the Management Committee; responsible for Baltic states and Poland, Chairman and executive member of the Board of Directors ALSO Holding AG
Marc Schnyder	Deputy President of the Management Committee Managing Director ALSO Schweiz AG, Emmen, Switzerland; responsible for Switzerland and Finland
Michael Dressen	Managing Director ALSO Deutschland GmbH, Straubing, Germany; responsible for Germany, Norway and Sweden
Hans Wyss	Chief Financial Officer
Peter Zurbrugg	Chief Information Officer

Further information is contained in the ALSO Holding AG annual report.

4.4 Management contracts

Schindler Holding Ltd. has not entered into any management contracts with third parties outside the Group.

5 Compensation report

5.1 Principles

The success of the Schindler Group depends on the quality and commitment of its employees. The objective of the compensation policy is to attract qualified employees, motivate them, and bind them to the company. Performance-related compensation has the further objective of promoting entrepreneurial thought and action.

The most important principles are:

- Performance-related compensation consistent with the market
- Participation in the company's success
- Fairness and transparency in compensation decisions
- A balance between short- and long-term compensation.

5.2 Responsibilities and determination process

According to the management bylaws, the Board of Directors appoints a Compensation Committee composed of three independent members of the Board of Directors.

Membership of the Compensation Committee

as at 31.12.2008

Dr. Hubertus von Grünberg	Independent member of the Board of Directors	Chairman
Prof. Dr. Pius Baschera	Independent member of the Board of Directors	Member
Robert Studer	Independent member of the Board of Directors	Member

The Compensation Committee definitively determines the compensation of the Chairman of the Board of Directors. It also approves upon proposal of the Chairman of the Board of Directors the compensation of the remaining executive members of the Board of Directors and of the President of the Management Committee Elevators & Escalators. It is also informed of all compensation of members of the Management Committee.

The Board of Directors approves upon proposal of the Chairman the fee of the non-executive members of the Board of Directors.

The compensation (except variable compensation under the Long Term Incentive Plan) of the members of the Management Committee for Corporate Human Resources and Corporate Finance are determined by the Chairman of the Board of Directors.

The Chairman of the Board of Directors approves upon proposal of the President of the Management Committee Elevators & Escalators the compensation (except variable compensation under the Long Term Incentive Plan) of the remaining members of the Management Committee.

The variable compensation under the Long Term Incentive Plan is determined by the Board of Directors.

The compensation of the executive members of the Board of Directors and of the Management Committee Elevators & Escalators is presented to the Board of Directors once per year by the Compensation Committee.

The Compensation Committee exercises its responsibilities without the involvement of external consultants.

5.3 Compensation system

5.3.1 Board of Directors

5.3.1.1 Non-executive members of the Board of Directors

For their activities, the non-executive members of the Board of Directors receive a fixed fee and a flat-rate reimbursement of expenses but no performance-related compensation. In accordance with their own wish, they are not included in the capital participation plans. The independent member of the Board of Directors receives an additional fee for performing the function of Chairman of the Audit Committee.

5.3.1.2 Executive members of the Board of Directors

In addition to their compensation as members of the Board of Directors, the executive members of the Board of Directors receive further compensation which comprises fixed and performance-related (variable) compensation.

The fixed compensation comprises monthly salaries, a year-end salary, and flat-rate reimbursement of representation and car costs. A fixed savings contribution is also made to the Schindler Foundation (retirement plan for managerial employees). In addition, the compensation also includes fringe benefits, which are reported if they exceed CHF 500 in any individual case and a total of CHF 20 000 in any one financial year.

The variable compensation of members of the Executive Committee of the Board comprises a bonus (cash bonus plus shares or bearer participation certificates [BPC] of Schindler Holding Ltd.) as well as options on shares or BPC of Schindler Holding Ltd. which depend on the consolidated cash flow from operations as well as personal qualitative goals. The shares/BPC and options on shares/BPC of Schindler Holding Ltd. are awarded to the members of the Executive Committee of the Board of Directors under the Capital Participation Plan 2000 (see 5.3.3.1).

The variable compensation of the other executive member of the Board of Directors comprises a cash bonus as well as performance share units and options on shares and BPC of Schindler Holding Ltd.

The performance share units as well as the options on shares or BPC of Schindler Holding Ltd. are awarded to the other executive member of the Board of Directors under the Long Term Incentive Plan (see Note 5.3.3.2).

5.3.2 Management Committee Elevators & Escalators

The members of the Management Committee Elevators & Escalators receive compensation that consists of fixed and performance-related (variable) compensation.

The fixed compensation comprises monthly salaries, a year-end salary, and flat-rate reimbursement of representation and car costs. A fixed savings contribution is also made to the Schindler Foundation (retirement plan for managerial employees). The compensation also includes fringe benefits, which are reported if they exceed CHF 500 in any individual case and a total of CHF 20 000 in any one financial year.

The variable compensation comprises a cash bonus as well as performance share units and options on shares or BPC of Schindler Holding Ltd.

For members of the Management Committee with responsibility for results, the cash bonus depends 50% on attainment of the budget goals of the business unit for which the member of the Management Committee is responsible, and 50% on the personal qualitative and quantitative goals. For members of the Management Committee who have no responsibility for results (Dr. R. W. Fischer, E. Ammann, and M. Füllemann), the personal qualitative and quantitative goals have a weighting of 100%.

The performance share units as well as the options on shares or BPC of Schindler Holding Ltd. are awarded to the members of the Management Committee under the Long Term Incentive Plan (see 5.3.3.2).

The variable compensation comprises approximately 50% of the total compensation. The target bonus (cash bonus), which comprises approximately 20% of the total compensation, is determined for the respective reporting year at the beginning of that year. The actual bonus can be between 0% and 150% of the target bonus. The variable compensation under the Long Term Incentive Plan currently comprises approximately 30% of total compensation.

5.3.3 Capital participation plans

The capital participation plans contribute to aligning the medium- and long-term interests of the top level management with those of the shareholders.

A capital participation plan for the top level management has been in existence since 2000. It comprises a share plan and an options plan. The duration is six years and was extended for a further six years in 2006. The specific features of the plan, and who should benefit, are decided each year by the Board of Directors.

In the reporting year 2008, the Board of Directors decided to offer to the members of the Management Committee Elevators & Escalators, as well as to other employees, the possibility of participating in the newly established Long Term Incentive Plan instead of in the existing Capital Participation Plan 2000. All members of the Management Committee Elevators & Escalators as well as one executive member of the Board of Directors have decided to participate in this plan (see 5.3.3.2).

5.3.3.1 Capital Participation Plan 2000

- Under the *Share Plan*, 30% of the bonus up to a maximum of CHF 135 000 is paid to the participants in the form of shares or BPC of Schindler Holding Ltd. at an award value that is determined in advance by the Board of Directors. The award value for the shares and BPC is determined each year in December of the reporting year by the Board of Directors, and is normally based on the average market value of the shares respectively BPC in December of the previous year, less a discount that is defined by the Board of Directors. The number of shares respectively BPC to be awarded to each recipient is also determined in December, and their ownership is transferred in April of the following year. The shares and BPC carry all associated rights, but are subject to the restriction that for a period of three years they may not be sold.
- Under the *Options Plan*, the participants receive options on shares or BPC of Schindler Holding Ltd. for a maximum value of CHF 90 000. Each year in December, the Compensation Committee respectively the Board of Directors determine the value for which the recipient should receive options. The Board of Directors determines the exercise price for the options in March of each reporting year. The exercise price is normally based on the average market value of the shares in December of the previous year plus a premium that is defined by the Board of Directors. The number of options to be awarded is calculated by dividing the value to be awarded by the economic value of the option (Black-Scholes formula) as at the date on which the exercise price is determined. The restriction period, and the exercise period after expiration of the restriction period, are both three years.

5.3.3.2 Long Term Incentive Plan

The Long Term Incentive Plan consists of a Performance Share Plan and an Options Plan. In the reporting year, all members of the Management Committee Elevators & Escalators as well as one executive member of the Board of Directors decided to participate in the Long Term Incentive Plan.

- Under the *Performance Share Plan*, the Board of Directors at its own discretion awards the recipient a certain number of Performance Share Units. Each Performance Share Unit gives the recipient the right to a still-to-be-determined number of shares of Schindler Holding Ltd. The number of shares depends on the attainment of certain growth and profitability figures (Key Performance Figures), which are defined each year by the Board of Directors.

Key Performance Figures defined for 2008 were:

- a. the average EBIT margin of the Elevators & Escalators business for the years 2008, 2009, and 2010, and
- b. the difference between (1) the growth in turnover of the Schindler Elevators & Escalators business from 2007 to 2010 and (2) the growth in turnover of a group of companies in the elevators and escalators market in the same period.

Allocation of the shares for the Performance Share Units 2008 will only take place in April 2011 on expiration of the three-year performance period. Before allocating the shares, the attainment of the Key Performance Figures will be determined and the resulting multiplier (conversion rate) will be calculated. The conversion rate can have a value between 0 and 3. The number of shares to be allocated is calculated by multiplying the Performance Share Units by the conversion rate. The shares are then transferred into ownership of the recipient, who may freely dispose of them as from this date.

- Under the *Options Plan*, the Board of Directors at its own discretion awards the recipients a certain number of options on shares or BPC of Schindler Holding Ltd. The restriction period, and the exercise period after expiration of the restriction period, are both three years.

The exercise price for the options for each reporting year is determined by the Board of Directors and is normally based on the average market value of the shares in December of the previous year plus a premium that is defined by the Board of Directors.

5.3.4 Employment contracts and special agreements

Employment contracts with a renewable duration of three years in each case exist for Alfred N. Schindler, executive member and Chairman of the Board of Directors, and Luc Bonnard, executive member and Vice Chairman of the Board of Directors. There are no other employment contracts with notice periods of more than twelve months.

The employment contracts with the executive members of the Board of Directors and members of the Management Committee Elevators & Escalators do not contain any severance payments.

For details of subsequently agreed severance payments, see 5.4.2.

5.4 Compensation in the reporting year

In March 2008, the Board of Directors decided to award options on shares of Schindler Holding Ltd. under the Capital Participation Plan 2000. In addition, at a meeting in December 2008, for the award of shares and options for the business year 2008 it decided to use the average market price of the shares from January 6 to 19, 2009. This decision was made because although Schindler had a successful year, the share price fell as a result of the global financial crisis. On this basis, the following values were determined:

- Exercise price for the options on registered shares CHF 56.40 (average market price of the shares from January 6 to 19, 2009, of CHF 51.30 plus the premium of 10% defined by the Board of Directors)
- Option value according to the Black-Scholes formula CHF 8.97
- Award value for the registered shares CHF 46.20 (average market value of the shares from January 6 to 19, 2009, of CHF 51.30 less the discount of 10% defined by the Board of Directors to take account of the three-year restriction period).

The compensation of the Board of Directors and Management Committee Elevators & Escalators that is disclosed below contains the compensation for the entire reporting year with the following additions and limitations:

- The award and payment of the variable compensation (except Performance Share Units) always takes place in the following year after preparation of the financial statements. The reported variable compensation elements relate to the completed reporting year.

- The compensation of new members of the Board of Directors or Management Committee Elevators & Escalators is reported as from the date on which they take over the respective function. For transfers between the Board of Directors and the Management Committee Elevators & Escalators (e.g. transfer from the Management Committee Elevators & Escalators to the Board of Directors) the entire compensation for the reporting year is included and reported under the new function.
- In case a member resigns from the Board of Directors or Management Committee Elevators & Escalators, the compensation up to the resignation date plus any compensation paid in the reporting year in connection with the member's former activities in a governing body of the company will be reported.
- In individual cases, depending on the country in which the member of the Management Committee lives, a company car is provided to a member of the Management Committee, and in this case no flat-rate car expenses are paid. Additional compensation is paid for assignments abroad (expatriates). These reimbursements are reported under Fringe Benefits.
- All contributions to retirement benefit plans, premiums for managerial insurances, or benefits in the form of reduced premiums for insurances are reported under Expenses for post-employment benefits.
- Some members of the Board of Directors of Schindler Holding Ltd. and the Management Committee Elevators & Escalators are also members of the board of directors of subsidiaries within the Group. If the respective subsidiaries pay a board of directors fee for this function, the compensation is not paid to the individual board member but to the company by which the member is normally compensated.
- In the reporting year, no securities or guarantees were granted to members of the Board of Directors or of the Management Committee Elevators & Escalators. The company has not waived any liabilities due from members of the Board of Directors or of the Management Committee Elevators & Escalators.
- In the reporting year, no members of the Board of Directors or Management Committee Elevators & Escalators received fees or other compensation for additional work for Schindler Holding Ltd. or any other subsidiary or affiliated company.

5.4.1 Members of the Board of Directors of Schindler Holding Ltd.

Total Compensation 2008 – Board of Directors

	Fixed compensation				Variable compensation		Expenses for post-employment benefits	
in 1 000 CHF	Cash (gross)	Bonus cash (gross)	Registered shares ⁵	Performance Share Units ⁵	Options ⁶	Fringe benefits		Total
Alfred N. Schindler, Chairman ^{1,2}	3 265	3 475	137	–	90	–	451	7 418⁷
Luc Bonnard, Vice Chairman ^{1,2}	1 478	2 031	137	–	90	–	371	4 107
Alfred Spörri ⁸	1 154	2 248	137	–	90	–	215	3 844
Prof. Dr. Karl Hofstetter ²	885	560	–	291	210	–	232	2 178
Prof. Dr. Pius Baschera ³	185	–	–	–	–	–	11	196
Dr. Hubertus von Grünberg ³	185	–	–	–	–	–	8	193
Lord Charles Powell ³	185	–	–	–	–	–	8	193
Dr. Alexander Schaub ^{3,4}	323	–	–	–	–	–	–	323
Dr. Jenö C. A. Staehelin ³	185	–	–	–	–	–	–	185
Robert Studer ³	185	–	–	–	–	–	8	193
Total compensation	8 030	8 314	411	291	480	–	1 304	18 830

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Including compensation as member/Chairman of the Audit Committee

⁵ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2008 of CHF 47.05. For inclusion in the total compensation, the performance share units were also valued at CHF 47.05.

⁶ The awarded options are valued according to the Black-Scholes formula at CHF 8.97 per option.

⁷ After voluntarily waiving CHF 185 000 of fixed compensation. Taxes paid by Alfred N. Schindler in Switzerland CHF 12 475 000 and donations to charities CHF 600 000.

⁸ Compensation for the full reporting year. Until March 26, 2008, for activities as executive member, subsequently for consulting activities to the Executive Committee of the Board.

The total compensation includes the following Board of Directors' fees (including flat-rate expense reimbursement): Chairman CHF 370 000 (previous year: CHF 320 000), Vice Chairman CHF 278 000 (previous year: CHF 240 000), other members CHF 185 000 (previous year: CHF 160 000).

The fees were adjusted on January 1, 2008. The last previous adjustment was on July 1, 2002.

25.1.2 Number of registered shares and options on registered shares awarded 2008 – Board of Directors

	Registered shares ³	Per- formance Share Units	Options
Alfred N. Schindler, Chairman ¹	2 922	–	10 033
Luc Bonnard, Vice Chairman ¹	2 922	–	10 033
Alfred Spörri ²	2 922	–	10 033
Prof. Dr. Karl Hofstetter ¹	–	6 192	23 392

¹ Executive member

² Executive member until March 26, 2008

³ This number is based on the award value of CHF 46.20.

In the reporting year 2008, the variable part of the compensation for the executive members of the Board of Directors was on average 54% (previous year: 42%) of the total compensation: 47% in cash (previous year: 34%), 4% in the form of shares (previous year: 5%), and 3% in the form of options (previous year: 3%).

Total Compensation 2007 – Board of Directors

in 1000 CHF	Fixed compensation		Variable compensation		Fringe benefits	Expenses for post- employment benefits	Total
	Cash (gross)	Bonus cash (gross)	Registered shares ⁵	Options ⁶			
Alfred N. Schindler, Chairman ^{1,2}	3 000	1 890	188	90	–	511	5 679 ⁷
Luc Bonnard, Vice Chairman ^{1,2}	1 500	1 080	188	90	–	356	3 214
Alfred Spörri ^{1,2}	1 223	1 202	188	90	–	286	2 989
Prof. Dr. Karl Hofstetter ²	707	374	181	86	–	236	1 584
Prof. Dr. Pius Baschera ³	160	–	–	–	–	9	169
Dr. Hubertus von Grünberg ³	160	–	–	–	–	8	168
Lord Charles Powell ³	160	–	–	–	–	7	167
Dr. Alexander Schaub ^{3,4}	110	–	–	–	–	–	110
Dr. Jenö C. A. Staehelin ³	160	–	–	–	–	–	160
Robert Studer ³	160	–	–	–	–	7	167
Total compensation	7 340	4 546	745	356	–	1 420	14 407

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ As from July 2007, Dr. A. Schaub was no longer an active member of the Board of Directors since the European Commission did not accept his membership of the Board of Directors of Schindler Holding Ltd. as long as the appeal of Schindler Holding Ltd. against the EU antitrust fine of February 21, 2007, was pending. In a letter from the European Commission dated November 20, 2007, this restriction was lifted with immediate effect. For the reporting year 2007, Dr. Schaub did not receive compensation as a member of the Board of Directors, but for his activities as a member of the Audit Committee he receives compensation as hitherto.

⁵ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.00.

⁶ The awarded options are valued according to the Black-Scholes formula at CHF 13.04 per option.

⁷ After voluntarily waiving CHF 400 000 of fixed compensation. Taxes paid by Alfred N. Schindler in Switzerland CHF 7 760 000 and donations to charities CHF 600 000.

Number of registered shares and options on registered shares awarded 2007 – Board of Directors

	Registered shares ²	Options
Alfred N. Schindler, Chairman ¹	2 576	6 902
Luc Bonnard, Vice Chairman ¹	2 576	6 902
Alfred Spörri ¹	2 576	6 902
Prof. Dr. Karl Hofstetter ¹	2 473	6 626

¹ Executive member

² This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31.3.2008 had been less than CHF 52.40, the employees would have had the option of receiving the corresponding part of their bonus in cash instead of shares. Since the closing stock exchange price on 31.3.2008 was above CHF 52.40, the cash option did not apply.

Since calculation of the bonus of members of the Executive Committee of the Board depends on the cash flow from operations, in the reporting year 2007 the bonus was much lower because of the antitrust fines that were imposed. Should the fine imposed by the EU Commission be reduced, the Board of Directors reserves the right to take account of the reimbursed amount in the calculation of the variable compensation at that time.

5.4.2 Members of the Management Committee Elevators & Elevators

Total Compensation 2008 – Management Committee Elevators & Escalators

	Fixed compensation	Bonus	Performance	Variable compensation	Fringe benefits/ other	Expenses for post-employment benefits	Total
In 1 000 CHF	Cash (gross)	cash (gross)	Share Units ¹	Options ²			
Total Management Committee Elevators & Escalators ³	5 452	4 021	1 283	921	2 334 ⁴	1 772	15 783
Highest single compensation: Jürgen Tinggren	900	1 185	364	262	–	244	2 955

¹ For inclusion in the total compensation, the Performance Share Units were valued as follows: Stock exchange price of the shares at 31.12.2008 (CHF 47.05) multiplied by a conversion rate of 1.

² The awarded options are valued according to the Black-Scholes formula at CHF 8.97 per option.

³ The compensation of the executive members of the Board of Directors is reported only under the compensation of the members of the Board of Directors and not under the Management Committee.

⁴ Includes a severance payment of CHF 1.9 million to a former member of the Management Committee.

Number of Performance Share Units and options on registered shares awarded 2008 – Management Committee Elevators & Escalators

	Performance Share Units	Options
Total Management Committee Elevators & Escalators	27 180	102 510
Jürgen Tinggren	7 740	29 240

In the reporting year, the variable component of the compensation for the members of the Management Committee Elevators & Escalators was on average 39% (previous year: 43%) of the total compensation: 25% in cash (previous year: 29%), 8% in the form of performance share units, and 6% in the form of options (in the previous year, 9% was allocated in the form of shares and 5% in the form of options). The calculation is based on a conversion rate of 1.

Total Compensation 2007 – Management Committee Elevators & Escalators

	Fixed compensation	Bonus	Registered shares ¹	Variable compensation	Fringe benefits	Expenses for post-employment benefits	Total
In 1000 CHF	Cash (gross)	cash (gross)		Options ²			
Total Management Committee Elevators & Escalators ³	5 192	3 698	1 214	581	289	1 889	12 863
Highest single compensation: Roland W. Hess ⁴	923	1 069	188	90	–	312	2 582

¹ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.00.

² The awarded options are valued according to the Black-Scholes formula at CHF 13.04 per option.

³ The compensation of the executive members of the Board of Directors is reported only under the compensation of the members of the Board of Directors and not under the Management Committee.

⁴ Roland W. Hess relinquished his position as President of the Management Committee Elevators & Escalators on July 31, 2007. The compensation received by him since August 1, 2007, was as nominated member of the Executive Committee of the Board. The disclosed compensation relates to the full year 2007.

Number of registered shares and options on registered shares awarded 2007 – Management Committee Elevators & Escalators

	Registered Shares ¹	Options
Total Management Committee Elevators & Escalators	16 633	44 572
Roland W. Hess	2 576	6 902

¹ This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31.3.2008 had been less than CHF 52.40, the employees would have had the option of receiving the corresponding part of their bonus in cash instead of shares. Since the closing stock exchange price on 31.3.2008 was above CHF 52.40, the cash option did not apply.

5.4.3 Former members of governing bodies

In the reporting year 2008, Roland W. Hess, until July 31, 2007, President of the Management Committee Elevators & Escalators, received a total compensation of CHF 1.2 million for his activities.

5.4.4 Related parties

Schindler Holding Ltd. pays pensions to three widows of former executive members of the Board of Directors. In the reporting year, these amounted to CHF 237 600. The actuarially determined cash value is calculated annually, and on December 31, 2008, was CHF 1.8 million. This amount is reported by Schindler Holding Ltd. as a provision.

5.5 Loans and borrowing facilities

5.5.1 Present and past members of governing bodies

No loans were granted by Schindler Holding Ltd. or any other Group company to any present or past members of the governing bodies, and no such loans were outstanding as of December 31, 2008.

The Chairman of the Board of Directors has been granted borrowing rights. As of December 31, 2008, the unutilized credit limit was CHF 25 million, which was secured by shares of Schindler Holding Ltd. owned by the Chairman with a value of more than CHF 200 million.

5.5.2 Related parties

Schindler Holding Ltd. has not made any loans to related parties of present or past members of governing bodies.

5.6 Participations, option rights, and conversion rights

The participations and option rights of the members of the Board of Directors of Schindler Holding Ltd. and of the Management Committee Elevators & Escalators and of their related parties are as follows (there are no outstanding conversion rights):

Participations, option rights, and conversion rights 2008 – Board of Directors

	Number of		Number of vested options		
	Registered shares	Bearer participation certificates	on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004	on bearer participation certificates from option plan awarded 2005
as at 31. 12. 2008					
Alfred N. Schindler, Chairman ^{1,2}	⁴	18 320	–	–	6 220
Luc Bonnard, Vice Chairman ^{1,2}	⁴	–	–	–	–
Prof. Dr. Karl Hofstetter ²	24 623	10 760	23 000	7 560	6 220
Prof. Dr. Pius Baschera ³	3 000	–	–	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–	–	–
Lord Charles Powell ³	5 000	–	–	–	–
Dr. Alexander Schaub ³	3 000	–	–	–	–
Dr. Jenö C. A. Staehelin ³	⁴	–	–	–	–
Robert Studer ³	5 000	5 000	–	–	–

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, Dr. Jenö C. A. Staehelin, and parties related to these persons hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As of 31. 12. 2008, these comprised 51 082 480 registered shares, corresponding to 70.5% of the voting rights of the share capital entered in the Commercial Register.

Participations, option rights, and conversion rights 2007 – Board of Directors

	Number of		Number of vested options		
	Registered shares	Bearer participation certificates	on registered shares from option plan awarded 2002	on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004
as at 31. 12. 2007					
Alfred N. Schindler, Chairman ^{1,2}	⁴	10 760	–	–	7 560
Luc Bonnard, Vice Chairman ^{1,2}	⁴	5 010	–	–	–
Alfred Spörri ^{1,2}	11 709	5 010	–	–	7 560
Prof. Dr. Karl Hofstetter ²	22 150	10 760	–	27 000	7 560
Prof. Dr. Pius Baschera ³	3 000	–	–	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–	–	–
Lord Charles Powell ³	5 000	–	–	–	–
Dr. Alexander Schaub ³	–	–	–	–	–
Dr. Jenö C. A. Staehelin ³	⁴	–	–	–	–
Robert Studer ³	5 000	5 000	–	–	–

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, Dr. Jenö C. A. Staehelin, and parties related to these persons hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As of 31. 12. 2007, these comprised 50 772 838 registered shares, corresponding to 69.0% of the voting rights of the share capital entered in the Commercial Register.

Participations, option rights, and conversion rights 2008 – Management Committee Elevators & Escalators

	Number of		Number of vested options		
	Registered shares	Bearer participation certificates	on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004	on bearer participation certificates from option plan awarded 2005
as at 31. 12. 2008					
Jürgen Tinggren, President	20 097	8 410	18 760	6 090	4 680
Miguel A. Rodríguez, Deputy President	15 672	10 120	21 010	–	6 220
Erich Ammann	7 879	4 450	–	–	5 530
Dr. Rudolf W. Fischer	27 338	4 450	–	–	5 530
Michael Füllemann	715	–	–	–	–
Dr. Christoph Lindenmeyer	11 300	3 340	–	–	4 150
Silvio Napoli ¹	1 811	725	–	3	460
Jakob Züger	14 828	5 030	–	460	3 320

¹ Member since March 1, 2008

Participations, option rights, and conversion rights 2008 – Management Committee Elevators & Escalators

	Number of		Number of vested options		
	Registered shares	Bearer participation certificates	on registered shares from option plan awarded 2002	on registered shares from option plan awarded 2003	on bearer participation certificates from option plan awarded 2004
as at 31. 12. 2007					
Jürgen Tinggren, President ¹	17 899	4 650	–	18 760	6 090
Roland W. Hess ²	20 349	10 090	–	16 990	7 560
Miguel A. Rodríguez, Deputy President	14 075	10 120	–	21 010	–
Emmanuel Altmayer	7 351	4 400	1 100	8 340	2 940
Erich Ammann	5 715	9 090	–	–	–
Dr. Rudolf W. Fischer	25 209	9 100	–	–	6 110
Michael Füllemann ³	–	–	–	–	–
Dr. Christoph Lindenmeyer	9 378	6 280	–	–	–
Jakob Züger	4 997	5 030	–	–	1 110

¹ President since August 1, 2007

² President until July 31, 2007

³ Member since August 1, 2007

Regarding option conditions, see Note 35 to the Financial Statements, page 72.

6 Shareholders' rights of participation

6.1 Restrictions on voting rights

Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

6.2 Right of participation at the General Meeting

Shareholders' rights of participation at General Meetings of Shareholders are in accordance with the law and the Articles of Association. Shareholders may be represented by third parties who are themselves shareholders, by representatives of corporate bodies, by the independent proxy, or by depositary representatives.

6.3 Quorum

Article 19 of the Articles of Association stipulates that for the resolutions of the General Meeting of Shareholders stated below, the presence of shareholders representing at least half of the share capital recorded in the Commercial Register is required:

- Election and discharge of members of the Board of Directors
- Conversion of registered shares into bearer shares and vice versa, and, subject to the individual voting rights of the shareholders, conversion of shares into bearer participation certificates
- Issuance of bonus certificates, or conversion of bearer participation certificates into bonus certificates
- Exceptions to the statutory share-registration regulations
- Resolutions for which there is a legal or statutory requirement for a qualified decision-making quorum.

6.4 Decision-making majority

Resolutions by the General Meeting of Shareholders are normally determined by the relative majority of the votes cast.

According to the Articles of Association, the following resolutions require the agreement of at least two-thirds of the voting rights represented at the meeting, and of the absolute majority of the nominal value of shares represented at the meeting:

- All resolutions according to Article 704 of the Swiss Code of Obligations
- Resolutions regarding changes to the company's name, issuance of bonus certificates, and any change in the share capital or bearer participation capital.

6.5 Notification of General Meetings of Shareholders

Notification of General Meetings of Shareholders is given by nonregistered letter to the address of registered shareholders recorded in the share register, and by publication once only in the Swiss Official Gazette of Commerce. Although not required by statute, it is also customary to publish notification in selected Swiss daily newspapers. The period of notification is 20 days.

6.6 Agenda

According to Article 17 of the Articles of Association, shareholders who represent together 5% of the share capital may submit matters to be placed on the agenda.

6.7 Closing date for entry in the share register

Only those shareholders with voting rights whose names were recorded in the company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date as close as possible to the date of the General Meeting, i.e. not more than five to ten days before the General Meeting. There are no exceptions to this rule regarding the closing date.

7 Change of control and defensive measures

7.1 Duty to submit an offer

According to Article 33 of the Articles of Association, the obligation to submit a public takeover offer pursuant to Art. 32 and 52 of the Swiss Securities Exchanges and Securities Trading Act (SESTA) of March 24, 1995, has been set aside ("opting out").

7.2 "Change of control" clauses

Contracts of employment and other agreements between Schindler Holding Ltd. and members of the governing bodies do not contain any clauses regarding a change of control (e.g. "golden parachutes").

8 Auditors

8.1 Duration of mandate and term of office of the leading auditor

Ernst & Young AG, Berne, have been the statutory auditors of Schindler Holding Ltd., as well as Group auditors, since 1999. Prior to that, Neutra Treuhand AG, which is associated with Ernst & Young AG, were the statutory auditors (from 1991) and Group auditors (from 1992).

The leading auditor has been responsible for the audit of the individual financial statements of Schindler Holding Ltd. and of the consolidated financial statements of the Schindler Group since the reporting year 2003.

8.2 Audit and other fees

The fees for audits and other services applicable to, and charged in, the reporting year by Ernst & Young as auditors of the Group's consolidated financial statements, and as statutory auditors of both Schindler Holding Ltd. and the majority of subsidiaries and affiliated companies in Switzerland and abroad, were as follows:

In 1000 CHF	2008	2007
Audit fees (audit of the consolidated financial statements, the financial statements of Schindler Holding Ltd., and the financial statements of the subsidiaries in Switzerland and abroad)		
	5 312	5 136
Additional fees (corporate, legal and tax advice, and special projects)		
	1 537	2 227

Including further auditors, the total audit fees incurred by the Group in the reporting year amounted to CHF 6.1 million (previous year: CHF 5.8 million).

8.3 Supervision and control of the auditors

The Executive Committee of the Board evaluates the performance, fees, and independence of the statutory auditors and Group auditors each year. It discusses and reviews the scope of the audits, and the feedback resulting from them. Based on this information, it determines changes and improvements as necessary.

Group Assurance reports four to six times to the Audit Expert Group, twice yearly to the Audit Committee, and once yearly to the Board of Directors.

The Schindler Group pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange. Key dates are:

The exact dates for the current year and the next two years are available at www.schindler.com under Investors – Financial Calendar.

Also available at www.schindler.com are the Annual Report, press releases, and the current share price, as well as general information about the Group.

In addition, every ad hoc announcement is published on the web site simultaneously with its distribution and can be called up for at least two years. Anyone who is interested can also have information that is potentially relevant to the share/BPC price sent to them directly from Schindler by e-mail immediately and at no cost. This service is offered on the web site under Press – News Subscription.

Interested persons from the financial markets, or members of the public, may also communicate with the Group directly through the following contacts:

Corporate Communications

Riccardo Biffi
Head of Corporate Communications
Schindler Management Ltd.
6030 Ebikon
Switzerland
Telephone +41 41 445 30 60
Fax +41 41 445 31 44
riccardo.biffi@ch.schindler.com

Investor Relations

Barbara Zäch
Investor Relations Manager
Schindler Management Ltd.
6030 Ebikon
Switzerland
Telephone +41 41 445 30 61
Fax +41 41 445 31 44
barbara.zach@ch.schindler.com

Stephan Jud
Head of Treasury
Schindler Management Ltd.
6030 Ebikon
Switzerland
Telephone +41 41 445 31 19
Fax +41 41 445 45 30
stephan.jud@ch.schindler.com

The Annual Report of the Schindler Group for 2008 consists of the Activity Report and the Financial Statements and Corporate Governance.

The original German language version is binding. English, French, and Spanish translations of the Activity Report are also available. The Financial Statements and Corporate Governance are published in German and English only.

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zintzmeyer & Lux AG
Zurich, Switzerland

**Typesetting, prepress,
and printing**

NZZ Fretz AG
Schlieren, Switzerland

Image photography

Photography:
Markus Bertschi, Switzerland
Management Committee (page 121):
Julian Salinas

