



High complexity.
Consistent execution.
Group Review 2009



Schindler

High complexity. Consistent execution.

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.



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

Have you also noticed? We are increasingly surrounded by experts and critics who know how things should be done. Indeed, the number of people who believe they know better is growing – particularly in those circles that have never been on the front line, getting their hands dirty. It must be fascinating for these individuals in their ivory towers to debate the responsibilities of third parties – whose performance is measured daily in the markets – and to legislate on them. They probably do so quite comfortably because this entails fewer risks than if they had to face up to the reality in person. Meanwhile, those of us who are uninformed and unknowledgeable (dubbed the “useful idiots” by Lenin) are slowly but surely being suffocated by corporate governance rules, International Financial Reporting Standards and the omnipresent wrath of regulators. In view of this, and on behalf of all listed companies weighed down by these rules and requirements, I never cease to utter the following prayer: “Dear Lord, please protect us and ensure that for every new law that is passed, two have to be abolished . . .”

Despite the inevitable impacts of the financial crisis and the regulatory burden mentioned above, Schindler performed well in the reporting year. Net profit rose slightly (+3%) compared to the previous year and cash flow – our most important performance indicator – even rose by 10.9% to CHF 813 million, thus reaching a record level. The EBIT margin in our core business also improved significantly (+13.7%) from 10.2% to 11.6%. Furthermore, our company has no debt and the equity ratio of Schindler Holding Ltd. stands at around 80%, while net liquidity totals almost CHF 2 billion. With key figures such as these, we should be well positioned to succeed even in a less favorable environment and should be able to confidently approach the challenges that the new decade will bring.

After reporting a substantial loss last year, ALSO has now achieved an operational turnaround. In fact, it has generated a profit of CHF 15 million after the amortization of intangible assets (previous year: CHF –11 million). The strengthening of the management team and new IT systems should enable it to consolidate this success in 2010 and to build on it going forward.

The volume of orders received in our core business declined – one negative factor that cannot simply be overlooked. However, the extent of the decline was in line with the industry average and is also partly attributable to the fact that an important successor product in our range will only be launched on the market at the end of 2010. In other words: our orders received for 2009 were generated while we were only running on six out of eight cylinders.

The major challenge we will face over the next decade relates, however, to the fact that 60% or more of our core business is now executed in the Mumbai-Seoul-Hong Kong triangle. Our operating environment has altered completely within a brief period of time and we must accept this migration of growth, even if it is painful to acknowledge that our domestic markets are stagnating. As an independent company, we are not the plaything of fate and we have learned how to deal with adversity over the last 135 years. Like my predecessor, the late Franz Muheim – a member of the Swiss Council of States – used to say, the “normative power of reality” must be incorporated into business strategies rather than being suppressed. We will therefore focus our products primarily on these new markets and adapt our wishes accordingly – rather than the reverse.

Our acquisition in Saudi Arabia, which was concluded shortly before Christmas, is a further example of the flexibility that we must preserve in order to create long-term value, even if it is becoming increasingly difficult to establish an independent presence in new markets.

We would like to express our considerable thanks to our employees. The Board of Directors and our shareholders have witnessed the extraordinary efforts they made right through to the final hours of 2009. A combination of expert knowledge, integrity, perseverance and teamwork helped to raise our performance above the benchmark in 2009. This is not only a source of pride but also gives us reason to be confident about the future.

Alfred N. Schindler

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www.schindler.com

Group

Founded in Switzerland in 1874, the Schindler Group employs around 43 000 staff worldwide and comprises two core areas of business: Elevators & Escalators, which contributed 65% of sales in 2009, 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 innovation include the first

patent for elevators without a machine room, the Miconic 10 hall call destination system, its successor, the Schindler ID, incorporating personalized access control, the Schindler 7000 global high-rise elevator, the fully synthetic aramid rope and modern traction belt technology. In 2009, an entirely new concept for managing the transit of passengers through the building was rolled out, a third generation hall call destination system, Port Technology, which has generated tremendous interest in the user community.

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 value

Market capitalization 1981 to 31.12.2009

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 2009

Group				
In million CHF	2009	2008	Δ %	Δ % local currencies
Orders received	12 865	14 479	-11.1	-7.8
Operating revenue	12 691	14 027	-9.5	-5.9
Operating profit (EBIT)	974	889	+9.6	
Net profit	653	634	+3.0	
Cash flow ¹	813	733	+10.9	
Return on shareholders' equity in %	28.7	30.8		
Consolidated shareholders' equity	2 521	2 036 ²		
Order backlog	6 341	6 396	-0.9	-2.6
Personnel at year-end (number)	43 437	45 063	-3.6	

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

² Retrospective adjustment in the financial statements 2009 (see Financial Statements Group, note 2.2, page 11)

Elevators & Escalators

In million CHF	2009	2008	Δ %	Δ % local currencies
Orders received	8 418	9 259	-9.1	-5.6
Operating revenue	8 281	8 761	-5.5	-1.8
Operating profit (EBIT) in %	11.6	10.2		

ALSO

In million CHF	2009	2008	Δ %	Δ % local currencies
Orders received	4 447	5 220	-14.8	-11.7
Operating revenue	4 410	5 266	-16.3	-12.8
Operating profit (EBIT) in %	0.9	0.5		

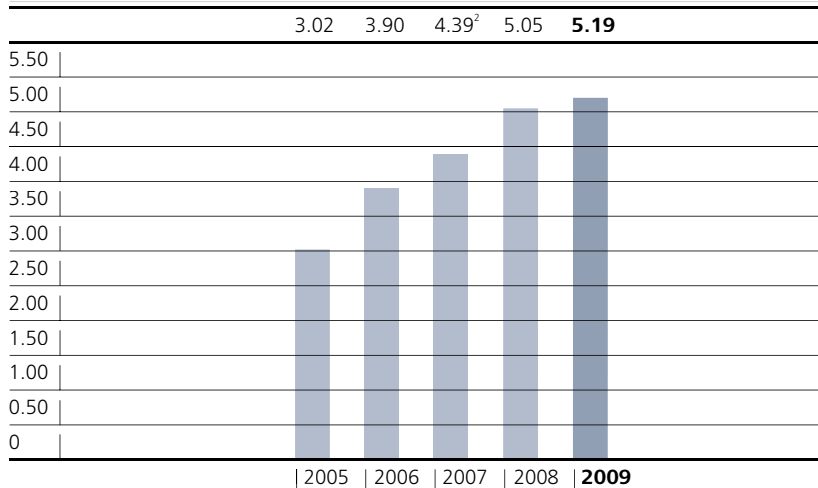
Dividends proposed by the Board of Directors of Schindler Holding Ltd.

In CHF	2009	2008
Registered share	2.00	2.00
Participation certificate	2.00	2.00

Subject to approval by the General Meeting, the dividend will be paid on March 22, 2010.

Net profit per registered share and 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, 2009

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	
Rolf Schweiger	Member	
Dr. Jenö C. A. Staehelin	Member	
Dr. Klaus W. Wellershoff	Member	

Management Committees

Status December 31, 2009

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
Laisvunas Butkus
Michael Dressen
Lucas Kuttler
Marc Schnyder
Maija Strandberg
Urs Windler
Peter Zurbrügg

For details see Corporate Governance starting on page 113



Always on the go?
Ready for the show.



It never stops. It's a way of life.

“The New York Marriott Marquis is at the hub of exciting Times Square and Broadway theaters, one of the busiest places in the world. Every day, thousands of guests and visitors enter the hotel – and our elevators’ built-in traffic management system quickly gets them where they’re going.”

Michael J. Stengel, Market Vice President, Area General Manager, NYC Marriott Hotels; USA



Pushing the limits further?
Always there for those in need.



All for one. One for all.

“Reliability and availability are essential at our hospital in Mestre. Every second counts. In extreme circumstances, everything must be precisely synchronized and must function perfectly – elevators included.”

Onofrio Lamanna, Medical Director, Hospital of Angel; Mestre, Italy



A tough job?
Not for the fainthearted.



Tough guy. Can handle anything.

“Our elevators must be able to work flat out and then some. They have to be robust and safe. That’s the only way they can fulfill the demands that we put on them every day.”

Milton Gattaz, Commercial Director, Torre João Salem, Gattaz Engenharia Ltda; São Paulo, Brazil



Indispensable?
Never in the way.



Setting the pace. Staying in the background.

“I use our elevators every day without a thought. They are there whenever I need them; they take me where I want to go. Yes, I take them for granted. I couldn’t do without them. I depend on them. They’re a bit like a referee should be; always in the game, but never in the way.”

Marta Guillén García, Building Engineer Mutua Madrileña Inmobiliaria/Real Estate Company; Madrid, Spain



Shape the future?
With people at the center.



A product for the masses. Tailored to the individual.

“What we make today must last for years. We carefully analyze customer needs and trends, and we apply that knowledge to our most modern technology. It goes without saying that energy efficiency has high priority.”

Uday Kulkarni, Managing Director Schindler India Pvt Ltd., on the realization of the iThink Techno Campus project; Mumbai, India

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To the shareholders

Statement of the Board of Directors

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To the shareholders

Marked improvement in operating performance

Difficult economic environment

Most regions around the globe saw their economies contract during the reporting year. This led to a marked slowdown in construction activity and to rising vacancy rates in several countries. Many clients adopted a cautious approach due, in particular, to tighter financing conditions. During the final months of the reporting year, there were, however, signs that the economy was beginning to stabilize, although it would be premature to regard this as the start of a sustained recovery.

Despite the difficult environment, Schindler succeeded in further improving its performance. In the elevators and escalators business, Schindler gradually adapted capacity and costs in line with the fall in demand for new installations. At the same time, it realized savings when purchasing materials and improved processes and efficiency. In addition, the measures introduced at ALSO one year ago proved effective. As a result, net profit rose by 3% to CHF 653 million compared to the previous year.

Group key figures

Orders received and order backlog

Consolidated orders received totaled CHF 12 865 million, a decrease of 11,1% from the previous year's figure of CHF 14 479 million (-7.8% in local currencies). ALSO accounted for around half of this decline, which was partly attributable to the closure of the companies in Sweden and Poland at end-2008.

The consolidated order backlog at end-2009, which mainly stems from the elevators and escalators business, totaled to CHF 6 341 million and was virtually unchanged compared to the previous year (CHF 6 396 million).

Operating revenue

Consolidated operating revenue fell by 9.5% to CHF 12 691 million (previous year: CHF 14 027 million). In local currencies, operating revenue decreased by 5.9%. ALSO accounted for around two-thirds of this decline, which was partly attributable to the closure of the companies in Sweden and Poland at end-2008. Overall, a negative foreign exchange impact of CHF 508 million was recorded.

Relative to December 31, 2008, as at December 31, 2009, the scope of the consolidation was expanded to include a few relatively small local companies in Europe. The effect of these companies on consolidated operating revenue and consolidated net profit is distinctly less than 1%. In addition, in China, the holding Suzhou Schindler Elevator Co. Ltd. was increased from 92% to 100% and in Schindler (China) Elevator Co. Ltd. from 96.4% to 100%.

Operating profit

The Group grew its consolidated operating profit (EBIT) to CHF 974 million, representing an increase of 9.6%. This pleasing development reflects the prompt measures implemented in the elevators and escalators business as well as at ALSO to counter the effects of the economic downturn.

Net income from financing and investing

Net income from financing and investing was CHF –70 million (previous year: CHF –11 million). The financial result was very negatively impacted by the foreign exchange result (primarily due to operational hedging activities). At the same time, Schindler reported a reduction in net interest expenses compared to the previous year.

Net profit

Net profit totaled CHF 653 million, thus exceeding the figure for the previous year by 3%. In the reporting year, restructuring costs and special amortization charges of CHF 44 million, after taxes, were recorded.

Personnel numbers

Staff turnover and restructuring measures led to a 3.6% reduction in personnel to 43 437 employees compared to end-2008. In the core business, the number of employees decreased by 2.9% to 41 962 (previous year: 43 226). ALSO had 1 475 employees, compared to 1 837 in the previous year.

Improved performance in the core business

Orders received

Orders received in the elevators and escalators business decreased by 9.1% to CHF 8 418 million compared to the previous year. In local currencies, a reduction of 5.6% was recorded. A pleasing increase of 7% in orders received was reported in the fourth quarter compared to the same period of the previous year.

The global recession led to a strong downturn in construction activity in several countries. Spain, the USA, the UK, Australia and a number of Eastern European countries were particularly affected by this trend, which mainly had a negative impact on the new installations business. Thanks to its competitive products and services, Schindler was once again selected as a partner for a number of notable major projects in the reporting year. For example, Schindler installations will feature in the new airports in Berlin and Kolkata, as well as being used on the high seas in two new cruise ships built by Fincantieri. The operators of the Mumbai and Istanbul metro systems are also placing their trust in the quality of Schindler products, while visitors that enter the Expo Boulevard of the 2010 World Exhibition in Shanghai will be able to use one of the 105 Schindler escalators installed in the exhibition site.

In the modernization business, the order intake did not quite match the strong performance in the previous year. One of the most important orders to be awarded in Europe during the reporting year – the modernization of the elevators at the headquarters of Deutsche Bank in Frankfurt am Main, Germany – was won by Schindler.

A pleasing performance was also reported in the maintenance business, which experienced further growth in all market regions in the reporting year.

Operating revenue and operating profit

Operating revenue totaled CHF 8 281 million, a decline of 5.5% compared to 2008. Negative foreign exchange impacts were the main driver of this decrease. In local currencies, operating revenue fell by only 1.8%.

Operating profit improved by 7.5% to CHF 962 million, representing a very pleasing performance. As a result, the operating margin rose to 11.6% (previous year: 10.2%). This underscores the effectiveness of the measures that were initiated at an early stage, such as the adjustment of capacity, systematic cost controls and increases in productivity. The related restructuring costs before taxes totaled around CHF 45 million for the reporting period.

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

ALSO returns to profitability

In the reporting year, ALSO generated net sales of CHF 4 410 million (previous year: CHF 5 266 million) and the margin was 0.9% (previous year: 0.5%). Despite posting a loss of CHF 11 million in the previous year, ALSO achieved a net profit of CHF 15 million in the reporting period thanks to the measures that were implemented. For the discontinuation of the GNT brand name, ALSO recorded a special amortization charge of CHF 11 million after taxes.

Changes in the Management Committees

Elevators & Escalators

The existing zone responsibilities in Schindler's core business were reorganized with effect from January 1, 2010:

Europe was divided into two zones – North and South – to strengthen the organization and better serve these markets. Thomas Oetterli, the former Head of the Swiss subsidiary Schindler Aufzüge AG, was appointed Head of Europe-North, and Didier Gaudoux, the former Vice President of Europe South Air Liquide, took over as the Head of Europe-South.

Miguel A. Rodríguez, the former Head of the entire Europe zone, is now managing the Global Business area.

ALSO

To enhance its ability to meet the challenges posed by the difficult economic environment, ALSO strengthened its Group Management and appointed Lucas Kuttler, the former Group CIO of Schindler, to the newly created post of Chief Operating Officer with effect from July 1, 2009.

Schindler Holding Ltd.

Dividend and capital structure

Schindler Holding Ltd. closed the financial year 2009 with a net profit of CHF 491 million (previous year: CHF 428 million). The payment of a dividend of CHF 2.00 per registered share and per participation certificate will be proposed to the next General Meeting on March 15, 2010.

Repurchase program

The program to repurchase a maximum of 10% of outstanding registered shares and participation certificates, which commenced on January 3, 2007, was completed on December 31, 2009.

At the General Meeting of Schindler Holding Ltd. on March 16, 2009, it was decided that the 674 500 registered shares and 647 500 participation certificates that had been repurchased would be cancelled. The corresponding capital reduction took place on May 25, 2009.

In December 2009, the Board of Directors decided to launch a new program to repurchase a maximum of 10% of the total nominal capital of Schindler Holding Ltd.

Outlook

Elevators & Escalators

Thanks to its enhanced performance, continuing innovations and attractive product range, Schindler will be able to approach the challenges in the market from a position of strength.

Construction activity is likely to stabilize in most markets in the course of 2010, while growth is expected in China and India in particular.

The decline in orders received in the new installations business will have an impact on operating revenue and profit in the next 12 to 18 months. To compensate for part of the decline in volumes, restructuring costs of approximately CHF 60 million, before taxes are expected in 2010.

ALSO

ALSO anticipates that Group net sales will remain unchanged at approximately CHF 4.5 billion and – excluding any unforeseeable events – expects net profit to increase significantly in 2010.

Group

Assessments of how the economy may develop are always clouded by uncertainty. Going forward, Schindler will therefore focus on adapting rapidly to economic change and on maintaining a high level of liquidity, stable cash flow and a good level of productivity in both the elevators and escalators business and in ALSO.

Following the above-mentioned restructuring costs and excluding any unforeseeable events, Schindler expects a slightly lower net profit in 2010.

Schindler thanks its clients and employees

The global downturn in construction activity presented Schindler's employees with a number of challenges during the reporting year. The demands placed on them were greater than ever before and they had to accomplish their work in a difficult environment. Thanks to their considerable efforts and expertise, they have delivered a good result in spite of the recession. The Board of Directors and both Management Committees would like to thank them for their valuable contribution. They would also like to thank all of the Group's clients and business partners around the globe for their continuing loyalty over the years.

Alfred N. Schindler
Chairman of the Board
of Directors

Luc Bonnard
Vice Chairman of the Board
of Directors

Elevators & Escalators

General market trends

The difficult economic environment led to a strong downturn in construction activity in several markets. Schindler was, however, able to significantly increase both its operating profit and operating margin due to its excellent order backlog at the start of 2009 and its decision to adapt capacity and costs at an early stage, as well as process improvements.

Europe

The economic slowdown impacted construction activity in almost all European countries. The residential construction market was most significantly affected – especially in Spain, Portugal, the United Kingdom and a number of Eastern European countries. At the same time, the economic stimulus packages introduced by governments across Europe helped to prevent a further decline in the commercial construction sector in particular. The modernization business was not as severely impacted. The maintenance and repair sector reacted in a less cyclical manner, reflecting the nature of the business. Pricing pressure continued across all areas.

North, Central, and South America

The North American economy suffered considerably as a result of the recession. However, the downturn in demand affected the different construction sectors to varying degrees. The credit markets remained tight, hindering the development of commercial building activities. In Brazil, macroeconomic conditions and the country's efforts to combat the financial crisis helped to mitigate the impacts of the economic turmoil more rapidly than expected – leading to a recovery in construction activity. Most other Latin American economies started to grow again in the second half of 2009 compared to the same period in 2008.

Asia/Pacific

After a slow start to the year, the elevators and escalators markets in Asia/Pacific began to recover in the second half of 2009. The economic stimulus packages of most governments led to a surge in infrastructure projects.

East, Middle East, India, and Africa

The global economic slowdown had a minimal impact on the construction sectors in countries within the region, with the exception of Russia and Dubai (United Arab Emirates). Schindler managed to reinforce its market position in the highly competitive markets in EMIA.

Pleasing performance in a difficult environment

Europe

Successful product lines

Despite a significant decline in construction activity, Schindler reported a satisfactory level of sales in the new installations business in Europe apart from in severely affected markets. The Schindler 3300 product line contributed significantly to this good performance. Schindler was awarded various landmark contracts in the commercial sector, such as an order to supply the Brandenburg Airport in Berlin, Germany, as well as various civil engineering projects, including metro stations in Italy (Rome, Turin and Naples).

Schindler successfully maintained its position in the modernization business. It achieved good results, particularly with the Schindler 6300 product line, as well as its complete range of competitive modernization solutions. Schindler was awarded a number of modernization orders, including the contract for Green Towers – the head office of Deutsche Bank in Frankfurt am Main, Germany. This project represents the largest renovation of a high-rise building in Europe at present and will involve the implementation of numerous innovative and future-oriented measures relating to environmental sustainability criteria. Schindler is supporting this pioneering project – which will set new environmental standards in its field – with its state-of-the-art elevator technology.

In the maintenance business, Schindler intensified its employee training programs and focused on maintaining close relations with its customers and on supplying high-quality service offerings.

Access for All – Schindler Award 2010

The Schindler Award 2010 – one of Europe's leading architecture competitions – was launched during the reporting period. Students of architecture are invited to submit visionary design concepts for the development of part of the grounds used for the Berlin Olympic Games in 1936. The central theme of the competition is "Access for All" – a design philosophy that focuses on inclusiveness and barrier-free mobility for people of all ages and capabilities.

For further details, please refer to page 54.

North, Central, and South America

North America: large order backlog ensures good level of capacity utilization

The new installations business was affected by the economic downturn but a large order backlog at the end of 2008 helped to maintain a relatively steady level of new installation work. The Schindler 330A hydraulic elevator which is targeted at the low-rise market continued to perform well. In the modernization business, demand for the state-of-the-art Schindler ID access control system strengthened. The orders placed for Schindler ID technology included a contract for the modernization of 23 elevators at the high-rise Four Embarcadero Center in San Francisco, as well as other major orders for buildings in Miami, Florida, and Jersey City in New Jersey.

In spite of the market contraction, Schindler remained a preferred supplier in the escalator market. This partly reflects its ability to meet the “Buy America” standards – which are especially important to institutional customers – through its award-winning factory in Clinton, North Carolina.

North America: strengthening of the service business

Schindler launched its comprehensive Service Excellence program in North America, which includes an increased emphasis on employee training and professionalism, as well as the introduction of new service technology. The resulting levels of customer satisfaction had a positive impact on the service portfolio. Schindler secured various orders, including a maintenance contract for 124 elevators at the campus of Louisiana State University.

Latin America: success in all business areas

In Brazil, sales of new installations were better than anticipated at the start of the year, although it was not possible to sustain the high levels achieved in 2008. Towards the end of 2009, an enhanced model of the Schindler 3300 elevator with a higher nominal speed was introduced. This product will further strengthen Schindler’s competitiveness in the residential market. The modernization business developed well and the service business continued to grow, reflecting the pleasing level of sales in 2007 and 2008.

In the other Latin American countries, the residential construction market started to recover in the second half of 2009, while the commercial market remained weak throughout the reporting period.

Asia/Pacific

Schindler further strengthened its leading position in the escalators and high-rise elevators business.

Growth in China

Advances were reported in the residential market thanks to the successful introduction of the Schindler 3300AP elevator product line. The contracts awarded to Schindler in the region include orders for large residential projects such as Beijing Natural City, Zhejiang Golden Dragon Property and Foshan Grand Riviera.

Several landmark projects in the commercial sector will be equipped with Schindler 7000 high-rise elevators and escalators, including Shanghai Greenland Lu Wan CBD, Shenyang Zhong Hui and Chongqing Metro No 1 and No 3.

Schindler also supplied 105 escalators and various elevators for the main venues of the 2010 World Exhibition in Shanghai, including the main entrance and the access route to China's showpiece pavilion, as well as the exhibition sites of many other nations.

Strong performance in other markets

In Southeast Asia, Schindler secured a number of unique contracts featuring the Schindler 7000 high-rise elevator, including Marina Bay Financial Center, phase 2, in Singapore, the Che Kung Temple Station residential development in Hong Kong and the Kuala Lumpur Convention Center, Lot C, in Malaysia, as well as the Ssangrim Office Building and D-Cube City in South Korea. In Australia, Schindler continued to consolidate its market leadership, securing orders for notable projects such as Canberra International Airport, which will be supplied with 24 escalators and eight elevators, and 485 Adelaide Street, which will be equipped with seven high-rise elevators.

Despite fierce competition in all key markets across Asia, Schindler continued to grow its service portfolio thanks to measures including the introduction of new service offerings and technology that enable it to satisfy diverse customer requirements even more effectively.

East, Middle East, India, and Africa

Growth in India

Schindler achieved growth in a competitive environment and opened a number of new branches. It secured several major orders, including contracts for the two airports in Kolkata and Chennai. The contract for Kolkata Airport is the largest order to be awarded within the elevator industry in India in the last decade. In addition, Schindler was awarded a large modernization contract for the Sachivalaya Complex by the Government of Gujarat.

Strengthening of market position in the Gulf and important contracts in Turkey

Schindler now has its own rapidly growing subsidiary in the United Arab Emirates and owns stakes in local companies in Qatar and Bahrain. It secured several major orders, including contracts for Zayed University in Abu Dhabi and the Al Ain Mall in Al Ain. In Turkey, Schindler won a number of important contracts for construction projects in both the public and private sector. For example, it will supply 272 escalators and 67 elevators for the Kadiköy-Kartal metro system in Istanbul, thus contributing to enhanced urban mobility.

Leadership in key markets in Africa

Urbanization trends in Africa are driving the upturn in the construction industry in the region. Schindler has a leading position in markets such as Morocco, Kenya, Zimbabwe, Botswana, Sudan and South Africa. The Schindler 3300 and Schindler 5400 elevator product lines have proved successful in these countries.

Russia: launch of the Schindler 3300 elevator

Of all the EMIA markets, Russia's construction industry was worst hit by the global recession in 2009. Despite significantly weaker market conditions, the launch of the Schindler 3300 elevator proved successful and provided Schindler with a good basis for future growth.

Outlook

Even though the first signs of an economic recovery are becoming visible, major challenges still lie ahead. Banks are faced with mounting credit losses, unemployment is likely to continue rising and various governments have incurred unexpected budget deficits.

Europe

The new installations market will remain under pressure during 2010 at least. In certain countries, however, a modest recovery in construction activity is expected to start in the second half of 2010, while other markets may only experience an upturn from 2011 onwards. Schindler has a competitive product range and will actively capture any opportunities to further strengthen its market position across Europe.

North, Central, and South America

While economic and financial conditions are improving in North America, Schindler expects construction to continue trending downwards well into 2010, especially in the construction of offices. The positive impact on growth of the various economic stimulus packages will be visible in particular in the area of infrastructure projects. In Latin America, the construction industry is likely to recover further in 2010. Schindler will capture growth opportunities and consolidate its strong position.

Asia/Pacific

The market rebound in China and the successful introduction of the Schindler 3300AP elevator will form the basis for future growth. Schindler intends to further strengthen its position in the high-rise elevators and escalators business throughout the region.

East, Middle East, India, and Africa

Schindler believes that the emerging markets will achieve a strong performance in the coming years and is confident that with its proven product range and its investments in the business, it will be able to participate in this growth.

Important orders

Elevators & Escalators

Europe

Albania	East Gate Tirana, shopping mall, Tirana	5 elevators, including 2 Schindler 5400 and 3 Schindler 2600; as well as 4 Schindler 9300 AE escalators and 8 Schindler 9500 moving walks
Austria	Brauerei Liesing area, Vienna	28 elevators, including 10 Schindler 5300, 6 Schindler 5400, 10 Schindler 3300, and 1 Schindler 2400; as well as 7 Schindler 9300 AE escalators
	Julius-Tandler-Platz 3, office building, Vienna	Modernization of 14 elevators
	Mountain De Lux, residential buildings, Salzburg	14 Schindler 3300 elevators
Belgium/ Luxembourg	Médiacité, shopping mall, Liège	19 elevators, including 9 Schindler 5400, 8 Schindler 3300, and 2 Schindler 2400; as well as 22 Schindler 9300 escalators and 2 Schindler 9500 moving walks
	North Light, office building, Brussels	15 elevators, including 7 Schindler 7000, 3 Schindler 2400, and 1 Schindler 5400
	Bara-De Lijn, residential buildings, Brussels	17 Schindler 3300 elevators
Bosnia and Herzegovina	Importanne Centar, shopping mall, Sarajevo	14 elevators, including 11 Schindler 5400 and 3 Schindler 3400; as well as 4 Schindler 9300 escalators
Croatia	Arena Lanište, shopping mall, Zagreb	10 elevators, including 8 Schindler 5300 and 2 Schindler 5400; as well as 8 Schindler 9300 escalators and 15 Schindler 9500 moving walks
	Naselje Perivoj, residential buildings, Samobor	9 Schindler 3300 elevators
	Radisson Hotel, Dubrovnik	6 Schindler 5400 elevators
Czech Republic	Justiční Palác, office buildings, Brno	19 Schindler 5400 elevators and 10 Schindler 9300 escalators
	Fórum, shopping mall, Liberec	10 elevators, including 5 Schindler 5400, 4 Schindler 2600, and 1 Schindler 2400, as well as 14 Schindler 9300 AE escalators and 7 Schindler 9500 moving walks
	Fórum, shopping mall, Ústí nad Labem	15 elevators, including 9 Schindler 5400, 1 Schindler 5300, 2 Schindler 3300, 2 Schindler 2400 and 1 Schindler 2600; as well as 10 Schindler 9300 escalators and 2 Schindler 9500 moving walks
France	Ministry of Finance, office buildings, Paris	Maintenance contract for 1137 elevators
	Pinault Printemps Redoute (PPR) Group, commercial buildings, Paris	Maintenance contract for 122 elevators and 59 escalators
	Régie Immobilière de la Ville de Paris (RIVP), residential buildings, Paris	Modernization of 19 elevators and maintenance contract for 286 elevators
Germany	Airport Berlin Brandenburg International (BBI), Berlin	69 elevators, 28 Schindler 9300 escalators, 16 Schindler 9500 moving walks, and 4 lifting platforms
	Deutsche Bank AG, office building, Frankfurt	12 elevators and 1 lifting platform, as well as modernization of 21 elevators
	Kraftwerk GKM, power station, Mannheim	6 elevators
Hungary	Europeum Marriott, hotel and shopping mall, Budapest	8 elevators, including 6 Schindler 5400 and 2 Schindler 2600; as well as 4 Schindler 9300 escalators
	Nánási Garden, residential buildings, Budapest	9 Schindler 3300 elevators
Iceland	Nordurbakki 11–13, residential buildings, Hafnarfjörður	6 Schindler 3300 elevators
	Fróðengi 1–11, residential building, Reykjavík	6 Schindler 3300 elevators
Italy	Infrastructure projects for the government: Garibaldi metro station, Naples; metro B1 line, Rome; high speed railway, Tiburtina station, Rome; Porta Susa railway station, Turin	56 elevators and 167 Schindler 9300 escalators
	C.A.S.E. reconstruction project, residential buildings, L'Aquila	159 elevators, including 56 Schindler 3100
	Complesso Integrato Columbus, hospital, Rome	Modernization of 10 elevators, including 8 Schindler 5400, 5 with Miconic 10 and Schindler ID

Europe

Lithuania	Gedimino 9, shopping mall, Vilnius	4 Schindler 5400 elevators and 11 Schindler 9300 escalators
	Verslo uostas, office buildings, Vilnius	16 elevators, including 4 Schindler 7000 with Miconic 10 and Schindler ID,
		5 Schindler 5400, all with Miconic 10 and 3 with Schindler ID, and
		7 Schindler 5300
	Green Hall, office building, Vilnius	4 Schindler 5400 elevators with Miconic 10
Netherlands	Stadionkwartier, residential buildings, Eindhoven	19 elevators, including 6 Schindler 3300 and 13 Schindler 5400
	IKEA, Barendrecht	6 Schindler 2600 elevators
	Meubelplein Ekkersrijt, shopping mall, Son en Breugel	11 elevators, including 5 Schindler 5400 and 6 Schindler 2600; as well as
		4 Schindler 9300 escalators
Norway	St. Olavs Hospital, Trondheim	18 Schindler 2500 elevators
Poland	Bonarka City Center, shopping mall and entertainment center, Kraków	22 Schindler 9300 AE escalators and 8 Schindler 9500 moving walks
	Cuprum Arena, shopping mall and entertainment center, Lubin	12 elevators, including 8 Schindler 5400 and 4 Schindler 2600; as well as
		20 Schindler 9300 AE escalators
	Port Łódź, shopping mall and entertainment center, Łódź	13 elevators, including 7 Schindler 5400, 4 Schindler 2600, and 2 Schindler 2400; as well as 14 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
Portugal	CS Hotels, hotels and residential buildings, Algarve and Lisbon	115 elevators, including 60 Schindler 3300, 21 Schindler 5300, 16 Schindler 3400, and 15 Schindler 5400
	Estoril Sol Residence, hotel, Estoril	12 elevators, including 8 Schindler 5400 and 4 Schindler 5300
	IKEA, Loures	16 elevators, including 15 Schindler 2400; as well as
		2 Schindler 9300 escalators and 1 Schindler 9500 moving walk
Slovakia	Reconstruction and extension of the M.R. Štefánik airport terminal, Bratislava	17 elevators, including 14 Schindler 5400, 3 Schindler 2600, all with Lobby Vision; as well as 13 Schindler 9300 AE escalators
	Cassovar Business Center, phase 1, shopping mall, office and commercial building, Košice	11 elevators, including 7 Schindler 5400 and 4 Schindler 5300; as well as
		2 Schindler 9300 AE escalators
Slovenia	Palača Urbanc, shopping mall, Ljubljana	2 Schindler 5400 elevators and 10 Schindler 9300 AE escalators
	Tuš Koper, shopping mall, Koper	9 elevators, including 3 Schindler 2600, 5 Schindler 2400, and 1 Schindler 5400; as well as 8 Schindler 9300 AE escalators
	Sper Extension 5, shopping mall, Ljubljana	4 elevators, including 2 Schindler 2400, and 2 Schindler 2600; as well as 12 Schindler 9300 AE escalators
Spain	Barrio de la Fortuna, extension of subway line 11, Madrid	3 Schindler 5400 elevators and 8 Schindler 9300 escalators
	Renfe, train stations, different cities	Maintenance contract for 197 elevators and 408 escalators
	El Corte Inglés, shopping mall, A Coruña	8 elevators, including 5 Schindler 2600 and 3 Schindler 2400; as well as 18 Schindler 9300 escalators and 6 Schindler 9500 moving walks
Sweden	Sollentuna Centrum, shopping mall, Stockholm	14 elevators, including 6 Schindler 5400 and 8 Schindler 2400
Switzerland	Toni-Areal, university, culture and residential building, Zurich	22 elevators, including 9 Schindler 5400, 1 Schindler 5300, 4 Schindler 3300, and 8 Schindler 2600
	Uetlihof, office building, Zurich	5 elevators, including 1 Schindler 5300 and 4 Schindler 2600; as well as 14 Schindler 9300 AE escalators; modernization of 5 elevators
	Bank J. Safra, Geneva	Modernization of 3 elevators
United Kingdom	The London 2012 Olympic Park, London	51 elevators, including 24 Schindler 5400, 1 Schindler 5300 and 26 elevators from the Schindler 2000 product line; as well as 10 Schindler 9300 escalators
	European Bank for Reconstruction and Development (EBRD), office building, London	Modernization of 9 elevators
	East India Docks, office building, London	Modernization of 35 elevators



Law courts; Hasselt, Belgium
Designed by Twins: J Mayer H, a2o-architecten, Lens°ass architecten



Verslo uostas, office buildings; Vilnius, Lithuania



Federal Palace; Berne, Switzerland



International Airport; Naples, Italy



North, Central, and South America

Arizona	Maricopa County Courthouse, Phoenix	19 elevators and 4 Schindler 9300 escalators
California	Four Embarcadero Center, office building, San Francisco	Modernization of 23 elevators and maintenance contract for 23 elevators
Connecticut	Travelers Insurance Co., office building, Hartford	Modernization of 6 elevators
Florida	Sheraton Yankee Clipper Hotel, Fort Lauderdale	Modernization of 9 elevators
	701 Brickell, office building, Miami	Modernization of 21 elevators
	Macy's South, retail stores, various cities	Maintenance contract for 229 elevators
	Florida Marlins Stadium, Miami	26 elevators, including 8 Schindler 400A; as well as 12 Schindler 9300 escalators
	Earlington Connector, metro, Miami	5 elevators and 8 Schindler 9700 escalators
Illinois	Horseshoe Casino, Hammond	Maintenance contract for 17 elevators and 12 escalators
	HSBC Chicago North, commercial building, Mettawa	Maintenance contract for 11 elevators
Louisiana	Louisiana State University, Baton Rouge	Maintenance contract for 124 elevators and 6 escalators
Maryland	Gaylord National Resort & Convention Center, Oxon Hill	Maintenance contract for 36 elevators and 10 escalators
	Maryland Stadium Authority, Baltimore	Maintenance contract for 32 elevators and 7 escalators
Massachusetts	Dan Farber Cancer Institute, hospital and office building, Boston	Modernization of 8 elevators
Minnesota	Humphrey Terminal Skyway at Minneapolis –	
	Saint Paul International Airport, Minneapolis	6 Schindler 9500 moving walks, 2 Schindler 9300 escalators, and 2 hydraulic elevators
Nevada	Flamingo Bridges, casino, Las Vegas	Maintenance contract for 6 elevators and 12 escalators
New Jersey	Newport Tower, office building, Jersey City	Modernization of 20 elevators
New York	120 Park Avenue, commercial building, New York	Maintenance contract for 12 elevators and 4 escalators
	New World Mall, shopping mall, Long Island	5 elevators and 10 Schindler 9300 escalators
Oklahoma	Devon World Headquarters, Oklahoma City	34 elevators, including 28 Schindler 7000, 13 Schindler 400A, and 3 Schindler 330A; as well as 2 Schindler 9300 escalators
Pennsylvania	Hollywood Casino, Grantville	Maintenance contract for 10 elevators and 4 escalators
	North Shore Connector, metro, 3 stations, Pittsburgh	8 elevators
Tennessee	Metro Nashville Airport, Nashville	2 Schindler 400A MRL elevators, 4 Schindler 9300 escalators, and 6 Schindler 9500 moving walks
Texas	AT&T, office building, San Antonio	Modernization of 11 elevators
	Four Leaf Towers, residential buildings, Houston	Modernization of 14 elevators
Washington	Washington Metropolitan Area Transit Authority (WMATA), Dupont Circle Station and Foggy Bottom-GWU Station,	
	Washington, D.C.	6 Schindler 9700 escalators and 3 Schindler 400A elevators

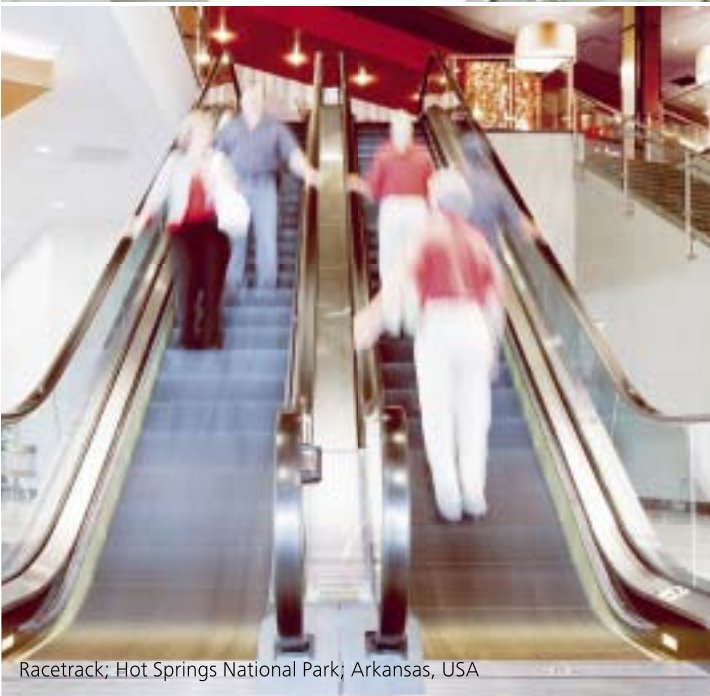
North, Central, and South America

Canada	International Airport, Edmonton	14 elevators, including 10 Schindler 330A; as well as 4 Schindler 9300 AE escalators and 8 Schindler 9500 moving walks
	Niagara Falls Convention Center, Niagara Falls	5 Schindler 330A elevators and 2 Schindler 9300 escalators
	Expansion of City Centre Airport, Toronto	3 Schindler 330A elevators and 5 Schindler 9300 escalators
	St. Joseph's Hospital, Hamilton	7 Schindler 330A elevators
	Bell Tower, office building, Edmonton	Modernization of 10 high-rise elevators
Argentina	Banco de la Provincia de Buenos Aires, bank and office building, Mar del Plata	4 Schindler 9300 AE escalators
	Edificio Congreso 1, 622, residential building, Buenos Aires	3 Schindler Neolift elevators
	Edificio Obra Social del Seguro, office building, Buenos Aires	4 Schindler Neolift elevators
	InterContinental Nordelta Buenos Aires Hotel, Residences & Spa, residential buildings and hotel, Nordelta, Buenos Aires	12 elevators, including 10 Schindler 5400 and 2 Schindler 5300
Brazil	Eco Berrini, office building, São Paulo	25 elevators, including 14 Schindler 7000 with Miconic 10, 2 Schindler 5300, 2 Schindler 3300, 6 Schindler 300 L, and 1 hydraulic elevator
	Manhattan Square, office and residential buildings, Salvador	39 elevators, including 37 Schindler 300 L and 2 Schindler 3300; as well as 1 Schindler 9300 AE escalator
	Le Parc Residential Resort, residential buildings, Salvador	55 elevators, including 54 Schindler 300 L and 1 Schindler 3300
	Caixa Econômica Federal, bank and commercial building, São Paulo	Modernization of 2 Schindler 300 L elevators and 16 elevators with Miconic 10
	Banco Safra, bank and commercial building, São Paulo	Modernization of 8 Schindler 500 L elevators with Miconic 10 and 2 Schindler 300 L elevators
	Edificio Martinelli, office building, São Paulo	Modernization of 12 elevators
Chile	Bi-Centenario Hospital, Santiago de Chile	17 elevators, including 11 Schindler 5400 AP and 6 Schindler Neolift
	Edificio Plaza Cordillera, commercial buildings, Santiago de Chile	10 Schindler 5400 AP elevators with Miconic 10
	Edificio de la Construcción, commercial building, Puerto Montt	4 Schindler 5400 AP elevators with Miconic 10
Mexico	Malecón Cancún, shopping mall, hotel, office, commercial and residential building, Cancún	20 elevators, including 11 Schindler Neolift, 3 Schindler EuroLift, 5 Schindler 5300, and 1 Schindler 330 A; as well as 13 Schindler 9300 escalators
	Samara, shopping mall, hotel, office and commercial buildings, Mexico City	32 elevators, including 8 Schindler EuroLift and 24 Schindler 7000
Venezuela	Casa Propia, office building, Barquisimeto	5 Schindler 7000 elevators and 10 Schindler 9300 escalators
	Ciudad Center, office buildings, Caracas	18 Schindler Neolift elevators
	Plaza Mayor, residential buildings, Barquisimeto	10 Schindler Neolift elevators
	Sanitas, hospital, Caracas	10 Schindler Neolift elevators

Edifício das Américas, office building; Belo Horizonte, Brazil

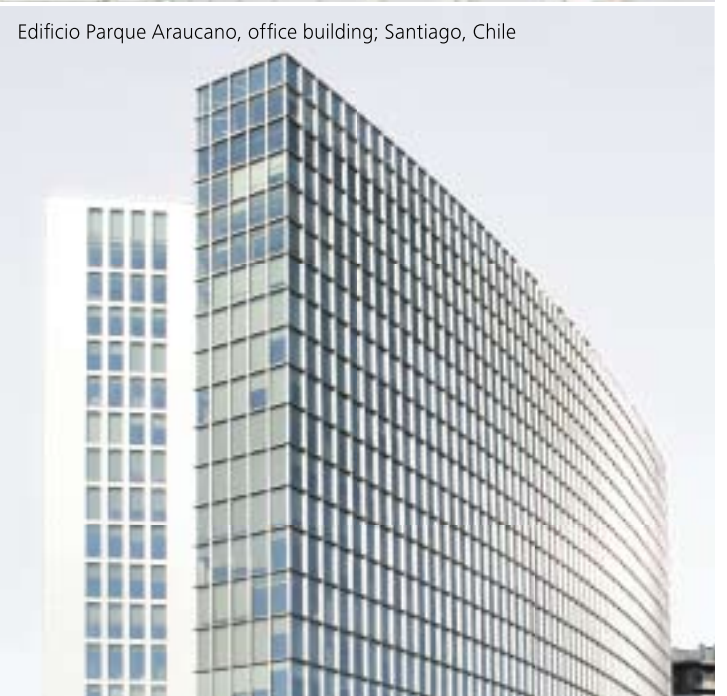


Canada Line; Vancouver, Canada



Racetrack; Hot Springs National Park; Arkansas, USA

Edificio Parque Araucano, office building; Santiago, Chile



Asia/Pacific

Australia	Canberra International Airport, Canberra	24 elevators, including 11 Schindler 5400, 1 Schindler 5300, 5 Schindler 3100, and 7 elevators from the Schindler 2000 product line; as well as 8 Schindler 9300 AE escalators
	Westfield, shopping mall, Sydney	5 Schindler 2400 elevators and 42 Schindler 9300 AE escalators
	IKEA, Melbourne, Sydney and Brisbane	Maintenance contract for 24 elevators and 8 escalators
	Hooker House, 175 Pitt Street, office building, Sydney	Modernization of 8 elevators with Miconic 10 and Schindler ID
	Royal North Shore Hospital, Sydney	16 Schindler 5400 elevators and 5 elevators from the Schindler 2000 product line
China	Tong Yan San Tsuen, residential buildings, Hong Kong	53 elevators, including 51 Schindler 3300 AP and 2 Schindler 5400
	Che Kung Temple Station, residential buildings, Hong Kong	28 elevators, including 21 Schindler 7000 and 7 Schindler 5400
	Ma On Shan Area 77, residential buildings, Hong Kong	25 Schindler 3400 elevators
	New Civil Aviation Department headquarters at Chek Lap Kok, office building, Hong Kong	20 elevators, including 15 Schindler 5400; as well as 4 Schindler 9300 AE escalators
	Yau Tong Estate Redevelopment, phase 4, shopping mall, Hong Kong	11 elevators and 33 Schindler 9300 AE escalators
	Lohas Park, package 2, phase 3, residential buildings, Tseung Kwan O, Hong Kong	18 Schindler 7000 elevators
	Prince Building, office building, Hong Kong	Modernization of 15 elevators with Schindler ID
	Expansion of Tseung Kwan O Hospital, Hong Kong	14 elevators, including 10 Schindler 7000 and 1 Schindler 5400; as well as 8 Schindler 9300 AE escalators
	Sheung Wan Urban Council Complex, government building, Hong Kong	Modernization of 9 elevators
	Hanglung City Plaza, office building, Shenyang	31 elevators, including 27 Schindler 7000
	China Pavilion, Expo Boulevard, 2010 Expo Park, Shanghai	90 Schindler 9300 AE escalators, 2 Schindler 9700 escalators, and 3 Schindler 9500 moving walks
	Luwan CBD Complex, shopping mall, hotel, office and residential buildings, Shanghai	51 elevators, including 25 Schindler 7000 and 26 Schindler 5400 AP; as well as 34 Schindler 9300 AE escalators
	Qinghe New Town, commercial and residential buildings, Beijing	135 elevators, including 129 Schindler 300 C and 6 Schindler 5400 AP; as well as 12 Schindler 9300 AE escalators
	Beautiful Vision, residential buildings, Shengyang	129 elevators, including 87 Schindler 3300 AP and 41 Schindler 300C
	Grand Rivera, residential buildings, Foshan	140 Schindler 3300 AP elevators
	New World Costume Market, Wuxi	Maintenance contract for 55 elevators and 104 escalators
Indonesia	Living World, shopping mall, Tangerang	22 Schindler 9300 AE escalators
	Gedung Vihara Buddha Tzu Chi Indonesia, community building, Jakarta	13 elevators, including 2 Schindler 3300 AP and 11 Schindler 5400
	Tamara Centre Building, office and commercial building, Jakarta	Modernization of 6 elevators
Korea	Ssangrim, office building, Seoul	15 elevators, including 12 Schindler 7000 and 3 Schindler 5400 MRL; as well as 2 Schindler 9300 escalators
	D-Cube City, shopping mall, Seoul	60 Schindler 9300 escalators
	Shinsegae Kyongbang, shopping mall, Seoul	45 Schindler 9300 escalators
	Metro line 5, Seoul	26 Schindler 9300 escalators
	Hoehyun 2 nd Office, office building, Seoul	14 elevators, including 12 Schindler 7000 and 3 Schindler 5400 MRL; as well as 2 Schindler 9300 escalators
	Yongin U-Tower, office and commercial building, Gyeonggi	12 elevators, including 9 Schindler 7000, 2 Schindler 5400, and 1 freight elevator; as well as 6 Schindler 9300 escalators

Asia/Pacific

Malaysia	Kuala Lumpur Convention Center, Lot C, shopping mall and office buildings, Kuala Lumpur	32 elevators, including 28 Schindler 7000 and 2 Schindler 5400; as well as 8 Schindler 9300 AE escalators
	Glomac Tower, office building, Kuala Lumpur	15 elevators, including 12 Schindler 7000 and 3 Schindler 5400
	St. Mary Residences, residential buildings, Kuala Lumpur	18 elevators, including 14 Schindler 7000 and 4 Schindler 5400
	Suria KLCC Retail Centre, shopping mall, Kuala Lumpur	Modernization of 25 elevators
	Istana Negara, residential building, Kuala Lumpur	14 elevators, including 8 Schindler 3400; as well as 2 Schindler 9300 AE escalators
	Alam Avenue, commercial buildings, Petaling Jaya	14 Schindler 3300 AP elevators
New Zealand	Mount Eden Prison, Auckland	12 elevators, including 5 Schindler 5400 and 7 Schindler 2500
	Britomart East, office buildings, Auckland	13 elevators, including 8 Schindler 5400 with Schindler ID, 2 Schindler 5400 MRL, 1 Schindler 5400 and 2 Schindler 3300 AP; as well as 2 Schindler 9300 AE escalators
	Christchurch Civic Center, office building, Christchurch	3 Schindler 5400 elevators and modernization of 3 Schindler 5400 elevators; as well as 2 Schindler 9300 AE escalators
Philippines	999 Shopping Mall, Manila	2 Schindler 5400 elevators and 14 Schindler 9300 AE escalators
	Manila Hotel, phase 2, Manila	Modernization of 6 elevators
	Bangko Sentral Ng Pilipinas, office building, Manila	Modernization of 5 elevators
Singapore	Marina Bay Financial Center, phase 2, office building	42 elevators, including 34 Schindler 7000 and 3 Schindler 5400; as well as 4 Schindler 9300 AE escalators
	Serangoon Central Mall, shopping mall	16 elevators, including 6 Schindler 5400; as well as 61 Schindler 9300 AE escalators
	CREATE – Campus for Research Excellence And Technology Enterprise	20 elevators, including 7 Schindler 7000 and 13 Schindler 5400; as well as 2 Schindler 9300 AE escalators
	Mi Casa Condominium, residential building	20 elevators, including 18 Schindler 3400
	Fragrance, Kerong Lane, residential houses	15 Schindler 3100 elevators
Taiwan	Carrefour Nanzih Store, shopping mall, Kaohsiung	12 Schindler 9500 moving walks
	Kee Tai Xi Zhi, residential building, Taipei	9 Schindler 3300 AP elevators
	Jin Wei Center, office building, Taipei	Modernization of 10 elevators
Thailand	Park Ventures, hotel and office building, Bangkok	22 elevators, including 12 Schindler 7000 and 10 Schindler 5400; as well as 4 Schindler 9300 AE escalators
	The Ideo Condominium at Sathorn Taksin, Soi Sukhumvit 38, Soi Sukhumvit 103, Ratchaprarob and On-Nuch, residential buildings, Bangkok	29 elevators, including 11 Schindler 7000 and 18 Schindler 3400
	The Smart Condominium at Rama 2, residential buildings, Bangkok	17 Schindler 3300 AP elevators
	The Novotel Platinum Hotel, Bangkok	12 elevators, including 4 Schindler 7000 and 8 Schindler 5400 as well as 10 Schindler 9300 AE escalators
	Supreme, shopping mall and office building, Bangkok	6 Schindler 5400 elevators and 8 Schindler 9300 AE escalators
	Siam Square Car Park, block L, Bangkok	6 Schindler 5400 elevators and 10 Schindler 9300 AE escalators
Vietnam	Saigon M&C Tower, office building, Ho Chi Minh City	25 elevators, including 18 Schindler 7000 and 6 Schindler 5400; as well as 10 Schindler 9300 AE escalators
	Hanoi Habico Tower, office building, Hanoi	22 elevators, including 16 Schindler 7000 and 5 Schindler 5400; as well as 12 Schindler 9300 AE escalators
	Police Ministry Headquarters, office building, Hanoi	10 Schindler 7000 elevators

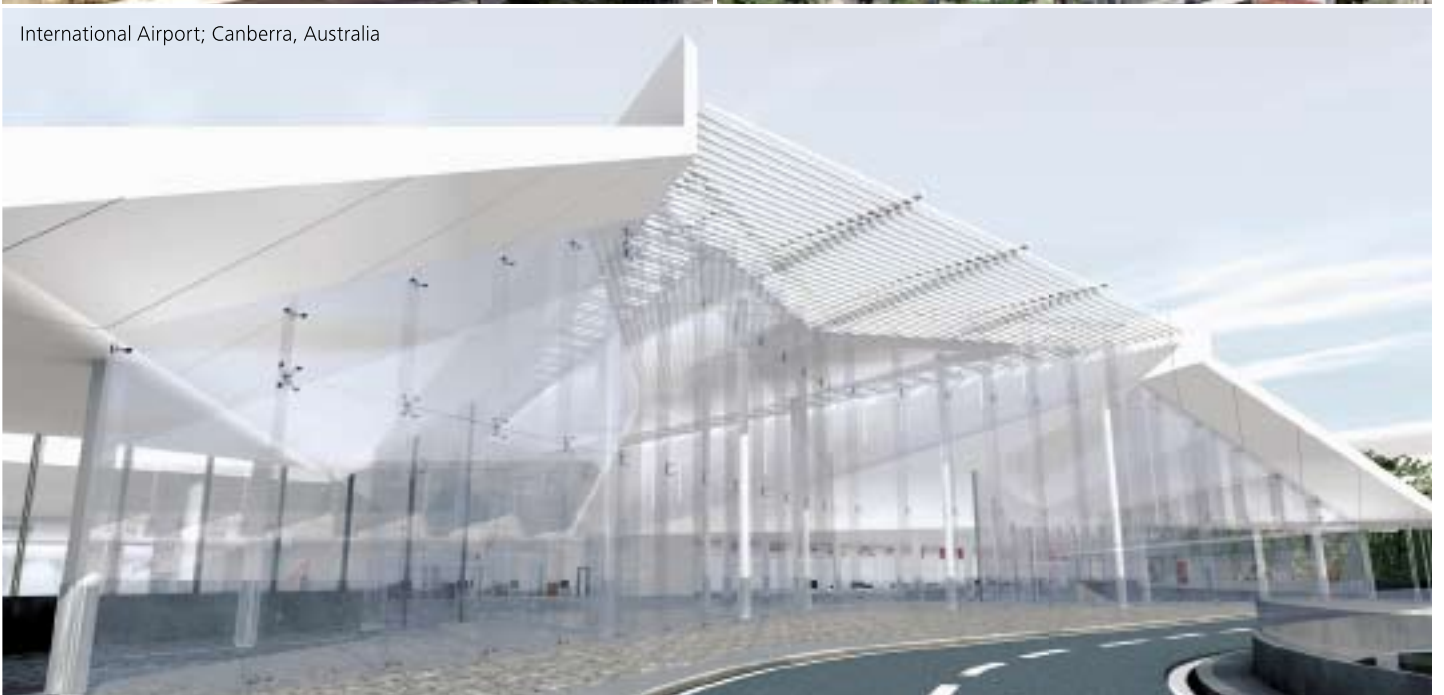
Landmark East, office building; Hong Kong, China



City Tower, office building; Jakarta, Indonesia



International Airport; Canberra, Australia



Hanglung City Plaza, office building; Shenyang, China



Ssangrim, office building; Seoul, Korea



Jinsha Wanrui, office building; Chengdu, Sichuan Province, China



Cyberworld Towers, office building; Bangkok, Thailand



Expo Boulevard and China Pavilion; Shanghai, China



East, Middle East, India, and Africa

Egypt	Zaharat El Obour, residential buildings, Obour City	38 Schindler 3100 elevators
	City Stars, office building A8, Cairo	5 Schindler 7000 elevators and 4 Schindler 9300 escalators
	Ocean Blue, hotel and resort, Ain Sokhna	35 Schindler 3300 elevators
	Hyatt Heights, residential buildings, New Cairo	24 Schindler 3100 elevators
	Crown Plaza, hotel, Sharm el-Sheikh	15 elevators, including 2 Schindler 5400 and 13 Schindler 3400
India	Kolkata Airport	24 elevators, including 10 Schindler 100 P and 14 Schindler 5400; as well as 20 Schindler 9300 escalators and 16 Schindler 9500 moving walks
	Chennai Airport	41 Schindler 5400 elevators and 12 Schindler 9300 AE escalators
	Delhi metro (DAMEL)	53 Schindler 9700 escalators
	Sachivalaya Complex, commercial building, Ahmedabad	Modernization of 29 Schindler 5400 elevators
	Lanco Hills, commercial buildings, Hyderabad	34 Schindler 5400 elevators
	HDIL, residential building, Mumbai	63 Schindler Easy elevators
	Naman, commercial building, Mumbai	12 elevators, including 4 Schindler 7000, 6 Schindler 5400, and 2 Schindler 3300 AP
Israel	Godrey IT Park II, Mumbai	21 Schindler 5400 elevators
	Ichilov Cardiologic Hospital, Tel Aviv	12 Schindler 7000 elevators
	G Tel Aviv Tower, residential building, Tel Aviv	4 Schindler 7000 elevators
	Karden Office Tower, commercial building, Tel Aviv	7 elevators, including 5 Schindler 7000 and 2 Schindler 5400
Kenya	Flextronics Industrial, commercial building, Migdal Haemek	7 elevators, including 2 Schindler 2400 and 5 Schindler 2600
	Delta Corner, commercial building, Westlands, Nairobi	8 Schindler 5400 elevators
Lebanon	Delta Centre, commercial building, Upperhill, Nairobi	5 Schindler 5400 elevators
	Cedars 3, residential building, Achrafieh	2 Schindler 100 P MRL elevators
	Monteverde Hills, residential buildings, Mansourieh	3 Schindler 3300 elevators
	Hotel Invesco, Maameltein	3 elevators, including 1 Schindler 3300 and 1 Schindler 100 P MRL
	Snow Loft, residential buildings, Kfarzebian	9 Schindler 3300 elevators
Morocco	Haigazian University, Hamra	1 Schindler 3300 elevator
	Mohamed V Airport, Terminal 1, Casablanca	10 Schindler 5400 elevators, 4 Schindler 2600 elevators, 25 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Janat Azaitoun, residential buildings, Marrakech	60 Schindler 3300 elevators
	Bahia Golf Beach, residential building, Benslimane	48 Schindler 3300 elevators

East, Middle East, India, and Africa

Russia	Greenwich, shopping mall, Ekaterinburg	15 elevators, including 3 Schindler 5400, 10 Schindler 3300, and 2 Schindler 2600; as well as 26 Schindler 9300 escalators
Senegal	Blaise Diagne International Airport, Terminal 1, Ndiass, Dakar	7 Schindler 5400 elevators and 6 Schindler 9300 escalators
South Africa	The Zone, shopping mall, Johannesburg	12 Schindler 5400 AP MRL elevators and 10 Schindler 9300 escalators
	Sandton Eye, shopping mall, hotel, office and residential building, Johannesburg	11 elevators, including 7 Schindler 5400 AP MRL, 3 Schindler 5400, and 1 Schindler 2400; as well as 4 Schindler 9300 AE escalators
	The Villa Mall, shopping mall, Pretoria	17 elevators, including 15 Schindler 5400 AP MRL and 2 Schindler 2400; as well as 36 Schindler 9300 AE escalators
	Crystal Towers, office building, apartments and hotel, Cape Town	14 Schindler 5400 AP MRL elevators
	Lynnwood Bridge, office buildings, Pretoria	12 Schindler 5400 AP MRL elevators and 2 Schindler 9300 AE escalators
	Mall of the North, shopping mall, Pretoria	15 Schindler 5400 AP MRL elevators
	Brits Hospital, Pretoria	12 elevators, including 8 Schindler 5400, 2 Schindler 5400 AP MRL, and 2 Schindler 2500
Turkey	Kadıköy-Kartal metro, various stations, Istanbul	67 elevators, including 59 Schindler 2400 and 8 Schindler 5400; as well as 272 escalators, including 268 Schindler 9300 AE and 4 Schindler 9700
	Kartal law courts, Istanbul	99 elevators, including 50 Schindler 3300 AP, 32 Schindler 5400, and 17 dumbwaiters; as well as 48 Schindler 9300 AE escalators
	Ağaoğlu My City, residential building, Istanbul	60 Schindler 3300 elevators
	Tepe Prime, office buildings, Ankara	16 elevators, including 15 Schindler 5400 AP; as well as 4 Schindler 9300 AE escalators
	Skyport, residential building, Istanbul	8 elevators, including 5 Schindler 5400 AP and 3 Schindler 3300
	Demirören Mall, shopping mall, Istanbul	14 Schindler 9300 AE escalators
	Kuzu Construction-Spradon Quartz, residential building, Istanbul	39 elevators, including 15 Schindler 5400 and 24 Schindler 3300
United Arab Emirates	Zayed University, Abu Dhabi	42 elevators, including 22 Schindler 5400, 19 Schindler 2400, and 1 Schindler 2600; as well as 4 Schindler 9300 escalators
	Al Ain Mall, shopping mall, Al Ain	10 Schindler 5400 elevators, 22 Schindler 9300 escalators and 4 Schindler 9500 moving walks
	Shining Tower, office and residential building, Abu Dhabi	16 elevators, including 10 Schindler 7000 and 6 Schindler 5400

International Airport; Kolkata, India



Tulip Africa Centre, Mombasa Road, commercial building; Nairobi, Kenya



Bahrain Financial Harbour (BFH); Manama, Bahrain





O.R. Tambo, International Airport; Johannesburg, South Africa

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ALSO

ALSO Group

CHF 15 million in profit despite special amortization charge

In a weak market environment and despite a special amortization charge of CHF 15 million for the discontinuation of the GNT brand name, ALSO succeeded in eliminating the previous year's loss of CHF –11 million and generated a net profit of CHF 15 million.

The global financial crisis had a significant impact in Europe in 2009 and the IT sector was particularly affected. In all of the countries served by ALSO, the value of industry sales declined compared to the previous year.

Consolidated net sales from ALSO's continuing operations decreased by 9% (–5% in local currencies) to CHF 4 410 million (2008: CHF 4 851 million), reflecting weak market conditions and a selective sales policy. ALSO decided to discontinue the use of the GNT brand name at end-2009, resulting in a one-off amortization charge of CHF 15 million.

As a result, the operating profit from continuing operations declined by 28% to CHF 40 million, compared to CHF 56 million in the previous year. Excluding this amortization charge, the operating profit from continuing operations would have been only marginally below the previous year despite a marked fall in net sales and would have increased as a percentage of net sales.

Overall, ALSO delivered a net profit of CHF 15 million for 2009. Thanks to the targeted management of current assets, total assets declined by CHF 65 million to CHF 812 million. The equity ratio rose to 24%.

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

Significant improvement in Switzerland/Germany market segment

The demand for IT products in the Switzerland/Germany market segment declined by 10–15% in value terms compared to the previous year. ALSO succeeded in offsetting the fall in net sales in Switzerland with increases in Germany and, at CHF 3 066 million, maintained total net sales at the previous year's level. Thanks to improvements in margins and systematic cost management, ALSO grew its operating profit by 26%.

Good performance in Northern/Eastern Europe market segment

In value terms, the demand for IT products in the Northern/Eastern Europe market segment was impacted by the downturn of the Baltic markets and a sharp decline in Finland. Net sales in this market segment (excluding Sweden and Poland) fell by 22% to CHF 1 344 million (2008: CHF 1 731 million). As a result of the systematic adjustment of cost structures as well as the optimized realization of prices, ALSO was able to partly offset the decline in margins.

Renewal of ERP systems

From 2010, ALSO will gradually harmonize its IT platforms throughout the Group to achieve a sustained reduction in IT operating costs. In the first phase of this initiative from 2010 to 2012, the GNT companies will be migrated to an SAP platform. This step will involve a high level of capital expenditure during this period. In the second phase commencing in 2012, it is planned that the subsidiaries in Switzerland and Germany will also be migrated.

Outlook

ALSO Group

A sluggish economic recovery is expected in 2010. However, the outlook for the IT industry appears somewhat more positive. Private consumption is unlikely to grow in view of high and still rising unemployment and may stagnate at 2009 levels. However, companies are likely to begin renewing their now very outdated IT infrastructures in the course of 2010. Overall, the industry expects to achieve growth in 2010 – at least in terms of unit volumes.

ALSO will focus on achieving further improvements in earnings and on strengthening its market position in Europe in the current year. ALSO anticipates that Group net sales will remain unchanged at approximately CHF 4.5 billion and – excluding any unforeseeable events – expects net profit to increase significantly in 2010.

For further information, please refer to ALSO's annual report.

Corporate Citizenship

Wide-ranging corporate commitments

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Corporate Citizenship

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 this 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 impact occurs 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 12 000 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.

In 1997, 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.

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, which 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 which 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

Schindler Award

Access for all – Schindler Award

Barrier-free mobility for all people

The Schindler Award was launched in 2003 under the patronage of the Schindler Group. The competition is open to students of architecture throughout Europe, who are invited to submit design concepts based on the central theme “Access for All.”

The competition aims to raise awareness of accessibility issues among young architects by encouraging them to think beyond form, light and materials and to focus on the needs of all the people who will eventually use the structures and spaces they design. The objective is to bring about targeted improvements to buildings, railroad stations, airport terminals, hospitals, etc. – in other words, to provide enhanced mobility for all people, irrespective of their age, state of health or physical capabilities.

The Schindler Award offers an excellent opportunity for the next generation of architects throughout Europe to have their designs judged by a professional jury. Any students who are in their final year of study for a bachelor’s degree or who are enrolled on a master’s course at a European university or school of architecture may enter the competition.

Schindler Award 2010 – Olympic Park Berlin

Schindler has been accepting applications from students who wish to participate in the 2010 competition since September 2009.

The jury selected the area surrounding the “Waldbühne” woodland arena in Berlin as the competition site in consultation with the Berlin Senate. The challenge facing the young architects is to transform the area on the western periphery of the Olympic Park Berlin into an attractive, barrier-free park for sports and leisure. The students must redesign the site, comprising sports facilities, an open-air arena and a parking area, and incorporate a new, barrier-free access route from a nearby suburban railway station.

Further information on the Schindler Award 2010, as well as previous competitions (Brussels 2003/2004, Paris 2005/2006 and Vienna 2007/2008) can be found on the website: www.schindleraward.com

Right: Images from the Schindler Award Ceremony 2008



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Overview of financial results

Summary financial statements Group

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Overview of
financial results

Profit and loss statement

In million CHF	2009	2008	2007	2006	2005
Operating revenue	12 691	14 027	13 835	11 106	8 870
Total operating cost	11 717	13 138	13 005	10 380	8 236
Operating profit	974	889	830	726	634
Antitrust fines			293		
Financing activities	-64	-12	-51	-25	-60
Investing activities	-6	1	-	10	-2
Profit before taxes	904	878	486	711	572
Taxes	251	244	208	200	171
Net profit	653	634	278	511	401
Shareholders of Schindler Holding Ltd.	625	615	254	488	377
Minority interests	28	19	24	23	24

Balance sheet December 31

In million CHF	2009	2008	2007	2006	2005
Current assets	5 103	4 956	4 927	4 917	3 909
Non-current assets	1 977	1 855 ¹	2 214	2 359	2 140
Total assets	7 080	6 811	7 141	7 276	6 049
Current liabilities	3 466	3 726	3 827	3 744	3 004
Non-current liabilities	1 093	1 049 ¹	1 232	1 355	1 160
Total liabilities	4 559	4 775	5 059	5 099	4 164
Total shareholders' equity	2 521	2 036 ¹	2 082	2 177	1 885
Shareholders equity of Schindler Holding Ltd.	2 412	1 925 ¹	1 957	2 060	1 749
Minority interests	109	111	125	117	136
Total liabilities and shareholders' equity	7 080	6 811	7 141	7 276	6 049

¹ Retrospective adjustment in the financial statements 2009 (see Financial Statements Group, note 2.2, page 11)

Cash flow statement

In million CHF	2009	2008	2007	2006	2005
Cash flow from operating activities	1 052	1 062	602	476	347
Cash flow from investing activities	215	-525	-11	-288	11
Cash flow from financing activities	-624	-264	-511	-319	-296
Translation exchange differences	22	-45	-28	-3	35
Change in cash and cash equivalents	665	228	52	-134	97

Summary financial statements Schindler Holding Ltd.

Profit and loss statement

In million CHF	2009	2008	2007	2006	2005
Income from Group companies	553	520	398	325	270
Other revenue	26	44	546	26	30
Total revenue	579	564	944	351	300
Write-down, value adjustment, and change to provisions	54	82	28	72	76
Other expenses	34	54	42	46	47
Total expenses	88	136	70	118	123
Net profit for the year	491	428	874	233	177

Balance sheet December 31

In million CHF	2009	2008	2007	2006	2005
Current assets	1 135	1 219	1 052	711	759
Non-current assets	1 604	1 604	1 615	1 274	1 328
Total assets	2 739	2 823	2 667	1 985	2 087
Debentures	–	300	300	300	600
Other liabilities	553	528	404	408	332
Total liabilities	553	828	704	708	932
Share capital	7	7	7	7	7
Participation capital	5	5	5	5	5
Retained earnings	1 683	1 555	1 077	1 032	966
Net profit for the year	491	428	874	233	177
Total shareholders' equity	2 186	1 995	1 963	1 277	1 155
Total liabilities and shareholders' equity	2 739	2 823	2 667	1 985	2 087

Dividend payment

In million CHF	2009	2008	2007	2006	2005
Registered shares	144 ¹	141	114	93	65
Participation certificates	97 ¹	97	78	66	46
Total dividend payment	241¹	238	192	159	111

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 67).

Key figures Group

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Overview of
financial results

Group					
In million CHF	2009	2008	2007	2006	2005
Orders received	12 865	14 479	14 116	11 720	9 445
Operating revenue	12 691	14 027	13 835	11 106	8 870
EBITDA ¹	1 124	1 018	958	848	751
in %	8.9	7.3	6.9	7.6	8.5
EBITA ²	1 028	926	865	758	657
in %	8.1	6.6	6.3	6.8	7.4
EBIT ³	974	889	830	726	634
in %	7.7	6.3	6.0	6.5	7.1
Antitrust fines			293		
Net income from financing and investing activities	-70	-11	-51	-15	-62
Profit before taxes	904	878	486	711	572
Net profit	653	634	278	511	401
in %	5.1	4.5	2.0	4.6	4.5
Net profit before antitrust fines			571		
in %			4.1		
Net profit of shareholders of Schindler Holding Ltd.	625	615	254	488	377
Cash flow ⁴	813	733	391	623	490
Capital expenditure	103	120	103	112	98
Order backlog	6 341	6 396	6 752	6 024	5 005
Personnel at year-end (number)	43 437	45 063	45 208	43 679	40 385
Total shareholders' equity	2 521	2 036 ⁵	2 082	2 177	1 885
Equity ratio in %	35.6	29.9	29.2	29.9	31.2

¹ EBITDA: Operating profit + depreciation/amortization

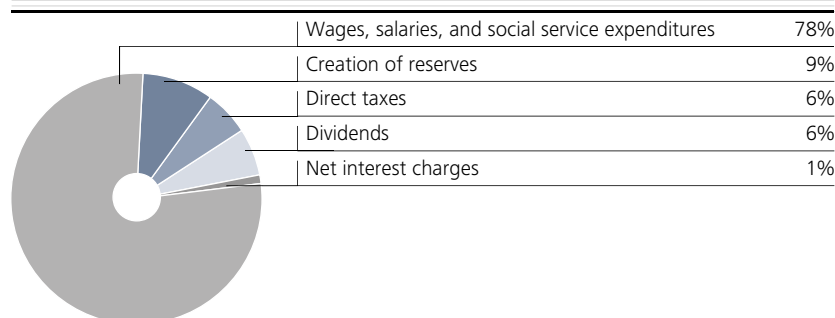
² EBITA: Operating profit + depreciation

³ EBIT: Operating profit

⁴ Cash flow: Net profit + depreciation/amortization +/- change in provisions

⁵ Retrospective adjustment in the financial statements 2009 (see Financial Statements Group, note 2.2, page 11)

Allocation of the Group's net value added 2009



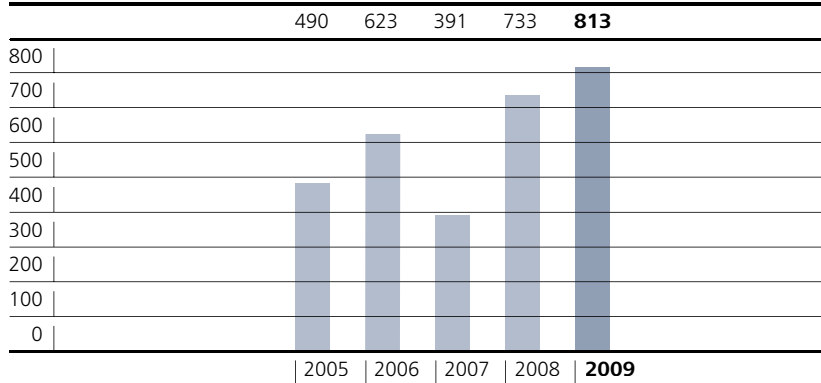
The Group's total value added is the increase in value achieved by the whole Group within a certain period of time.

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

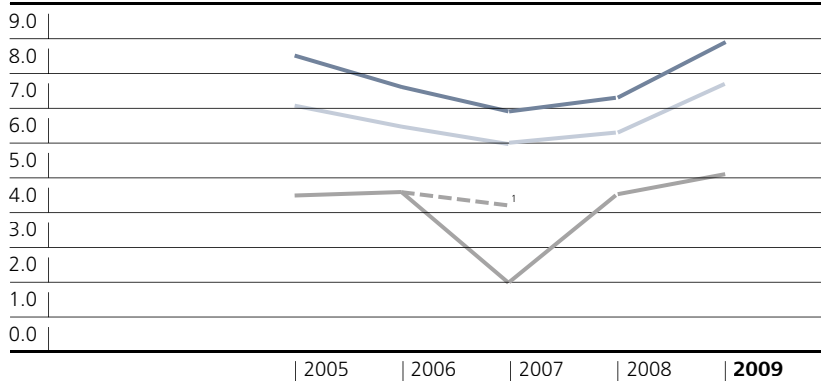


¹ Net profit + depreciation/amortization +/- change in provisions

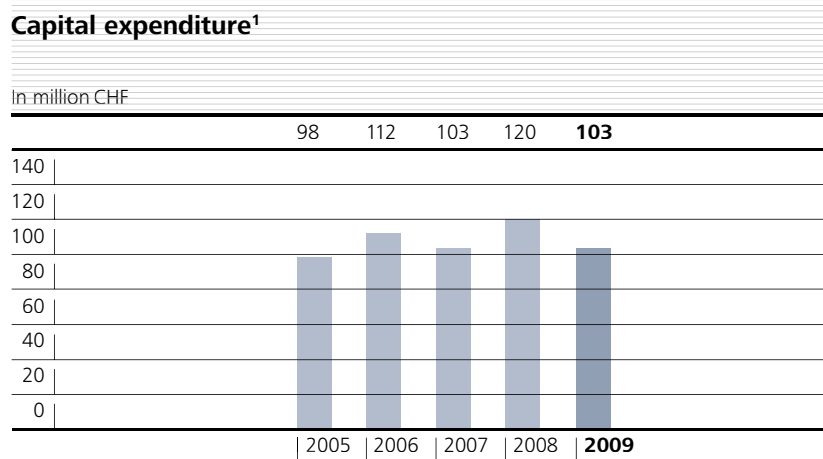
EBITDA, EBIT, net profit

As % of operating revenue

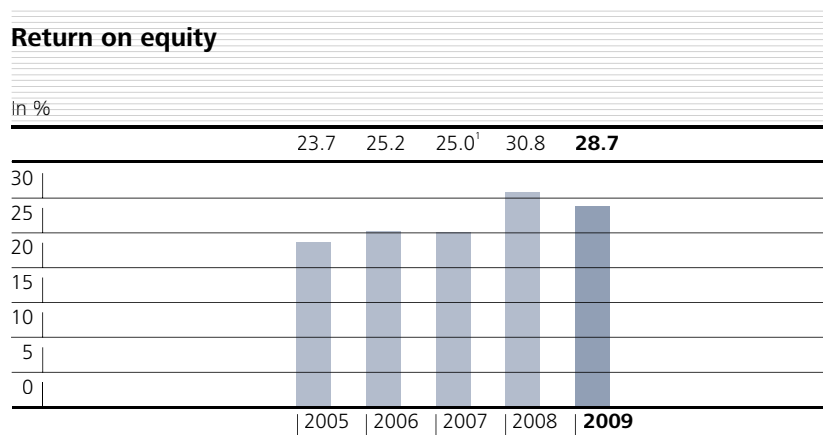
	2005	2006	2007	2008	2009
EBITDA	8.5	7.6	6.9	7.3	8.9
EBIT	7.1	6.5	6.0	6.3	7.7
Net profit	4.5	4.6	2.0	4.5	5.1



¹ Before antitrust fines



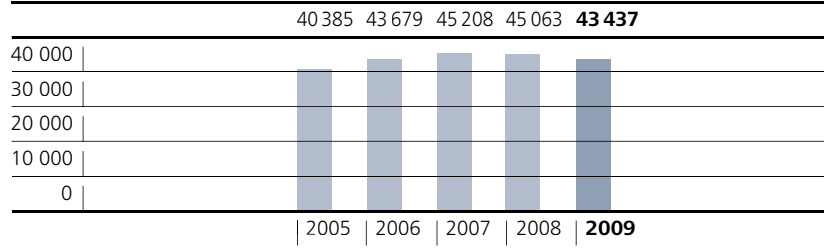
¹ Including investment properties



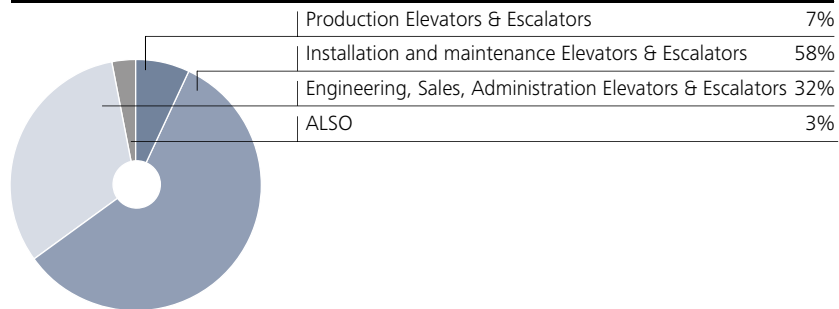
¹ Before antitrust fines

Personnel at year-end

Number



Personnel 2009 by sector



Key figures Elevators & Escalators

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Overview of
financial results

Elevators & Escalators

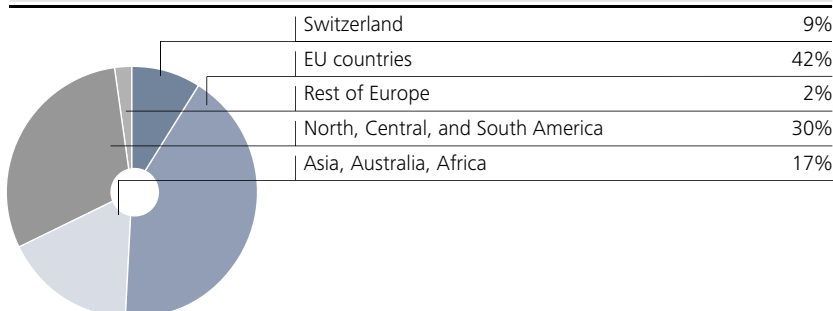
In million CHF	2009	2008	2007	2006	2005
Orders received	8 418	9 259	9 023	8 417	7 447
Operating revenue	8 281	8 761	8 752	7 829	6 890
EBITDA ¹	1 081	1 007	917	831	745
in %	13.1	11.5	10.5	10.6	10.8
EBITA ²	992	926	832	747	654
in %	12.0	10.6	9.5	9.5	9.5
EBIT ³	962	895	802	717	632
in %	11.6	10.2	9.2	9.2	9.2
Order backlog	6 200	6 291	6 602	5 911	4 980
Research and development	109	100	109	111	110
Personnel at year-end (number)	41 962	43 226	43 221	41 632	39 762

¹ EBITDA: Operating profit + depreciation/amortization

² EBITA: Operating profit + depreciation

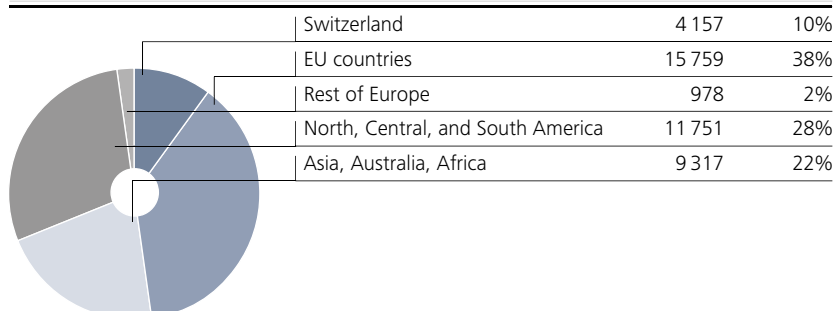
³ EBIT: Operating profit

Invoiced sales 2009 by market



Personnel 2009

Total 41 962



Key figures ALSO

Overview of financial results

ALSO					
In million: CHF	2009	2008	2007	2006	2005
Orders received	4 447	5 220	5 093	3 303	1 998
Operating revenue	4 410	5 266	5 083	3 277	1 980
EBITDA ¹	70	40	66	37	27
in %	1.6	0.8	1.3	1.1	1.4
EBITA ²	63	29	58	31	24
in %	1.4	0.6	1.1	0.9	1.2
EBIT ³	40	24	54	29	23
in %	0.9	0.5	1.1	0.9	1.2
Personnel at year-end (number)	1 475	1 837	1 987	2 047	623

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.

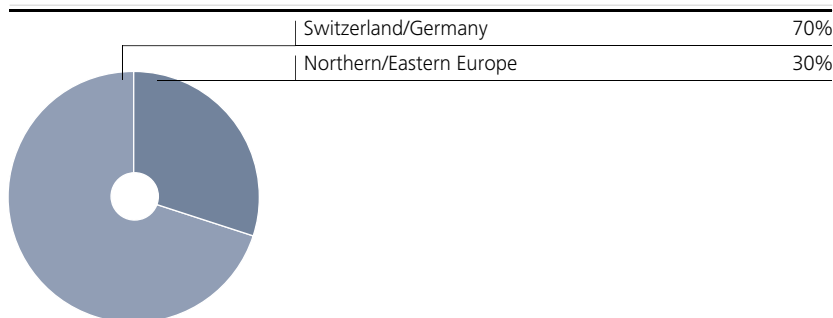
Key figures of the continuing operations (excluding the closed companies)				
Operating revenue	4 410	4 851	4 599	
EBIT ³	40	56	69	
in %	0.9	1.2	1.5	
Personnel at year-end (number)	1 473	1 658	1 765	

¹ EBITDA: Operating profit + depreciation/amortization

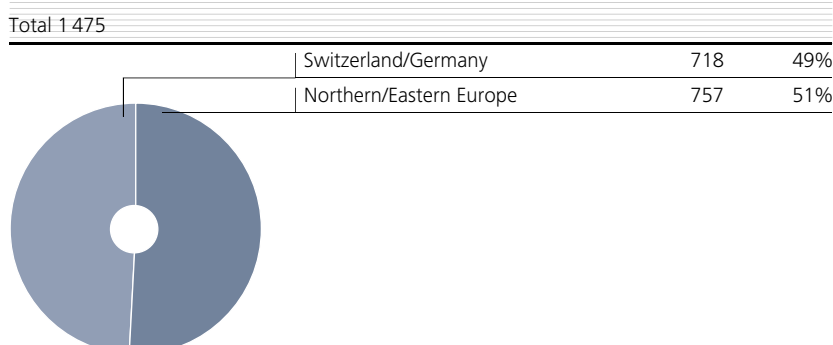
² EBITA: Operating profit + depreciation

³ EBIT: Operating profit

Invoiced sales 2009 by market segments



Personnel 2009



Key figures Schindler Holding Ltd.

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Overview of
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Schindler Holding Ltd.

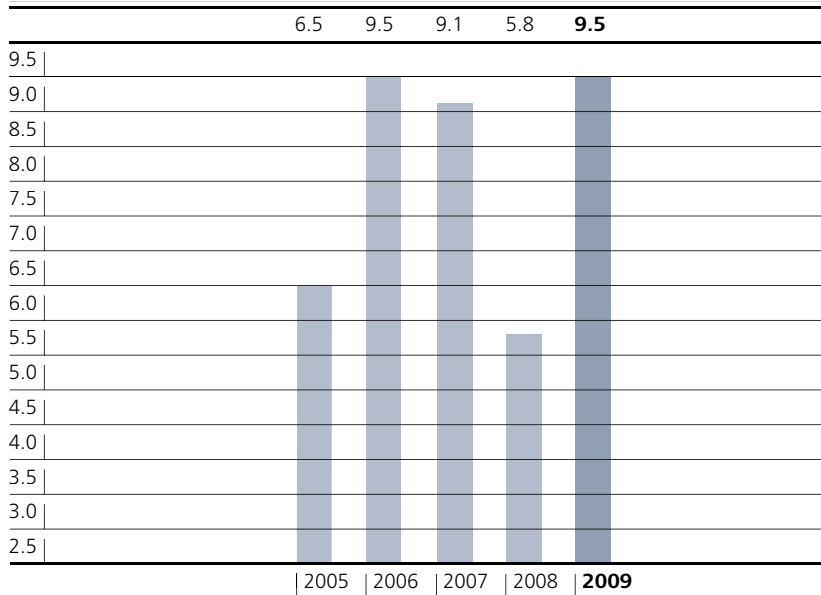
In million CHF	2009	2008	2007	2006	2005
Share capital	7	7	7	7	7
Participation capital	5	5	5	5	5
Shareholders' equity	2 186	1 995	1 963	1 277	1 155
Debentures	–	300	300	300	600
Net profit for the year	491	428	874	233	177
Dividend payment	241 ¹	238	192	159	111

¹ Proposal by the Board of Directors

Key figures registered share/ participation certificate

Market capitalization as of December 31

In billion CHF



Registered share

In CHF	2009	2008	2007	2006 ¹	2005
Number of registered shares outstanding	71 776 700	72 451 200	73 568 200	73 568 200	7 356 820
thereof in treasury stock	1 271 425	2 002 896	1 799 250	829 123	102 222
Nominal value	0.10	0.10	0.10	0.10	1.00
Price high	79.40	87.10	84.50	76.00	530.00
Price low	45.80	42.00	65.50	52.00	425.00
Price year-end	78.35	47.05	73.00	76.00	519.50
P/E ratio December 31	15.1x	9.3x	35.8x	19.5x	17.2x

¹ After 10:1 split on March 27, 2006

Participation certificate

In CHF	2009	2008	2007	2006 ¹	2005
Number of certificates outstanding	48 609 400	49 256 900	50 936 400	51 416 400	5 141 640
thereof in treasury stock	120 826	964 458	1 633 177	1 153 433	52 956
Nominal value	0.10	0.10	0.10	0.10	1.00
Price high	80.60	87.90	85.85	77.80	526.00
Price low	47.10	41.30	66.00	52.10	423.00
Price year-end	79.65	48.10	73.00	76.65	521.00
P/E ratio December 31	15.3x	9.5x	35.8x	19.7x	17.3x

¹ After 10:1 split on March 27, 2006

Information per registered share and participation certificate

In CHF	2009	2008	2007	2006	2005
Net profit ¹	5.19	5.05	2.04	3.90	3.02
Cash flow ¹	6.75	6.02	3.14	4.98	3.92
Shareholders' equity at year-end ¹	20.27	16.21	16.16	16.75	14.17
Gross dividend ¹	2.00²	2.00	1.60	1.30	0.90
Pay-out ratio	in % 38.5	39.6	36.4 ³	33.3	29.8
Market capitalization (in million CHF)	9 495	5 778	9 089	9 532	6 501

¹ The figures for 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	Participation certificate
Bloomberg	SCHN	SCHP
Reuters	SCHN.S	SCHP.S
Valor	002463821	002463819
ISIN	CH0024638212	CH0024638196

Both the registered shares and the participation certificates are traded on the SIX Swiss Exchange. The 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 2009, registered shares of Schindler Holding Ltd. were held by 4 443 shareholders (previous year: 4 197).

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 51 026 502 registered shares of Schindler Holding Ltd., corresponding to 71.1% of the voting rights of the share capital entered in the Commercial Register.

Financial calendar

Overview of
 financial results

Financial calendar		
	2010	2011
Annual results media conference	February 18	February 17
Ordinary General Meeting Schindler Holding Ltd.	March 15	March 15
First trading date ex-dividend	March 17 ¹	
Date of Schindler Holding Ltd. dividend payment	March 22 ¹	
Publication of Interim Report as of March 31	April 23	April
Publication of Interim Report as of June 30	August 17	August 16
Publication of Interim Report as of September 30	October 26	October

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

Important addresses

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The Annual Report of the Schindler Group for 2009 consists of the Group Review and the Financial Statements and Corporate Governance.

The original German language version is binding. English, French, Spanish and Chinese translations of the Group Review 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

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NZZ Fretz AG
Schlieren, Switzerland

Image photography

OnRequest Images



A first meeting. The start of a friendship.

"I met him with his herd about five years ago in Isola, a hamlet on the 'Silsersee', high up in the Engadin. All the time that I was sketching him and his goats, he was continually watching me and I was never sure whether he was going to attack me. Over time and with some gentle persuasion we came to understand each other better and better."

"Der König von Isola"; Ueli Lüthi, Artist; Borgonovo, Switzerland
www.luethi-kunstmaler.ch



“Providing shopping pleasure for more than 15 000 visitors a day is a lot harder than it looks. The display must be tantalizing, the movement effortless, and there must be something for everyone. With their smooth functioning and continuous availability, Schindler installations play an essential role in creating a real shopping experience. That makes visitors happy. And it makes us happy, too.”

Miguel del Río Rodríguez, Manager, Espacio Buenavista Shopping Center, Multi Mall Management Spain; Oviedo, Spain



High complexity.
Consistent execution.
Financial Statements and
Corporate Governance
2009



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Corporate Governance

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Financial Statements Group

Consolidated profit and loss statement

Financial Statements Group

In million CHF	Notes	2009	%	2008	%
Operating revenue	3	12 691	100.0	14 027	100.0
Material cost		6 437	50.7	7 641	54.5
Personnel cost	4	3 402	26.8	3 522	25.1
Other operating cost	5	1 718	13.5	1 876	13.4
Depreciation and amortization	16, 17, 18	150	1.2	129	0.9
Change of provision	27	10	0.1	-30	-0.2
Total operating cost		11 717	92.3	13 138	93.7
Operating profit		974	7.7	889	6.3
Financial income	6	45	0.3	114	0.8
Financial expenses	7	109	0.9	126	0.9
Investing activities	8	-6	0.0	1	0.0
Profit before taxes		904	7.1	878	6.2
Income taxes	9	251	2.0	244	1.7
Net profit		653	5.1	634	4.5
Of which:					
Shareholders of Schindler Holding Ltd.		625	4.9	615	4.4
Minority interests		28	0.2	19	0.1
Net profit (earnings) per share and participation certificate in CHF					
Undiluted earnings per share and participation certificate	10	5.26		5.15	
Diluted earnings per share and participation certificate	10	5.25		5.14	

Consolidated statement of comprehensive income

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Financial Statements Group

2009						
In million CHF	Translation exchange differences	Changes in value of financial instruments	Retained earnings	Shareholders' equity of Schindler Holding Ltd.	Minority interests	Total shareholders' equity
Net profit			625	625	28	653
Other comprehensive income:						
Changes in value of financial instruments	–	88		88	1	89
Hedging transactions	4	–		4	–1	3
Financial assets available for sale:						
not realized	–3	–		–3	–	–3
realized through the profit and loss statement	–	–		–	–	–
Taxes other comprehensive income	–	–	–	–	–	–
Comprehensive income	1	88	625	714	28	742

2008						
In million CHF	Translation exchange differences	Changes in value of financial instruments	Retained earnings	Shareholders' equity of Schindler Holding Ltd.	Minority interests	Total shareholders' equity
Net profit			615	615	19	634
Other comprehensive income:						
Changes in value of financial instruments	–1	–300		–301	–7	–308
Hedging transactions	–	–		–	1	1
Financial assets available for sale:						
not realized	7	–		7	–	7
realized through the profit and loss statement	–4	–		–4	–	–4
Taxes other comprehensive income	–	–	–	–	–	–
Comprehensive income	2	–300	615	317	13	330

Consolidated balance sheet

Financial Statements Group

Assets

In million: CHF	Notes	31.12.2009	%	31.12.2008	%	1.1.2008	%
Current assets							
Cash and cash equivalents		1 919	27.1	1 254	18.4	1 026	14.3
Marketable securities	11	257	3.6	565	8.3	260	3.6
Accounts receivable	12	1 707	24.1	1 714	25.2	1 933	27.0
Taxes receivable		63	0.9	55	0.8	64	0.9
Net assets of construction contracts	13	460	6.5	567	8.3	660	9.2
Inventories	14	595	8.5	605	8.9	789	11.0
Prepaid expenses and accrued income		101	1.4	178	2.6	190	2.7
Non-current assets held for sale	15	1	0.0	18	0.3	5	0.1
Total current assets		5 103	72.1	4 956	72.8	4 927	68.8
Non-current assets							
Property, plant, and equipment	16	480	6.8	471	6.9	502	7.0
Investment properties	17	21	0.3	21	0.3	29	0.4
Intangible assets	18	834	11.8	780	11.4	945	13.2
Investments in associated companies	20	178	2.4	169	2.5	233	3.3
Long-term financial assets	21	192	2.7	161	2.4	258	3.6
Deferred taxes	22	140	2.0	128	1.9	154	2.1
Employee benefits	23	132	1.9	125 ¹	1.8	115 ¹	1.6
Total non-current assets		1 977	27.9	1 855	27.2	2 236	31.2
Total assets		7 080	100.0	6 811	100.0	7 163	100.0

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see Statement of shareholders' equity, page 9, and note 2.2, page 11)

Liabilities and shareholders' equity

In million: CHF	Notes	31. 12. 2009	%	31. 12. 2008	%	1. 1. 2008	%
Liabilities							
Current liabilities:							
Financial debts	26	174	2.4	526	7.7	375	5.2
Accounts payable	24	1 013	14.3	1 142	16.8	1 285	17.9
Taxes payable		125	1.8	85	1.3	91	1.3
Net liabilities of construction contracts	13	764	10.8	664	9.7	637	8.9
Accrued expenses and deferred income	25	1 236	17.5	1 160	17.0	1 240	17.3
Provisions	27	154	2.2	149	2.2	199	2.8
Total current liabilities		3 466	49.0	3 726	54.7	3 827	53.4
Non-current liabilities:							
Financial debts	26	245	3.4	257	3.8	434	6.1
Provisions	27	319	4.5	268	3.9	213	3.0
Deferred taxes	22	199	2.8	204 ¹	3.0	229 ¹	3.2
Employee benefits	23	330	4.7	320	4.7	360	5.0
Total non-current liabilities		1 093	15.4	1 049	15.4	1 236	17.3
Total liabilities		4 559	64.4	4 775	70.1	5 063	70.7
Shareholders' equity							
Share capital and participation capital	28	12	0.2	12	0.2	12	0.2
Share premiums		17	0.2	5	0.1	54	0.8
Treasury stock		-91	-1.3	-199	-2.9	-228	-3.2
Changes in value of financial instruments		5	0.1	4	0.1	2	0.0
Translation exchange differences		-549	-7.7	-637	-9.4	-337	-4.7
Retained earnings		3 018	42.6	2 740 ¹	40.2	2 472 ¹	34.5
Shareholders' equity of Schindler Holding Ltd.		2 412	34.1	1 925	28.3	1 975	27.6
Minority interests		109	1.5	111	1.6	125	1.7
Total shareholders' equity		2 521	35.6	2 036	29.9	2 100	29.3
Total liabilities and shareholders' equity		7 080	100.0	6 811	100.0	7 163	100.0

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see Statement of shareholders' equity, page 9, and note 2.2, page 11)

Consolidated cash flow statement

Financial Statements Group

In million CHF	Notes	2009	2008
Net profit		653	634
Depreciation and amortization		150	129
Change of provisions		10	-30
Other items with no effect on liquidity		20	80
Contributions to pension funds		-26	-34
Change of remaining net working capital		245	283
Cash flow from operating activities		1 052	1 062
Additions to:			
Property, plant, and equipment		-103	-113
Investment properties		-	-7
Intangible assets		-34	-15
Investments in associated companies		-5	-10
Marketable securities		-	-280
Long-term financial assets		-116	-51
Disposals of:			
Property, plant, and equipment		7	16
Investment properties		-	4
Intangible assets		-	1
Marketable securities		398	-
Long-term financial assets		24	24
Non-current assets held for sale		56	-
Additions/disposals of investments in affiliated companies	29	-1	-1
Purchase of minority interests/ purchase price obligation GNT		-11	-93
Cash flow from investing activities		215	-525
Financial debt borrowed		7	258
Repayment 3½% debenture due 2.6.2009		-300	-
Other financial debt repaid		-69	-129
Additions treasury stock		-24	-189
Disposals treasury stock		25	7
Dividends of Schindler Holding Ltd. paid		-238	-192
Dividends paid to minority shareholders		-25	-19
Cash flow from financing activities		-624	-264
Translation exchange differences		22	-45
Change in cash and cash equivalents		665	228
Opening balance cash and cash equivalents		1 254	1 026
Closing balance cash and cash equivalents		1 919	1 254
Cash flow from operating activities includes:			
Income taxes paid		210	227
Interests paid		43	76
Interests received		31	54
Dividends received from associated companies		3	6

Statement of shareholders' equity

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Financial Statements Group

In million CHF	Share and PC capital	Share premiums	Treasury stock	Translation exchange differences	Changes in value of financial instruments	Retained earnings	Shareholders' equity of Schindler Holding Ltd.	Minority interests	Total shareholders' equity
January 1, 2008, before adjustment	12	54	-228	2	-337	2 454	1 957	125	2 082
Application IFRIC 14 ¹ :									
Employee benefits						22	22	-	22
Deferred taxes						-4	-4	-	-4
January 1, 2008, after adjustment	12	54	-228	2	-337	2 472	1 975	125	2 100
Net profit						615	615	19	634
Other comprehensive income				2	-300		-298	-6	-304
Comprehensive income				2	-300	615	317	13	330
Dividends						-192	-192	-19	-211
Elimination of treasury stock		-54	204			-150	-	-	-
Additions/disposals treasury stock		1	-175				-174	-	-174
Options for participation plans (fair value)		4					4	-	4
Change in minority interests						-5	-5	-8	-13
December 31, 2008	12	5	-199	4	-637	2 740	1 925	111	2 036
Net profit						625	625	28	653
Other comprehensive income				1	88		89	-	89
Comprehensive income				1	88	625	714	28	742
Dividends						-238	-238	-25	-263
Elimination of treasury stock			103			-103	-	-	-
Additions/disposals treasury stock		2	5				7	-	7
Options for participation plans (fair value)		10					10	-	10
Change in minority interests						-6	-6	-5	-11
December 31, 2009	12	17	-91	5	-549	3 018	2 412	109	2 521

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

Notes to the consolidated financial statements

1 Activities of the company

In its core business Elevators & Escalators (65% of consolidated operating revenue), Schindler, as the world's largest supplier of escalators and second largest supplier of elevators, is active in the business areas production, installation, maintenance and modernization with local companies in the most important markets worldwide. In 2009, turnover in this segment was CHF 8.3 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 2009 were CHF 4.4 billion.

2 Accounting policies

2.1 Principles of preparation

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 stated. The reporting periods of all affiliated companies end on December 31.

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

The Group introduced certain new and revised IFRS and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) from January 1, 2009, or retrospectively from January 1, 2008. The most important changes, and their effects on the consolidated annual financial statements, are described below. Application of all of the changes and interpretations did not have any material effects on the capital, financial, income, or cash flow situation.

- IFRS 7 – Financial Instruments: Disclosures. Improving Disclosures about Financial Instruments (Amendment) expands the disclosure of financial instruments. Financial instruments that are measured at their fair values must be categorized into three hierarchical levels. The information about the liquidity risks has also been amended. The new elements are contained in note 32.2.
- IFRS 8 – Operating Segments 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. The new standard results in various modifications to the segment reporting, which are described in note 34.
- IAS 1 Revised – Presentation of Financial Statements particularly differentiates more clearly between changes in shareholders' equity that have the nature of profit or loss, and changes that result from transactions with shareholders. Accordingly, effects with the nature of profit or loss must be disclosed in a separate statement of comprehensive income, while changes in shareholders' equity that result from transactions with shareholders must be disclosed in the normal statement of shareholders' equity. Both statements in this form are new and mandatory elements of annual financial statements according to IFRS.
- IAS 23 Revised – Borrowing Costs 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. According to the former accounting principles of the Group, these costs were recognized through profit or loss under interest expenses. They are now an element of costs.
- IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment) augments the Interpretation IFRIC 14 which was introduced in the last reporting year and which redefines the amount to be capitalized (if any) for plans with prescribed minimum contributions. According to this interpretation, employer contribution reserves no longer counted in every case as assets, but only when the future service cost correspondingly exceeded the future employer contributions. Based on this interpretation, already capitalized employer contribution reserves of Swiss companies no longer qualified as assets. These reserves less deferred taxes were retrospectively charged to shareholders' equity without recognition in profit or loss as at December 31, 2006. The original interpretation was corrected with the effect that the employer contribution reserves of defined-benefit plans are evaluated separately with regard to capitalization. The changes in the interpretation can already be applied for the current reporting period (mandatory application as from 1. 1. 2011). The items that were derecognized in the previous reporting year without recognition in profit or loss are therefore recapitalized (see Statement of shareholders' equity, page 9). This has no effect on profit or loss for the reporting year or the previous year.

– IFRIC 16 – Hedges of a Net Investment in a Foreign Operation is concerned with the recognition of hedging transactions associated with foreign currency risks that result from the hedging of net investments in foreign Group companies. There are, however, currently no such hedging relationships.

Listed below are further amendments and interpretations which have come into force in the reporting period but which have no practical relevance for the consolidated financial statements:

- IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (Amendment)
- 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 (Amendment)
- IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations (Amendment)
- Improvements to IFRSs 2008 (where operative from 2009)
- IFRIC 9 and IAS 39 Financial Instruments: Recognition and Measurement: Embedded Derivatives (Amendment)
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 18 – Transfers of Assets from Customers

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 (becomes operative from 2010) 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 9 – Financial Instruments (becomes operative from 2013) newly regulates areas of the accounting for financial instruments, including simplification of the existing rules for measurement. As from January 1, 2013, financial instruments must be measured either at fair value or at amortized costs of purchase by the effective interest method. Further issues that are also addressed include opting for measurement with fair values, reclassification, and investments in shareholders' equity instruments.

- IAS 24 Revised – Related Party Disclosures (becomes operative from 2011) particularly contains a more comprehensive definition of related parties. This can have corresponding effects on the evaluation of the occurrence of transactions with related parties.
- IAS 27 Revised – Consolidated and Separate Financial Statements (becomes operative from 2010) contains changed rules for the purchase and sale of minority interests without loss of control, and for accounting for the loss of control over 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: Structural Amendment (becomes operative from 2010)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Additional Exemptions for First-time Adopters (Amendment) (becomes operative from 2010)
- IFRS 2 – Share-based Payment: Group Cash-settled Share-based Payment (Amendment) (becomes operative from 2010)
- IAS 32 – Financial Instruments: Presentation: Classification of Rights Issues (Amendment) (becomes operative from 2011)
- IAS 39 – Financial Instruments: Recognition and Measurement: Eligible Hedged Items (becomes operative from 2010)
- Improvements to IFRSs for the years 2008 and 2009 (where operative from 2010)
- IFRIC 17 – Distributions of Non-cash Assets to Owners (becomes operative from 2010)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (becomes operative from 2011)

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

2.4 Most important estimates

The annual financial statements based on IFRS contain assumptions and estimates that affect the figures contained in this report. The necessary analyses and evaluations are continuously reviewed and adapted if necessary. However, the true results may differ from these estimates. Comments on the most important areas follow below.

Intangible assets/goodwill: Intangible assets (normally the service portfolio) that are purchased in acquisitions are measured at fair value. In many cases, however, such fair values cannot be observed as market prices but have to be determined by reference to models using various parameters that are based on estimates. This ultimately also applies to the goodwill that is recognized, since the purchase price allocation normally consists mainly of the portfolio value and goodwill. In addition, with regard to intangible assets with an indefinite useful life, as well as goodwill, further medium- and long-term estimates are necessary as part of the annual impairment test. These comprise internal planning data (cash flows, growth rates, etc.) as well as parameters obtained externally (discount rates).

Deferred tax assets: Deferred tax assets are in some cases determined on the basis of far-reaching estimates. The forecasts that are made for this purpose cover a time period of several years, and include amendments to, and interpretations of, existing tax laws and ordinances as well as changes in tax rates.

Provisions: Provisions are created for a variety of possible events. By their nature, provisions contain a greater degree of estimates than other balance sheet items and can therefore cause a greater or lesser cash drain depending on how the respective situation materializes.

Employee benefits: The status of various defined benefit plans depends on actuarial assumptions, some of which are of a long-term nature and may not correspond to reality. Furthermore, for the amortization of excessively large actuarial differences, the remaining working life of the employees must be determined. Both the status used for the calculation, and the amortization of any difference, contain estimated values which may have an effect on the capital, financial and income situation of the Group.

2.5 Fair values

The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values are determined by reference to quoted prices, or by means of recognized measurement methods (e.g. option price models, DCF model). The fair value is always determined by means of a model when no quoted prices in an active market are available.

2.6 Scope of consolidation

The consolidated financial statements include the annual financial statements of Schindler Holding Ltd., Hergiswil, Switzerland, and of all companies which Schindler Holding Ltd. controls (affiliated companies).

Relative to December 31, 2008, as at December 31, 2009, the scope of the consolidation was expanded to include a few relatively small local companies in Europe. The effect of these companies on consolidated operating revenue and consolidated net profit is distinctly less than 1%. In addition, in China, the holding in Suzhou Schindler Elevator Co. Ltd. was increased from 92% to 100% and in Schindler (China) Elevator Co. Ltd. from 96.4% to 100%.

The main Group companies (affiliated and associated companies), including the company name, headquarters address, and share held, are listed on pages 106 to 109.

2.7 Method of consolidation

The consolidated accounts are based on the annual financial statements of the individual affiliated companies, all of which follow uniform measurement and reporting practices prescribed by the Group. These companies are controlled directly or indirectly by Schindler Holding Ltd., a share of more than 50% of the voting rights being normally required. The assets, liabilities, income, and expenses of all affiliated companies are recognized to 100% by the full consolidation method, minority interests being reported separately. All Group-internal relationships and transactions, including unrealized profits between affiliated companies, are completely eliminated in the consolidated financial statements.

Companies acquired in the reporting period are included in the consolidated financial statements from the date on which their business activities become controlled by the Group. Companies that are sold are included until the date of transfer of control to the purchaser.

Investments in Group companies with voting rights between 20% and 50% are classified as investments in associated companies and accounted for according to the equity method.

2.8 Acquisitions and goodwill

Business combinations are handled according to the purchase method. The costs of acquisition are composed of the price paid plus the directly allocatable costs of the transaction, which are normally immaterial. The acquired net assets are composed of the identifiable assets, liabilities, and contingent liabilities, and are recognized at fair value. The identifiable assets also particularly include those of an intangible nature. This applies mainly to maintenance contracts, customer lists, supplier relationships, licenses, patents, brand names, and similar rights. The residual value of acquisition costs and interest in net assets is recognized as goodwill. Minority interests in participations of less than 100% are recognized in the balance sheet according to their share in the fair value of the acquired net assets.

Adjustments to the goodwill and fair value of the net assets are recognized in the assets and liabilities of the acquired company in its functional currency. Hence, goodwill and intangible assets in particular are recognized in those cash-generating units that are expected to benefit from the acquisition and/or to generate future cash flows.

Changes in the percentage holding in affiliated companies (purchase or sale) are recognized as transactions in shareholders' equity provided that control continues. On the other hand, if parts of an affiliated company are sold which cause a loss of control, 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. A complete sale of affiliated companies is handled similarly.

The goodwill and/or identifiable intangible assets at fair value of associated companies are recognized under investments in associated companies. Amortization and any impairment are recognized in the profit and loss statement under investing activities. In case of the partial or complete sale of investments in associated companies, the difference between the selling price and the net assets plus cumulative translation differences is reported in investing activities.

2.9 Translation of foreign currency

The functional currency of affiliated companies is the currency that is customary in the local economic area. Transactions in foreign currencies are translated at the respective spot rate. Exchange gains and losses resulting from such transactions, as well as those from the adjustment of foreign currency assets and liabilities at the balance sheet date, are recognized through profit or loss as income or expense respectively.

Within the consolidation, the annual financial statements of the foreign companies in foreign currencies are translated into Swiss francs as follows:

- Balance sheet at year-end exchange rates
- Profit and loss statement at the annual average exchange rates
- Cash flow statement at the annual average exchange rates

Exchange differences that result from calculation of the Group result at average and year-end exchange rates, and from changes in exchange rates between the start of the year and the end of the year, are reported in the statement of comprehensive income. In the case of a sale of a company, the exchange differences are recognized through the profit and loss statement.

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

			2009		2008	
			Year-end rate	Average rate	Year-end rate	Average rate
Eurozone	EUR	1	1.48	1.51	1.49	1.58
USA	USD	1	1.03	1.08	1.06	1.08
United Kingdom	GBP	1	1.66	1.68	1.53	1.99
Brazil	BRL	100	59.17	54.10	45.30	59.63
China	CNY	100	15.08	15.83	15.49	15.49

2.10 Financial assets

2.10.1 Principles of classification and measurement

The financial assets are divided into the following categories:

- At fair value through profit or loss: financial assets that are held for trading or were designated for this category on first recognition. Financial assets held for trading are acquired principally for the purpose of generating a profit from short-term fluctuations in price
- Held-to-maturity: non-derivative financial assets with fixed or determinable payments and fixed duration which Schindler intends to, and can, hold to maturity
- Loans and receivables: non-derivative financial assets with fixed or determinable payments that are not listed in an active market
- Available for sale: all other financial assets.

All financial assets are first measured at fair value. Except for financial assets at fair value through profit or loss, the fair value also includes the costs of the transaction. 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.

Derivatives with a positive replacement value are by definition assigned to the category at fair value through profit or loss.

After their initial recognition, and depending on their category, financial assets are measured as follows:

- At fair value through profit or loss: at fair value. Should the fair value not be readily available, it must be calculated using recognized valuation methods. All changes in value are reported in the financial result (financial income or expense) for the respective reporting period.
- Held-to-maturity and loans and receivables: at amortized costs using the effective interest method
- Available for sale: at fair value. all unrealized changes in value are recognized in the statement of comprehensive income, with the exception of interest which was based on the effective interest method, and foreign currency fluctuations on financial debt instruments. On sale, impairment, or other derecognition, the accumulated gains or losses that were recognized in shareholders' equity since the date of purchase are transferred to 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.

2.10.2 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.) to identify a concrete need for value reduction. For assets in the available-for-sale category, material or sustained price reductions are indicators of potential impairment. Price reductions are considered material if they amount to 20% or more. Sustained price reductions are price reductions that last for at least six months. Any impairment expense is recognized through profit or loss.

2.10.3 Cash and cash equivalents and securities

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

Readily saleable titles including time deposits with a term of three to twelve months, or a residual term of up to twelve months, are recognized as marketable securities. By contrast, company shares held long term, and time deposits with a residual term of more than twelve months, are recognized as securities in long-term financial assets.

The marketable securities consist mainly of safe investments in the form of bonds and capital-protected units.

2.10.4 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.

2.10.5 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. For a hedge to be recognized as a hedging transaction, a hedging relationship must fulfill various criteria relating to documentation, probability of occurrence, effectiveness of the hedging instrument, and reliability of the measurement.

Most hedging relationships 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 fair values of related hedging instruments are reported immediately as financial income or financial expense in the profit and loss statement.

For the recognition of hedging transactions, three different sorts of hedging relationship apply:

- A hedge of the cash flows from an anticipated transaction or fixed obligation (cash flow hedge)
- A hedge of the fair value of a recognized asset or liability (fair value hedge); or
- A hedge of a net investment in a foreign Group company

2.10.5.1 Cash flow hedge

Fluctuations in value of hedging instruments forming part of a cash flow hedge are recognized in the statement of comprehensive income. If the hedged underlying transaction results in recognition of an asset or a liability, the fluctuations in value that are recognized in shareholders' equity through the statement of comprehensive income are included in the corresponding carrying amount. Conversely, if the underlying transaction results directly in expense or income, the cumulative fluctuations in value are derecognized immediately through the profit and loss statement. Elements of value fluctuations that do not affect the hedging transaction are recognized directly in the financial result.

2.10.5.2 Fair value hedge

Fluctuations in the fair 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 for their effect on profit or loss.

2.10.5.3 Hedging of net investments in foreign Group companies

If the hedging relates to net investments in foreign operations, the fluctuations in value of the hedging transaction that are recognized in shareholders' equity are only included in the profit or loss statement if the company is sold.

2.11 Financial liabilities

Financial liabilities particularly include trade accounts receivable, liabilities to banks, other liabilities, liabilities from finance leases, and derivative financial liabilities.

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

2.11.1 Financial liabilities at fair value through profit or loss

At their initial recognition and subsequently, these financial liabilities are measured at fair value. The transaction costs directly identifiable to the purchase of these liabilities are not recognized. Derivatives with a negative replacement value are by definition assigned to the category at fair value through profit or loss.

2.11.2 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 drain is probable.

2.12 Construction contracts, inventories

Construction contracts are recognized in the balance sheet by the percentage of completion method. The respective percentage of completion is determined by contract-related progress measurement. In the balance sheet – after offsetting down payments from customers – work in progress is reported as net assets or net liabilities from construction contracts.

Inventories are recognized at the lower of the cost of purchase or cost of net disposal value, cost of purchase or cost being calculated either according to FIFO or by the average method. Production overheads are included in the inventories. Items with low turnover are revalued. Technically obsolete items are fully written off.

2.13 Non-current assets held for sale and associated liabilities

These items comprise individual assets and liabilities held for sale, as well as assets and liabilities from discontinued operations. These are all those assets of a business area 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. In principle, the transaction should 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. Borrowing costs of qualified assets are capitalized.

Depreciation of property, plant, and equipment takes place according to the linear method over the useful life of the items. Land is not systematically depreciated. The recoverable amount of property, plant, and equipment is tested if events or changed circumstances indicate that their carrying amounts may be overvalued. If the impairment test shows the carrying amount to exceed the recoverable amount, the carrying amount is impaired to the recoverable amount. Impairment losses are recognized under depreciation and amortization and reported separately (notes 16 and 17).

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 an undefined future purpose. The fair value of the investment properties is presented separately in note 17. The fair value is determined by recognized methods on the basis of estimates.

Maintenance costs are capitalized if they extend the useful life, or expand the production capacity, of an asset. 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 property, plant, and equipment are as follows:

	Years
Buildings	20–40
Equipment, machines	5–10
Furniture	10
IT equipment	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.

All intangible assets with finite useful lives are amortized linearly over an amortization period that normally does not exceed five to fifteen years. They are also tested for impairment whenever there are indications of impairment. Intangible assets with an indefinite useful life are not systematically amortized but are tested for impairment annually, or whenever there are indications of impairment.

Impairment losses are recognized as amortization and reported separately. Reversal of an impairment expense from an earlier period for intangible assets – except goodwill – is possible.

2.16 Provisions

Provisions are only recognized in the balance sheet if Schindler has a sufficiently probable obligation to a third party that has arisen from a past event, and if a reliable estimate of the obligation can be made. Existing provisions are reassessed as at the balance sheet date.

Long-term provisions are discounted at the risk-adjusted interest rate. The time-related increase in the present value 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.

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

2.17 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 in the profit and loss statement and statement of comprehensive income.

Deferred tax liabilities are calculated on all taxable temporary differences. By contrast, deferred tax assets, including assets for unused tax-loss carry-forwards 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.

2.18 Employee benefits

Various employee benefit plans exist within the Group, which are individually tailored to suit the 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 financial statements of the respective Group companies.

For defined contribution benefit plans the costs to be recognized for the reporting period are the agreed contributions of the employer.

In the case of defined benefit plans, the costs to be recognized for the reporting period are determined by external actuaries using the projected unit credit method. The liabilities are backed by assets which are managed separately from the assets of the Group by autonomous employee benefit funds (funded benefit plans). By contrast, plans that do not have their own assets (unfunded benefit plans) are backed by corresponding liabilities in the balance sheet.

For defined benefit plans with separate capital (separately funded), the under- or over-coverage of the cash value of the rights by the capital at fair values is reported in the balance sheet according to IFRIC 14 as a liability or an asset. The amount recognized takes into account any unrecognized actuarial gains or losses or outstanding rights. 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 actual 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 (provided that the criteria for capitalization are fulfilled). The effects of amendments to plans are recognized until the benefits become available to the employees.

Other employee benefits (e.g. service anniversary awards) are valued by the method described above and recognized in the balance sheet under employee benefits, with any actuarial gains being recognized immediately.

2.19 Capital participation plans

A capital participation plan comprising a shares plan and an options plan for managerial and other employees of the Group has been in existence since 2000. 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 share-based payment is settled with shares or participation certificates of Schindler Holding Ltd. from its own treasury stock which the Group normally holds for the foreseen amount. In consequence, no additional shares or participation certificates are issued. All options allow only the purchase of shares or participation certificates respectively and are not settled with cash and cash equivalents.

The amount of the share-based payments is determined from their fair values as of the date of allocation, and as of the same date, or over the time period up to occurrence of the entitlement, the amount is charged to operating profit through personnel cost and recognized as an increase in shareholders' equity. Cash and cash equivalents received from the exercise of allocated instruments are recognized as a change in shareholders' equity.

2.20 Own equity instruments

The treasury stock of shares and participation certificates is reported as a reduction in shareholders' equity. The costs of their purchase, realized profits or losses on their sale, and other changes in their number or amount, are recognized in shareholders' equity.

2.21 Income

2.21.1 Operating revenue and realization of profits

Income from construction contracts is determined from the change in the percentage of completion and recognized in the profit and loss statement as operating revenue.

Revenues from other customer contracts, 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.

Foreseeable losses on customer contracts are recognized as provisions (see also note 27).

2.21.2 Interest income

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 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.

2.22 Leasing

Property, plant, and equipment acquired by means of leasing contracts under which reward and risk are largely transferred to the Group are classified as finance leases. Such assets are recognized in both property, plant, and equipment, and financial liabilities, at the lower of fair value and the net present value of future lease payment obligations. Assets in finance leases are depreciated over the shorter of their expected useful life or contract duration. Unrealized gains on sale and leaseback transactions that fulfill the definition of a finance lease are recognized as a liability and amortized through profit or loss over the term of the lease.

Payments resulting from operating leasing are recognized linearly as operating expenses and correspondingly charged directly to the profit and loss statement.

2.23 Research and development

Job-related development costs are capitalized as work in progress; other research and development costs are fully expensed to the profit and loss statement in the period in which they occur. Development costs for new products are not capitalized, since the experience shows that a future economic benefit can only be proven after successful market introduction.

2.24 Segment reporting

The operating business segments of the Group correspond to the organizational units that report to the management of the Group and based on which performance is evaluated and resources allocated. Since the internal and external reporting are based on the same principles of valuation, the need for reconciliation of the management reporting figures to the financial reporting figures does not arise (see note 34).

3 Operating revenue

In million CHF	2009	2008
Billings	12 825	13 941
Sundry operating revenue	23	33
Change in balance of work in progress	-159	52
Capitalized own production of property, plant, and equipment	2	1
Total operating revenue	12 691	14 027

A total of CHF 4 182 million (previous year: CHF 4 656 million) of the operating revenue was calculated according to the percentage of completion method.

4 Personnel cost and headcount

4.1 Personnel cost

In million CHF	2009	2008
Salaries and wages	2 742	2 792
Cost of defined contribution plans	91	96
Social charges	569	634
Total personnel cost	3 402	3 522

Depending on the function, the compensation 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 for. 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	2009	2008
Average headcount	44 086	45 204
Personnel at year-end	43 437	45 063

5 Other operating cost

In million CHF	2009	2008
Special cost (production, installation, maintenance)	555	618
Employee-related expenses	266	312
Rent, leasing	194	199
Maintenance and repairs	85	82
Energy supply, consumables, and packing material	142	169
Insurance, fees, and capital taxes	95	95
General administration and advertising	281	281
Other operating expenses	164	165
Other income	-64	-45
Total other operating cost	1 718	1 876

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

Other income includes contributions to advertising expenses by suppliers, and income from other periods, as well as accounting gains from the sale of affiliated companies, property, plant, and equipment, investment properties, and financial assets held for sale. These gains are reported before taxes, provisions, or contractually agreed expenses, etc.

6 Financial income

In million CHF	2009	2008
Interest	33	57
Net gain/loss on foreign exchange	–	57
At fair value through profit or loss	12	–
Total financial income	45	114

7 Financial expenses

In million CHF	2009	2008
Interests	45	79
Increase in the present value of provisions	12	12
Net gain/loss on foreign exchange	41	–
Amortization of loan	–	4
At fair value through profit or loss	–	17
Impairments available for sale	–	3
Other financial expenses	11	11
Total financial expenses	109	126

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

8 Income from investments

In million CHF	2009	2008
Income from investments in associated companies	-3	4
Amortization of intangible assets	-3	-3
Total investing activities	-6	1

9 Income taxes

In million CHF	2009	2008
Current income taxes of the reporting period	265	221
Current income taxes of previous periods	3	9
Deferred income taxes	-17	14
Total income taxes	251	244

Reconciliation of income taxes

In million CHF	2009	%	2008	%
Profit before taxes	904		878	
Weighted average income tax rate in % of profit before taxes		27		28
Expected income tax expense	245		246	
Tax effects of:				
Setup/use of unrecognized tax loss carryforwards	-2		-3	
Non-taxable income/non-deductible expense	-3		-8	
Non-deductible withholding taxes	14		12	
Other factors	-3		-3	
Effective income taxes	251		244	
Effective income taxes in % of profit before taxes		28		28

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

10 Earnings per share and participation certificate

In CHF	2009	2008
Net profit (share of Schindler Holding Ltd. shareholders)	625 000 000	615 000 000
Number of shares and participation certificates	120 386 100	121 708 100
Less number of treasury stock (weighted average)	-1 544 105	-2 250 169
Outstanding number of shares and participation certificates (weighted average) for calculation	118 841 995	119 457 931
Basic earnings per share and participation certificates	5.26	5.15
Diluted net profit	625 000 000	615 000 000
Diluted number of shares and participation certificates	119 099 615	119 670 713
Diluted earnings per share and participation certificates	5.25	5.14

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

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

11 Marketable securities

In million CHF	2009	2008
Securities	239	326
Time deposits	18	239
Total marketable securities	257	565

12 Accounts receivable

In million CHF	2009	2008
Supplies and services, gross	1 683	1 666
Allowance for doubtful accounts	-156	-134
Supplies and services, net	1 527	1 532
Associated companies and other related parties	17	24
Other accounts receivable	163	158
Total accounts receivable	1 707	1 714

Sold accounts receivable of CHF 103 million (previous year: CHF 135 million) have not been derecognized because the collection risk remains within the Group.

13 Construction contracts

In million CHF	2009	2008
Work in progress	1 021	1 143
Down payments from customers	-561	-576
Net assets of construction contracts	460	567
Work in progress	801	812
Down payments from customers	-1 565	-1 476
Net liabilities of construction contracts	-764	-664

14 Inventories

In million CHF	2009	2008
Raw material and trading material	503	500
Semifinished and finished goods	81	91
Down payments to suppliers	11	14
Total inventories	595	605

The inventories include write-downs of CHF 116 million (previous year: CHF 111 million) for technically obsolete and slow-moving items.

15 Non-current assets held for sale

Based on strategic considerations, as at December 31, 2008, a parcel of land with buildings, and a parcel of land without buildings, were reported under non-current assets held for sale. The parcel of land with buildings was sold in January 2009. The realized gain of CHF 39 million is reported under other income.

16 Property, plant, and equipment (PPE)

In million CHF	Operational land	Operational buildings	Equipment and machines	Other PPE	Total
Net book values 2009					
December 31, 2008	37	171	138	125	471
Additions	2	18	35	49	104 ¹
Disposals	–	–1	–1	–4	–6
Depreciation	–	–17	–40	–38	–95
Impairment	–	–1	–	–	–1
Reclassifications	–	4	3	–7	–
Translation exchange differences	2	–4	7	2	7
December 31, 2009	41	170	142	127	480
Of which lease	–	–	11	3	14
Fire insurance values					2 142
Overview as of January 1, 2009					
Cost	47	396	571	441	1 455
Accumulated depreciation and impairment	–10	–225	–433	–316	–984
Net book values	37	171	138	125	471
Overview as of December 31, 2009					
Cost	51	400	569	445	1 465
Accumulated depreciation and impairment	–10	–230	–427	–318	–985
Net book values	41	170	142	127	480

¹ of which finance lease: CHF 1 million

The net book values of the property, plant, and equipment do not contain any capitalized borrowing costs.

Other property, plant, and equipment includes IT equipment, furniture, vehicles, and assets under construction. Assets under construction amounted to CHF 22 million in the reporting year (previous year: CHF 30 million).

Gains and losses from the sale of assets are recognized as other income or other expense. In the reporting year, a gain of CHF 1 million (previous year: CHF 7 million) occurred.

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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
Depreciation	-	-13	-37	-39	-89
Impairment	-	-	-3	-	-3
Change scope of consolidation	-	-1	-	-1	-2
Reclassifications	-	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 values					1 905
Overview as of January 1, 2008					
Cost	54	429	622	479	1 584
Accumulated depreciation and impairment	-12	-241	-465	-364	-1 082
Net book values	42	188	157	115	502
Overview as of December 31, 2008					
Cost	47	396	571	441	1 455
Accumulated depreciation and impairment	-10	-225	-433	-316	-984
Net book values	37	171	138	125	471

¹ of which finance lease: CHF 2 million

17 Investment properties		
In million CHF	2009	2008
Net book values		
January 1	21	29
Additions	–	7
Disposals	–	–
Depreciation	–	–
Reclassifications to non-current assets held for sale	–	–14
Translation exchange differences	–	–1
December 31	21	21
Overview as of January 1		
Cost	129	139
Accumulated depreciation and impairment	–108	–110
Net book values	21	29
Overview as of December 31		
Cost	53	129
Accumulated depreciation and impairment	–32	–108
Net book values	21	21
Fire insurance values	73	66
Net book values of investment properties under finance lease	–	–
Fair values	53	63
Rental income	1	1
Operating expenses:		
Real estate with rental income	1	–
Real estate without rental income	2	3

The net book values of the investment properties do not contain any capitalized borrowing costs.

The fair values of the investment properties were determined from case to case by either internal or external experts based on market data by means of recognized valuation methods (discounted cash flow method, comparative value method). The externally valued investment properties have a fair value of 11 million, the internally calculated fair values amount to CHF 42 million.

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

18 Intangible assets

In million CHF	Goodwill	Brand names	Other intangible assets	Total
Net book values 2009				
December 31, 2008	536	15	229	780
Additions	–	–	34	34
Amortization	–	–	–39	–39
Impairment	–	–15	–	–15
Change scope of consolidation	–	–	3	3
Translation exchange differences	73	–	–2	71
December 31, 2009	609	–	225	834
Overview as of January 1, 2009				
Cost	536	15	465	1 016
Accumulated amortization and impairment	–	–	–236	–236
Net book values	536	15	229	780
Overview as of December 31, 2009				
Cost	609	15	508	1 132
Accumulated amortization and impairment	–	–15	–283	–298
Net book values	609	–	225	834
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				
Cost	661	17	502	1 180
Accumulated amortization and impairment	–	–	–235	–235
Net book values	661	17	267	945
Overview as of December 31, 2008				
Cost	536	15	465	1 016
Accumulated amortization and impairment	–	–	–236	–236
Net book values	536	15	229	780

In the reporting year, ALSO decided to discontinue use of the brand name GNT some time in 2010. This decision caused an impairment of the brand name of CHF 15 million.

19 Impairment test

19.1 Measurement method

The value to be used for the impairment test is determined on the basis of the discounted cash flow method. For use in the model, future cash flows, discount rates, and other parameters are determined based on various assumptions. 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 which management regards as reasonable.

19.2 Goodwill items

The impairment test of goodwill was performed in the third quarter of the reporting year on the basis of the figures forecast by the cash-generating units for 2009 and their plan data for 2010 to 2012. 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 growth dynamic of the Group.

Based on the enterprise values calculated by the discounted cash flow method, no value adjustments are required. Even if the cash flow forecasts were based on zero growth, the carrying amount would not exceed the realizable value (exception: GNT Group). An increase in the assumed discount rate of one percentage point would not change the results of the impairment test. The following assumptions were used in the calculations:

Goodwill 2009

In million CHF	Book value at 31.12.2009	Base data used		
		Interest rate	Growth rate (real)	Inflation rate
Germany (C. Haushahn GmbH & Co.)	162	11.3%	1.8%	2.0%
Brazil (Elevadores Atlas Schindler S.A.)	327	24.8%	0.0%	4.5%
China (Schindler [China] Elevator Co. Ltd.)	11	11.1%	0.0%	1.9%
Czech Republic (ELETEC Vytahy s.r.o.)	13	15.1%	0.0%	2.0%
Japan (Mercury Ascensore Ltd.)	20	10.5%	0.0%	1.0%
GNT Group	64	10.1%	4.7%	2.0%
Miscellaneous	12			
Total	609			

A change in the base data used, e.g. a sustained deterioration in the gross margin with unchanged balance sheet and cost structure, would result in an impairment of goodwill of the GNT Group.

Goodwill 2008

In million CHF	Book value at 31.12.2008	Base data used		
		Interest rate	Growth rate (real)	Inflation rate
Germany (C. Haushahn GmbH & Co.)	163	11.3%	1.8%	2.0%
Brazil (Elevadores Atlas Schindler S.A.)	251	17.6%	0.0%	4.0%
China (Schindler [China] Elevator Co. Ltd.)	11	7.6%	2.5%	4.0%
Czech Republic (ELETEC Vytahy s.r.o.)	13	13.4%	1.2%	3.0%
Japan (Mercury Ascensore Ltd.)	22	8.5%	2.0%	1.0%
GNT Group	64	11.2%	6.2%	2.0%
Miscellaneous	12			
Total	536			

20 Investments in associated companies

In million CHF	Share in equity	Goodwill	Intangible assets	Total investments in associated companies
Net book values				
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
Additions/capital increase	5	–	–	5
Amortization	–	–	–3	–3
Share of net profit	–3	–	–	–3
Dividends received	–3	–	–	–3
Translation exchange differences	10	4	–1	13
December 31, 2009	118	34	26	178

The translation exchange differences are recognized in the statement of comprehensive income.

Cumulative values of the associated companies		
In million CHF	2009	2008
Operating revenue (share)	242	293
Share of net profit	-3	4
Balance sheet values:		
Current assets	127	121
Non-current assets	174	118
Current liabilities	113	82
Non-current liabilities	70	48
Shareholders' equity	118	109

The values of the associated companies mainly comprise the interests in Hyundai Elevator Co. Ltd., South Korea. The values are based on the financial statements of those companies, or on their latest available forecasts or quarterly figures for the reporting year. Should there be material differences relative to the valuation rules of the Group, the values in the local financial statements are adapted.

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, 2009, is CHF 133 million (previous year: CHF 124 million). The fair value of the Hyundai shares at the end of 2009 was CHF 95 million (previous year: CHF 95 million). This value is based on a share price of KRW 58 000 and an exchange rate of 0.0009 (previous year: KRW 65 000 and 0.0008 respectively).

21 Long-term financial assets

In million CHF	2009	2008
Loans to associated companies and other related parties	4	6
Securities	127	114
Time deposits with a duration exceeding 12 months	18	–
Other long-term financial assets	43	41
Total long-term financial assets	192	161

	Effective interest rate	In million CHF		
		2011	Maturity 2012 to 2014	Total
Currency				
EUR	up to 1.5%	7	–	7
GBP	up to 4.0%	14	–	14
Total		21	–	21

22 Deferred taxes

22.1 Net book values

In million CHF	2009	2008
Deferred taxes based on temporary differences:		
Current assets	59	33
Property, plant, and equipment/Investment properties	–10	–10
Provisions	65	71
Employee benefits	8	6 ¹
Intangible assets	–114	–85
Tax loss carryforwards	5	7
Other temporary differences	–72	–98
Total net book values	–59	–76
Thereof recognized in the balance sheet as deferred tax liabilities	–199	–204
Thereof recognized in the balance sheet as deferred tax assets	140	128

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

No material additional tax liabilities due to dividend payments from Group companies are expected.

22.2 Statement of changes in net deferred tax assets and liabilities

In million CHF	2009	2008
January 1	-76	-75 ¹
Setup and reversal of temporary differences	17	-14
Translation exchange differences	-	13
December 31	-59	-76

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

22.3 Unrecognized deferred tax assets

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

Deferred tax assets on temporary differences that were not capitalized amount to CHF 94 million (previous year: CHF 82 million).

22.4 Tax loss carryforwards

In million CHF	2009	2008
Total tax loss carryforwards	217	225
Includes tax loss carryforwards in deferred taxes of	-15	-23
Total unused tax loss carryforwards	202	202
Of which expiring:		
within one year	-	-
in two to five years	33	36
in more than five years	169	166
Tax effect of unconsidered tax loss carryforwards	53	55

Income taxes and an analysis of the effective income tax rate are contained in note 9.

23 Employee benefit plans

23.1 Defined benefit plans 2009

In million CHF	Funded	Unfunded	Total
Net assets at fair value	1 942		1 942
Present value of defined benefit obligation	-2 020	-344	-2 364
Financial surplus/shortfall	-78	-344	-422
Unrecognized actuarial loss	206	18	224
Total net book value 2009	128	-326	-198
Amount reported as employee benefits:			
under assets			132
under liabilities			-330

23.2 Defined benefit plans 2008

In million CHF	Funded	Unfunded	Total
Net assets at fair value	1 812		1 812 ¹
Present value of defined benefit obligation	-1 965	-346	-2 311
Financial surplus/shortfall	-153	-346	-499
Unrecognized actuarial loss	276	28	304
Total net book value 2008	123	-318	-195
Amount reported as employee benefits:			
under assets			125 ¹
under liabilities			-320

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

The net plan assets do not contain any shares or participation certificates of Schindler Holding Ltd. The Group does not utilize any assets (property, plant, and equipment, or investment properties) of the benefit plans.

23.3 Pension cost for defined benefit plans

In million CHF	2009	2008
Current service cost	59	43
Interest cost	94	89
Expected return on plan assets	-99	-87
Actuarial gains/losses	13	80
Effect of the asset ceiling (IAS 19.58b)	20	-50
Pension expenses	87	75
Actual return on plan assets	7.7%	-12.5%

23.4 Change in net assets at fair value

In million CHF	2009	Funded 2008
January 1	1 812	2 114 ¹
Expected return	99	87
Actuarial gains/losses	41	-352
Employee contributions	27	25
Employer contributions	65	69
Benefits paid	-103	-93
Translation exchange differences	1	-38
December 31	1 942	1 812

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

As at the date of this report, and based on current actuarial opinion, we expect only a slight increase in employer contributions in 2010.

23.5 Change in present value of defined benefit obligation

In million CHF	2009			2008		Total
	Funded	Unfunded	Total	Funded	Unfunded	
January 1	-1 965	-346	-2 311	-2 025	-381	-2 406
Current service cost	-48	-11	-59	-37	-6	-43
Interest cost	-77	-17	-94	-75	-14	-89
Employee contributions	-27	-	-27	-25	-	-25
Actuarial gains/losses	-5	8	3	35	2	37
Benefits paid	103	21	124	93	25	118
Translation exchange differences	-1	1	-	69	28	97
December 31	-2 020	-344	-2 364	-1 965	-346	-2 311

23.6 Multiyear comparison

In million CHF	2009	2008	2007	2006	2005
Net assets at fair value	1 942	1 812 ¹	2 092	2 028	1 868
Present value of defined benefit obligation	-2 364	-2 311	-2 406	-2 435	-2 314
Financial surplus/shortfall	-422	-499	-314	-407	-446
Experience adjustments on plan assets at fair value	41	-352	-28	85	
Experience adjustments on present value of defined benefit obligations	3	37	60	-54	

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

23.7 Health care plans

The post-employment health care plans relate mainly to the USA. The effects of a change in the assumed cost trend rates for health care would have been insignificant.

23.8 Asset allocation of investments as of December 31

Weighted average in %	2009	2008
Equity	27.2	25.8
Bonds	29.8	35.1
Real estate	24.4	22.2
Cash and cash equivalents	3.1	4.8
Other	15.5	12.1
Total	100.0	100.0

23.9 Basis of actuarial calculations

Weighted average in %	2009	2008
Technical interest rate	3.25	3.50
Expected return on assets	4.50	4.50
Increase in salaries/wages	2.00	2.00
Increase in pensions	0.50	0.50

The expected return on assets is based on long-term market expectations and 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 return of 4.5% can still be used for calculation purposes.

24 Accounts payable

In million CHF	2009	2008
Supplies and services	718	797
Associated companies and other related parties	12	12
Social security institutions	56	55
Indirect taxes and capital taxes	149	165
Other accounts payable	78	113
Total accounts payable	1 013	1 142

25 Accrued expenses and deferred income

In million CHF	2009	2008
Personnel cost	452	420
Late cost	113	93
Invoiced service contracts	319	325
Other accrued expenses and deferred income	352	322
Total accrued expenses and deferred income	1 236	1 160

26 Financial debts

26.1 Current financial debts

In million CHF	2009	2008
Overdrafts	22	31
ALSO program for sale of receivables	80	121
Accounts payable to shareholders	61	59
Current portion of non-current financial debts:		
of bank loans	8	14
of financial leases	3	3
3½% debenture 1999–2009, nominal value CHF 300 million	–	298
Total current financial debts	174	526

26.2 Non-current financial debts

In million CHF	2009	2008
4.64% bank loans 2008–2013, nominal value EUR 100 million	148	149
Other bank loans and private placements	80	76
Finance leases	11	15
Other non-current financial debts	6	17
Total non-current financial debts	245	257
Thereof CHF portion	28%	29%

The individual companies complied with all debt covenants.

26.3 Maturity and average interest rate on financial debt

In million CHF	2009		2008	
	Book value	Effective interest rate in %	Book value	Effective interest rate in %
Within one year	174	3.2	526	4.6
Within two to five years	241	5.3	243	5.0
More than five years	4	4.7	14	10.1
Total financial debts	419	4.4	783	4.8

27 Provisions

In million CHF	Loss job provisions	Restructuring cost	Product liabilities and warranties	Self-insurance and general nominated provisions	Other provisions	Total
Current provisions	23	32	72	13	14	154
Non-current provisions	1	6	186	86	40	319
Total provisions	24	38	258	99	54	473

Statement of changes

December 31, 2008	26	39	219	109	24	417
Setup	14	27	87	3	29	160
Increase in the present value	–	–	6	6	–	12
Usage	–16	–25	–49	–31	–4	–125
Reversal	–	–3	–2	–	–	–5
Translation exchange differences	–	–	–3	12	5	14
December 31, 2009	24	38	258	99	54	473

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 cost 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 which, except for the termination payments, are normally incurred within one year.

Provisions for product liability cases 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. The amounts of the provisions for product liability claims are subject to a certain degree of uncertainty with regard to timing as well as with regard to the amount to be paid. 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 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 opinions. In addition, these items contain provisions for process risks, levies and guarantees.

Other provisions cover further country-specific risks of individual companies. A material part thereof relates to provisions for tax risks. Reversal of other provisions normally takes place within five years.

28 Shareholders' equity

28.1 Share capital

	31.12.2009	31.12.2008
Number of shares	71 776 700	72 451 200
Nominal value in CHF	0.10	0.10
Share capital in CHF	7 177 670.00	7 245 120.00

28.2 Participation capital

	31.12.2009	31.12.2008
Number of participation certificates	48 609 400	49 256 900
Nominal value in CHF	0.10	0.10
Participation capital in CHF	4 860 940.00	4 925 690.00

28.3 Own shares and participation certificates

In million CHF	Registered shares		Participation certificates	
	Number	Value	Number	Value
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
Elimination	-674 500	-54	-647 500	-49
Withdrawals for capital participation plan	-108 124	-6	-	-
Exercise of options from the capital participation plan	-137 573	-5	-114 067	-4
Purchase	246 690	17	94 696	7
Sales	-57 964	-4	-176 761	-12
December 31, 2009	1 271 425	86	120 826	5
Number of reserved shares and participation certificates				
for capital participation plans	1 271 326		120 826	
Already earmarked on December 31, 2009	1 271 326		120 826	

28.4 Further elements of shareholders' equity

The capital reserves consist of the amounts paid in by shareholders and holders of participation certificates that exceed the nominal value. They therefore comprise the share premium of Schindler Holding Ltd. reduced by the amount greater than the nominal value resulting from the elimination of own registered shares and own participation certificates. Should this amount exceed the existing capital reserves, the reduction is made in retained earnings. Furthermore, realized profits and losses on the sale of own shares and own participation certificates are a component of the capital reserves. In addition, options that are issued within the scope of participation plans are recognized with their fair value at the grant date. Their recognition in the capital reserves takes place over the time period up to the definitive entitlement of the beneficiary to the options (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 affiliated companies.

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

29 Additional information concerning the consolidated cash flow statement

Additions/disposals of affiliated companies

The following assets and liabilities were consolidated at fair value as of the date of acquisition:

In million CHF	Additions	
	Carrying amount	Fair value
Cash and cash equivalent/accounts receivable/prepaid expenses	2	2
Property, plant, and equipment/Intangible assets	–	3
Current liabilities	–1	–1
Net assets	1	4
Total acquisition		4
Cash and cash equivalents acquired		–1
Purchase price obligations		–2
Net cash outflow		1

When calculating the cash flow from additions of affiliated companies, the values of the cash and cash equivalents derived from new consolidations are deducted from the respective purchase price.

Since the date of their acquisition, the total operating revenue of the newly consolidated companies amounted to CHF 1 million.

If the acquisition of these companies had already been completed on January 1, 2009, this would have resulted in additional operating revenue of CHF 3 million (unaudited).

2008		
In million CHF	Disposals ¹	
	Carrying amount	Fair value
Cash and cash equivalents/accounts receivable/prepaid expenses	-7	-7
Property, plant, and equipment	-2	-2
Current liabilities	7	7
Non-current liabilities (incl. minority interests)	1	1
Net assets	-1	-1
Book profit		-4
Total disposal		-5
Acquired/divested liquidity		4
Cash and cash equivalents 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.

30 Off-balance sheet transactions

30.1 Contingent liabilities

In million CHF	2009	2008
Total value of guarantees, pledges, and guarantee obligations in favor of third parties	17	33

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 companies 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 companies by third parties based, for example, on product liability and labor law. Where these claims are not, or are no longer, covered by state or private insurance schemes, the contingent risk for liability passes to the company. For this purpose, provisions that 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 potential 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 fines under competition law 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 during 2010.

The decision of the EU competition authorities has resulted in two claims for damages at Belgian courts. 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 unrecognized obligations

In million CHF	2009	2008
Irrevocable payment commitments resulting from contracts not to be recognized in the balance sheet	94	128

30.3 Maturity of rental and lease payments 2009

In million CHF	Rental contracts	Operating leases	Finance leases
Within one year	26	80	4
Within two to five years	62	128	12
More than five years	23	56	–
Total payments	111	264	16
Less interests			–2
Total finance lease financial debts 2009			14

30.4 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

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, and an assessment of their manageability, is therefore an absolute prerequisite to enable important entrepreneurial decisions to be made.

The most significant financial risks to which the Group is exposed are credit, liquidity, and market risks.

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 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 Committees.

Schindler applies various risk management and control systems that allow the risk to which the Group is exposed to be anticipated, measured, monitored, and managed. The appropriateness of the risk management, and of the internal control system, is reviewed by the Management Committees, the Audit Committee, and the Audit Expert Group at regular intervals, as well as immediately whenever unexpected risks arise (ad hoc), and modifications are made if necessary. This ensures that the Board of Directors, the Executive Committee of the Board, and the Management Committees are fully and promptly informed of material risks.

31.2 Organization of risk management

The members of the Executive Committee of the Board and of the Management Committees receive a large amount of information each month. One source of information is the comprehensive Management Information System (MIS). The MIS has a 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 operating business.

The corporate strategic plan, along with the analyses of the corporate functions Area Controlling and Group Assurance, enable the Group to promptly recognize and evaluate risks and initiate the necessary measures.

Group Treasury uses an analysis and evaluation system to register, monitor, and control financial risks. Control is based on instructions from the Board of Directors, the Executive Committee of the Board, and the Finance Committee. The Finance Committee is composed of various experts who are not members of the Board of Directors.

31.3 Credit risks

Credit risk contains the risk of a financial loss that arises through one counterparty being unable or unwilling to fulfill its contractual payment obligations. 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 composed of the carrying amounts of the financial assets (including derivative financial instruments) and the guarantees (see note 30.1).

31.3.1 Cash and cash equivalents, marketable securities, and long-term financial assets

An element of the Group's risk policy is for the majority of cash and cash equivalents to be invested in broadly diversified investments that are as safe as possible with a low risk of default. Cash and cash equivalents are correspondingly invested mainly in term deposits and in first-class, low-risk, liquid securities at financial institutions that fulfill certain minimum requirements regarding their credit rating. Where necessary, there are other investments of cash and cash equivalents to the extent considered essential for maintaining the operational business in countries with low ratings.

The Schindler Group makes various other investments which are classified either as marketable securities or as long-term financial assets. In the case of marketable securities, these mainly comprise safe investments in the form of bonds and capital-protected units, while the long-term financial assets comprise mainly low-risk bonds but also shares.

The Group is exposed to losses from credit risks if financial institutions and issuers of securities do not fulfill their obligations. To actively manage the credit risk, the Group has also defined limits for the amounts of assets that may be held with any one bank. In addition, the Group regularly reviews the credit ratings of the banks and the assets that are held there. The credit quality is represented by public ratings of Standard & Poor's. The rating code is a key composed of letters that represents the default risk of a debtor (country, company) and thus provides a simple means of assessing credit-worthiness. 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
- <A mainly investments for which no public rating exists

	Rating								Total In million CHF
	AAA		AA		A		<A		
	In million CHF	%	In million CHF	%	In million CHF	%	In million CHF	%	
Cash and cash equivalents	102	5%	661	35%	674	35%	482	25%	1 919
Marketable securities ¹	91	36%	57	22%	82	32%	24	10%	254
Long-term financial assets ¹	16	10%	2	1%	22	13%	126	76%	166
Total	209	9%	720	31%	778	33%	632	27%	2 339

¹ excluding equity instruments

	Rating								Total In million CHF
	AAA		AA		A		<A		
	In million CHF	%	In million CHF	%	In million CHF	%	In million CHF	%	
Cash and cash equivalents	40	3%	682	54%	257	21%	275	22%	1 254
Marketable securities ¹	109	20%	254	46%	169	30%	21	4%	553
Long-term financial assets ¹	36	25%	32	22%	28	19%	49	34%	145
Total	185	9%	968	50%	454	23%	345	18%	1 952

¹ excluding equity instruments

31.3.2 Trade accounts receivable

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

Value adjustments on receivables

In million CHF	2009	2008
January 1	-134	-126
Setup	-42	-36
Usage	19	9
Reversal	3	5
Translation exchange differences	-2	14
December 31	-156	-134
Expenses for the complete derecognition of trade accounts receivable	18	14
Income from the inclusion of derecognized trade accounts receivable	1	-

The age structure of the outstanding accounts receivable is as follows:

Aging analysis of receivables 2009

In million CHF	Total carrying amount 31.12.2009	of which not overdue	of which overdue				
			<30 days	30 to 90 days	91 to 180 days	181 to 360 days	>360 days
Trade accounts receivable gross	1 683	696	379	244	133	100	131
Allowance for doubtful accounts	-156	-6	-16	-8	-12	-29	-85
Associated companies and other related parties	17	8	4	2	3	-	-
Other receivables	163	153	5	2	-	1	2
Total receivables	1 707	851	372	240	124	72	48

Aging analysis of receivables 2008

In million CHF	Total carrying amount 31.12.2008	of which not 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	1 714	896	371	187	124	82	54

For the trade accounts receivable 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.

31.4 Liquidity risks

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

The centrally managed 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. In addition, the cash flows are constantly monitored by means of a detailed liquidity overview. This summarizes the lifetimes of financial investments and financial assets as well as expected cash flows from business activity.

The Group aims to have available a substantial liquidity reserve in the form of cash and cash equivalents, 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, 2009 and 2008 respectively, the financial liabilities of the Group displayed the maturities shown below. The information is based on the maturity dates in the balance sheet and the contractually agreed interest and amortization payments.

Financial liabilities 2009: carrying amounts and cash drains

In million CHF	Carrying amounts 31.12.2009	Total	Cash drains		
			up to 1 year	2 to 5 years	more than 5 years
Trade accounts payable	-808	-808	-808	-	-
Liabilities to banks/shareholders	-405	-451	-175	-272	-4
Finance lease liabilities	-14	-16	-4	-12	-
Forward exchange contracts:					
cash inflows		1 786	1 721	65	-
cash drains		-1 778	-1 713	-65	-
Net	8	8	8	-	-
Other financial liabilities	-786	-786	-786	-	-
Total	-2 005	-2 053	-1 765	-284	-4

Financial liabilities 2008: carrying amounts and cash drains

In million CHF	Carrying	Cash drains			
	amounts 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/shareholders	-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

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

- All financial instruments are included that were recognized on December 31, 2009 and 2008 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 for financial instruments are based on the last interest rates fixed on December 31, 2009 and 2008 respectively.
- Repayable financial liabilities are always assigned to the earliest maturity date.
- Derivative financial instruments comprise derivatives with negative as well as positive replacement values. This takes account of the fact that all derivative financial instruments, and not only those with a negative replacement value, can have influence on individual timeframes.

31.5 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 arise from interest rates and foreign currency exchange rates, as well as to a limited extent from share prices of listed securities. These risks can have a material effect on the capital, financial, and income situation of the Group. Moreover, these risks can be augmented or succeeded by further risks which are regarded as immaterial, or are not yet known.

The Group's assets and liabilities associated with pension plans are not included in the following quantitative and qualitative information.

31.5.1 Risk measurement and management

For Schindler, the handling of market risks is a central task. Opportunities that arise from the sale of goods and services in the international market must be captured. At the same time, the associated risks must be minimized by proactive calculation. For this purpose they are constantly evaluated, measured, and monitored. Economic analyses, market information, and industry information flow continuously into the risk management process.

Group-wide management of the market risks is one of the main responsibilities of Group Treasury and is monitored at the level of the Executive Committee of the Board as well as the Finance Committee. If necessary, the risks are managed by the use of derivative financial instruments such as foreign currency contracts or interest rate swaps.

To assess the effects of different conditions in the market, sensitivity analyses are used. They allow the Group-wide evaluation of the risk items. The analyses approximately quantify the risk that can arise under given assumptions when individual parameters are changed in isolation by a defined amount. The potential economic consequences are based on the occurrence of the (un)favorable market changes assumed in the sensitivity analysis. Effects on the consolidated profit and loss statement resulting from occurring market developments may be substantially different.

31.5.2 Interest rate risks

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

The main currencies in which Schindler is exposed to interest risks are the Swiss franc, the euro, the US dollar, and the Brazilian real. Group Treasury monitors the non-current financial debts Group-wide with the objective of minimizing the effects of interest fluctuations in these currencies.

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

The Executive Committee of the Board and the Finance Committee stipulate the desired mix of fixed and variable interest-bearing financial liabilities. According to current internal rules, the operating companies are not allowed to take up long-term fixed-interest financial liabilities. Local, short-term interest rate risks are normally not hedged by the operating companies. For this reason, the majority of the Group's credit instruments are short duration and variable interest rate instruments, and hence 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 in 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, 2009, had been 100 base points higher (lower), net financial income would have been CHF 21 million higher (lower) (previous year: CHF 10 million).

31.5.3 Exchange rate risks

Through its worldwide activities, Schindler is exposed to currency risks. These risks – which can be divided into transaction and translation risks – can influence the capital, financial, and income situation presented in Swiss francs.

The bulk of expenses and income from operating activities arise in local currency. However, expenses and income that arise in foreign currencies entail transaction risks. To manage these risks, group-wide guidelines require each company to monitor its transaction-related foreign currency risks and to calculate its respective net exposure in the various currencies. All operating units are required to hedge their transaction risks to the extent allowed by law. The hedging is usually undertaken by Group Treasury or, in specially approved cases, directly with external counterparties. Group Treasury groups the various transaction risks in the same currency together and creates natural hedging relationships between individual currencies. This netting facility is optimized through the group-internal billing currencies being essentially limited to the euro and the US dollar.

As far as possible, those remaining transaction risks that could not be mutually hedged within the Group are hedged by Group Treasury with currency derivatives from counterparties with good international risk ratings. Schindler thereby continuously reduces the transaction-related foreign currency risks to a minimal amount, so that there is no material exchange rate risk to the Group. Management receives monthly information on the risk exposure with the Treasury Report.

Translation risks arise in connection with the translation of profit and loss statements and balance sheets of affiliated companies in the consolidated financial statements. They are only hedged in exceptional cases.

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

The following table shows the unhedged net exposures in CHF of the Group in its Swiss franc, euro, and US dollar positions at December 31, 2009, and December 31, 2008, respectively. The unhedged net positions at the end of the year are also representative of the main risks during the year.

In million CHF	CHF	EUR	USD
31. 12. 2009	1	-	12
31. 12. 2008	1	-3	9

In the following sensitivity analysis, the foreign currency risk of the operating companies and finance companies is calculated. The forward contracts of the finance companies have associated currency risks and are included in the calculations.

If, on December 31, 2009, the Swiss franc had been 5% stronger/weaker relative to the euro and the US dollar, and all other parameters had remained unchanged, the effect on the financial result would have been as follows:

In million CHF	CHF +5%		CHF -5%	
	CHF/EUR	CHF/USD	CHF/EUR	CHF/USD
Financial result 2009	10	1	-10	-1
Financial result 2008	17	17	-17	-17

31.5.4 Share price risks

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

Since the share price risk is immaterial, the Group does not present a separate sensitivity analysis of the share price risk.

31.6 Capital management

The main objective of Group capital management is to ensure a strong credit rating and robust key performance figures in support of the operational business activities and shareholder value. To this end, the capital structure is adapted to the ongoing requirements. Possible measures are changes to the dividend payment, repayment of capital to the shareholders in the form of a share repurchase program, or the issue of new shares.

A control parameter for capital management is the gearing ratio. The ratio of net liabilities to total equity is constantly monitored.

In million CHF	2009	2008
Financial debts	419	783
Liabilities	1 013	1 142
Less cash and cash equivalents	-1 919	-1 254
Net liabilities/assets	-487	671
Total equity	2 521	2 036
Total capital	2 034	2 707
Gearing ratio (net liabilities as percentage of total capital)	<0%	24.8%

With the exception of ALSO, no affiliated companies were subject to any externally stipulated minimum capital requirements.

32 Financial instruments

32.1 Financial instruments 2009

In million CHF	Financial assets			Financial liabilities		Total	Total fair values
	at fair value through profit or loss			at fair value through profit or loss			
	held for trading	Loans and receivables	available for sale	held for trading	Other financial liabilities		
Cash and cash equivalents		1 919				1 919	1 919
Marketable securities	152	19	86			257	257
Accounts receivable		1 707				1 707	1 707
Prepaid expenses	26	75				101	101
Long-term financial assets		65	127			192	192
Financial debts					419	419	419
Accounts payable				1	808	809	809
Deferred income				18	786	804	804
Total	178	3 785	213	19	2 013		
Interest income/expense	1	25	7		-45	-12	
Net income from securities/trading	-37		4			-33	
Change in value adjustments and losses on trade accounts receivable		-20				-20	
Total net gain/loss in the profit and loss statement	-36	5	11	-	-45	-65	
Recognized in statement of comprehensive income:							
not realized			-3			-3	
realized through the profit and loss statement							
Total	-36	5	8	-	-45	-68	

32.2 Fair value 2009 by levels

In million CHF	Level 1	Level 2	Level 3	Total fair values
Financial assets				
at fair value through profit and loss				
Marketable securities	6	146	–	152
Prepaid expenses	–	26	–	26
available for sale				
Marketable securities	86	–	–	86
Long-term financial assets	112	–	15	127
Financial liabilities				
at fair value through profit and loss				
Accounts payable	–	1	–	1
Deferred income	–	18	–	18

IFRS does not require any retrospective classification of the financial instruments for 2008.

Level 1: Fair values for which quoted prices in active markets are available.

Level 2: Fair values determined on the basis of observable market data. The data must take account of quoted prices in inactive markets or unquoted prices. Such fair values can still also be derived from prices indirectly.

Level 3: Fair values which are not determined on the basis of observable market data.

32.3 Financial instruments 2008

In million CHF	Financial assets			Financial liabilities		Total	Total fair values
	at fair value through profit or loss held for trading	Loans and receivables	available for sale	at fair value through profit or loss held for trading	Other financial liabilities		
Cash and cash equivalents		1 254				1 254	1 254
Marketable securities	1	239	325			565	565
Accounts receivable	3	1 711				1 714	1 714
Prepaid expenses	90	88				178	178
Long-term financial assets		47	114			161	161
Financial debts					783	783	784
Accounts payable				1	921	922	922
Deferred income				25	717	742	742
Total	94	3 339	439	26	2 421		
Interest income/expense		48	9		-79	-22	
Net income from securities/trading	69	-4	-20			45	
Change in value adjustments and losses on trade accounts receivable		-22				-22	
Total net gain/loss in the profit and loss statement	69	22	-11	-	-79	1	
Recognized in statement of comprehensive income:							
not realized			7			7	
realized through the profit and loss statement			-4			-4	
Total	69	22	-8	-	-79	4	

32.4 Open derivative financial instruments

In million CHF	2009			2008		
	Contract value	Replacement value positive	Replacement value negative	Contract value	Replacement value positive	Replacement value negative
Currency instruments						
Forward currency contracts	1 760	26	18	1 948	90	25
Currency options (OTC)	189	–	–	260	2	–
Total currency instruments	1 949	26	18	2 208	92	25
Interest instruments						
Interest rate swaps	20	–	1	322	1	1
Interest rate options				300	–	–
Total interest instruments	20	–	1	622	1	1
Other derivative financial instruments	11	–	–			
Total	1 980	26	19	2 830	93	26
Total derivative financial instruments contained in the accounts receivable/payable and/or prepaid expenses/deferred income						
		26	19		93	26

32.5 Hedging transactions 2009

In million CHF	Fair value	Nominal amount	Risk	Hedging instrument
Hedged items				
Cash flow	–164	–164	Foreign currency	Forward exchange contract
Fair value hedges	–21	–20	Interest rate	Interest rate swap

32.6 Hedging transactions 2008

In million CHF	Fair value	Nominal amount	Risk	Hedging instrument
Hedged items				
Cash flow	–111	–115	Foreign currency	Forward exchange contract
Fair value hedges	–23	–22	Interest rate	Interest rate swap
Fair value hedges	98	99	Foreign currency	Forward exchange contract
Current financial debts	–299	–300	Market value	Interest rate swap

33 Encumbered assets (assets pledged or assigned as security for the Group's own liabilities)

In million CHF	2009	2008
Marketable securities	13	20
Accounts receivable	126	149
Inventories	27	91
Property, plant, and equipment/Investment properties	15	42
Long-term financial assets	1	1
Total pledged assets	182	303

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

34 Segment reporting

In the current year-end financial statements, the segment reporting is presented for the first time according to IFRS 8 Operating Segments. Since the first-time adoption causes various changes in content, the values for the previous year have been adjusted. There were, however, no consequences for the capital, financial, income, or cash flow situation. The new concept for segment reporting is explained below.

The Schindler Group comprises the two operating segments Elevators & Escalators and ALSO. These are the organizational units for which reporting takes place to the management of the Schindler Group (chief operating decision maker).

The Elevators & Escalators segment comprises various operational units which are active in the production and installation of new installations, as well as in the modernization, maintenance, and repair of existing installations.

The ALSO segment is a company which is listed on the SIX Swiss Exchange and active in various European countries that specializes in distribution and logistical services for information technologies and consumer electronics (ICE).

The category finance/eliminations mainly comprises the expenses of Schindler Holding Ltd. as well as the centrally managed long-term financial assets and the financial liabilities to third parties that have been entered into for Group financing purposes. Also contained in this category are eliminations associated with the ALSO segment and – to a limited extent – the assets and liabilities that cannot be allocated to the segments.

The operating profit contains all operating income and expenses which fall directly in the respective segments. These include cross-segment expenses that are charged directly at arm's length. The charges that are transferred are determined according to the services rendered and on the basis of recognized international standards (OECD Transfer Pricing Guidelines).

The assets and liabilities of the Elevators & Escalators segment contain only third-party financial assets and financial liabilities. By contrast, the ALSO segment can contain financial assets and financial liabilities relative to other affiliated companies which are eliminated in the finance/eliminations category.

Without exception, associated companies operate only in the Elevators & Escalators segment. The share in profit is not part of the reported operating profit.

The closing number of employees is recognized and allocated according to uniform criteria. The number of employees only includes employees who have a direct contractual relationship with Schindler.

In addition to the segment information – in the sense of continuous disclosure – selected information relating to the individual regions of the Elevators & Escalators segment is published on a similar basis to the previous reporting.

The allocation of operating revenue from the Elevators & Escalators segment to the regions takes place according to the billing location. In addition to operating revenue from third parties, revenue from transactions with other regions is reported separately. These revenues are based on market prices (at arm's length).

The employees are allocated geographically to the location where they have an employment contract with a Schindler company and are paid locally by this company, or – in individual cases – allocated to the location where they perform their work.

Since the internal and external reporting are based on the same principles of valuation, the need for reconciliation of the management reporting figures to the financial reporting figures does not arise.

34.1 Segment information 2009

In million CHF	Group	Finance/ Elimi- nations	Segments		Additional information to the E&E segment			
			ALSO	Elevators & Escalators (E&E)	Europe	North, Central, and South America	Asia, Australia, Africa	Elimi- nations
Operating revenue third parties	12 691	–	4 410	8 281	4 498	2 406	1 377	–
Revenue from other regions		–	–	–	243	11	51	–305
Total operating revenue	12 691	–	4 410	8 281	4 741	2 417	1 428	–305
Operating profit	974	–28	40	962				
Additions of property, plant, and equipment, and intangible assets	137	–	14	123	58	29	36	–
Total depreciation and amortization	150	1	30	119	68	29	22	–
of which impairment	16	–	15	1	–	–	1	–
Share in profits of associated companies	–6	–	–	–6				
Assets	7 080	1 525	812	4 743	2 394	1 391	958	–
Investments in associated companies	178	–	–	178	20	–	158	–
Liabilities	4 559	29	617	3 913	2 346	979	588	–
Personnel at year-end (number)	43 437	–	1 475	41 962	20 894	11 751	9 317	–

34.2 Segment information 2008

In million CHF	Group	Finance/ Elimi- nations	Segments		Additional information to the E&E segment			
			ALSO	Segments Elevators & Escalators (E&E)	Europe	North, Central, and South America	Asia, Australia, Africa	Elimi- nations
Operating revenue third parties	14 027	–	5 266	8 761	4 752	2 617	1 392	–
Revenue from other regions		–	–	–	252	13	43	–308
Total operating revenue	14 027	–	5 266	8 761	5 004	2 630	1 435	–308
Operating profit	889	–30	24	895				
Additions of property, plant, equipment, investment properties, and intangible assets	135	–	9	126	70	44	12	–
Total depreciation and amortization	129	1	16	112	66	27	19	–
of which impairment	4	–	4	–	–	–	–	–
Share in profits of associated companies	1	–	–	1				
Assets	6 811 ¹	1 298	876	4 637 ¹	2 607 ¹	1 189	841	–
Investments in associated companies	169	–	–	169	14	–	155	–
Liabilities	4 775 ¹	369	696	3 710 ¹	2 274 ¹	876	560	–
Personnel at year-end (number)	45 063	–	1 837	43 226	21 436	12 674	9 116	–

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

34.3 Segment information January 1, 2008

In million CHF	Group	Finance/ Elimi- nations	ALSO	Segments	Additional information to the E&E segment			
				Elevators & Escalators (E&E)	Europe	North, Central, and South America	Asia, Australia, Africa	Elimi- nations
Assets	7 163 ¹	878	1 144	5 141 ¹	3 000 ¹	1 260	881	–
Investments in associated companies	233	–	–	233	23	–	210	–
Liabilities	5 063 ¹	424	929	3 710 ¹	2 339 ¹	823	548	–

¹ Retrospective adjustment to take account of the new ruling of Interpretation IFRIC 14 (see note 2.2, page 11)

34.4 Geographical information

In million CHF	2009			2008	
	Switzerland	Other countries	Group	Switzerland	Other countries
Operating revenue	1 733	10 958	12 691	1 885	12 142
Non-current assets ¹	214	1 438	1 652	189	1 408

¹ without long-term financial assets, deferred taxes and employee benefits

35 Capital participation plans

35.1 Content

35.1.1 Capital Participation Plan 2000

For the share-based payment of managerial and other employees of the Group, the Capital Participation Plan 2000 was introduced in the year 2000. This comprises a share plan and an option 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. The present Capital Participation Plan 2000 currently applies to about 540 employees of the Group.

The shares and participation certificates that are allocated under this plan pass, on the date of their transfer, 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.

The allocated options pass into the unrestricted ownership of the recipients after three years, provided that they remain in the company for this period. The subsequent exercise period extends for six years (retrospectively changed as from allocation year 2006, formerly three years).

35.1.2 Long Term Incentive Plan

In 2008, to replace the Capital Participation Plan 2000, 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 consists of a Performance Share Plan and an Options Plan.

Under the Performance Share Plan, the Board of Directors at its own discretion awards the beneficiary a certain number of Performance Share Units. Each Performance Share Unit gives the beneficiary the right to a still-to-be-determined number of shares or participation certificates of Schindler Holding Ltd. The number of shares or participation certificates depends on the attainment of certain growth and profitability figures (Key Performance Figures) which are defined each year by the Board of Directors. The allocation of the shares or participation certificates takes place on completion of the three-year performance period. Before allocating the shares, the extent of attainment of the Key Performance Figures and the resulting multiplier (conversion rate) are 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 beneficiary, who may freely dispose of them as from this date.

Under the Options Plan, the Board of Directors at its own discretion awards the beneficiaries a certain number of options on shares or participation certificates of Schindler Holding Ltd. The allocation for the reporting year takes place in April of the reporting year. After three years, the allocated options pass into the unrestricted ownership of the beneficiary, provided that the beneficiary remains in the company for this period. The subsequent exercise period extends for six years (retrospectively changed as from allocation year 2008, before three years).

35.1.3 Provision of the shares and bearer participation certificates

For settlement of the outstanding options and Performance Share Units, the Group normally holds the necessary number of shares or participation certificates in treasury until the options are exercised or expire. No additional shares or participation certificates are issued. All options allow only the purchase of shares or participation certificates and cannot result in the direct receipt of cash or cash equivalents. Similar conditions apply to the Performance Share Units.

35.2 Share plan of Schindler Holding Ltd.

For the Capital Participation Plan 2000 relating to the result for 2008, 108 124 registered shares (previous year: 111 913 registered shares) were removed from treasury stock on the date when they were allocated (April 2009).

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 allocations become definite (at the end of March in the following year), a possible difference in the number and/or in the fair value at the end of March is also debited as expense, or credited as income respectively, to personnel cost.

35.3 Performance Share Plan

Within the framework of the Long Term Incentive Plan, in the reporting year Performance Share Units were allocated under the Performance Share Plan. The resulting personnel cost is charged over the performance period of three years. The personnel cost to be recognized is based on the share price as at the date of allocation less the present value of the expected dividends over the performance period. This amount is multiplied by the number of shares that is expected to be allocated to the recipients of the Performance Share Units. The estimated number of shares results from the conversion rate multiplied by the number of Performance Share Units that are allocated. The conversion rate to be used is reviewed annually.

35.4 Option conditions on shares and participation certificates Schindler Holding Ltd.

35.4.1 Capital Participation Plan 2000

All values after 10:1 share/participation certificate splits on March 27, 2006

Year of issue	2009	2008	2007	2006	2005	2004	2003
Options granted		357 092	160 711	138 376	263 060	279 670	645 360
Exercised/expired in the previous years		-1 978	-5 682	-14 367	-89 738	-174 485	-539 290
Outstanding as at January 1, 2009		355 114	155 029	124 009	173 322	105 185	106 070
Options granted	464 175	-	-	-	-	-	-
Options exercised	-1 741	-	-3 107	-32 245	-58 316	-55 751	-100 480
Options redeemed	-	-11 357	-2 621	-1 683	-3 000	-3 060	-
Retrospective adjustment/expired	-	-	-	-	-	-	-5 590
Balance on December 31, 2009	462 434	343 757	149 301	90 081	112 006	46 374	-
of which exercisable	-	-	-	90 081	112 006	46 374	-
Entitles to purchase of	Shares	Shares	Shares	Shares	Participation certificates	Participation certificates	Shares
Exercise price	56.40	80.90	56.20	48.80	32.90	28.70	25.50
Vesting period ends	30.04.2012	30.04.2011	30.04.2010	30.04.2009	30.04.2008	30.04.2007	30.04.2006
Exercise period ends	30.04.2018	30.04.2017 ¹	30.04.2016 ¹	30.04.2015 ¹	30.04.2011	30.04.2010	30.04.2009
Assignment ratio options : shares/ participation certificates	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Weighted stock exchange price on exercise in 2008	-	-	76.30	75.75	79.40	77.75	79.10
Weighted stock exchange price on exercise in 2009	72.90	-	65.05	69.10	64.65	67.10	53.80

¹ In the reporting year, the exercise period was extended by three years. As a result of this extension, the fair value of the options increases by a total of CHF 1 million. The resulting increase in expense is recognized through profit or loss over the remainder of the vesting period.

35.4.2 Long Term Incentive Plan

Year of issue	2009	2008 ¹
Options awarded		155 311
Exercised/expired in the previous year		–
Outstanding as at January 1, 2009		155 311
Options awarded	312 376	–
Options exercised	–	–
Withdrawn	–	–
Balance on December 31, 2009	312 376	155 311
Exercisable		
Entitles to purchase of	Shares	Shares
Exercise price	56.40	78.90
Vesting period ends	30.04.2012	30.04.2011
Exercise period ends	30.04.2018	30.04.2017 ²
Assignment ratio options : Shares/BPC	1 : 1	1 : 1

¹ Retrospectively recognized in the reporting year (without material effect on the capital, financial or income situation of the previous year).

² In the reporting year, the exercise period was extended by three years. As a result of this extension, the fair value of the options increases by a total of CHF 1 million. The resulting increase in expense is recognized through profit or loss over the remainder of the vesting period.

35.5 Option conditions on shares ALSO Holding AG

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

Year of issue	Assignment ratio	Right to	Exercise period	Exercise price then applicable in CHF	Open on 31.12.2009 Number
2004	1 : 1	Shares	May 1, 2007 until April 30, 2010	33.47	3 960
2005	1 : 1	Shares	May 1, 2008 until April 30, 2011	33.08	5 030
2006	1 : 1	Shares	May 1, 2009 until April 30, 2015 ¹	35.68	1 975
2007	1 : 1	Shares	May 1, 2010 until April 30, 2016 ¹	43.96	2 345
2008	1 : 1	Shares	May 1, 2011 until April 30, 2017 ¹	67.20	1 602

¹ In the reporting year, the exercise period was extended by three years. This extension does not result in a material increase in the fair value of the options. In the reporting year, no options were issued or exercised, nor did any expire.

35.6 Valuation of the options

The options are valued by the Hull-White model, which allows consideration to be given to the reduction in fair value resulting from specific characteristics of employee options. The fair value of the options is charged to personnel cost over three years (vesting period).

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.

35.6.1 Schindler Holding Ltd.

	2009	2008
Registered shares		
Price in CHF	52.00	73.60
Exercise price in CHF (Capital Participation Plan 2000)	56.40	80.90
Exercise price in CHF (Long Term Incentive Plan)	56.40	78.90
Volatility	44.4%	26.0%
Risk-free interest rate	2.0%	3.1%
Dividend rate	3.8%	2.0%
Exit rate	5.0%	5.0%
Exercise multiple	2	2
Duration	9 years	6 years
Vesting period	3 years	3 years
Fair value in CHF (Capital Participation Plan 2000)	17.14	15.66
Fair value in CHF (Long Term Incentive Plan)	17.14	15.97

35.6.2 ALSO Holding AG

	2009	2008
Registered shares		
Price in CHF	–	57.90
Exercise price in CHF	–	67.20
Volatility	–	45.1%
Risk-free interest rate	–	3.1%
Dividend rate	–	0.8%
Exit rate	–	5.0%
Exercise multiple	–	2
Duration	–	6 years
Vesting period	–	3 years
Fair value in CHF	–	21.70

35.7 Allocation to Board of Directors and Management Committees

Year of definite allocation	2009	2008
Registered shares Schindler Holding Ltd.	8 766	26 989
Performance Share Units	46 924	33 372
Options on registered shares (Capital Participation Plan 2000)	30 099	72 318
Options on registered shares (Long Term Incentive Plan)	242 059	125 902
Shares ALSO Holding AG	2 967	2 195
Options on shares ALSO Holding AG	–	1 602

36 Related parties

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

On December 31, 2009, the Schindler and Bonnard families, together with parties related to these families, held within a shareholders' agreement 51 026 502 registered shares of Schindler Holding Ltd., corresponding to 71.1% of the voting rights of the share capital entered in the commercial register.

All business transactions with related parties were conducted at arm's length at normal market conditions. 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	2009	2008
Invoicing	68	88
Material and operating expenses	6	5

In million CHF	2009	2008
Receivables and loans	21	30
Liabilities	73	71

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 2.1 million (previous year: CHF 1.9 million). The higher total compensation of the current reporting period is exclusively attributable to the changed number of members and the length of the compensation period (resulting from changes).

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 135 to 150).

In million CHF	2009	2008
Short-term employee benefits	28	29
Post-employment benefits	3	3
Other long-term benefits	–	–
Termination benefits	–	2
Share-based payment	5	3
Total	36	37

The legally required disclosure of compensation and participation plans is contained in the annual financial statements of Schindler Holding Ltd., pages 96 to 103.

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 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 3.6, page 128.

39 Proposal of the Board of Directors

The Board of Directors proposes to the General Meeting a dividend for the financial year 2009 of CHF 2.00 (previous year: CHF 2.00) per registered share and participation certificate. This represents a total dividend payment of CHF 241 million (previous year: CHF 243 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, 2010, and will be presented for approval by the General Meeting of Shareholders of March 15, 2010.

41 Events after balance sheet date

- In December 2009, Schindler completed a purchase contract for the entire takeover of Saudi Elevator Co. Ltd. and thereby increased its holding in the company from 20% to 100%. The purchase strengthens the position of Schindler in the largest market of the Gulf region. Following approval by the responsible authorities, the acquisition was completed on February 3, 2010. For the acquisition, SAR 310 million (CHF 87 million) was paid in cash.

The remaining items of information whose disclosure is required by IFRS 3 are outstanding, because completion of the transaction only took place shortly before the annual financial statements were approved by the Board of Directors. They will be determined during the ongoing purchase price allocation and first-time consolidation and will be disclosed accordingly.

- At the beginning of February 2010, claims for damages were lodged with the Commercial Court in Vienna which are based on a decision regarding competition made by the Supreme Court in Vienna in 2008. However, the nature of the alleged infringements leads Schindler to believe that no damages were caused to customers. There are therefore no quantifiable damage claim risks.

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, statement of comprehensive income, balance sheet, cash flow statement, statement of shareholders' equity, and notes (pages 4 to 83) for the year ended December 31, 2009.

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, 2009, 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, 2010

ERNST & YOUNG AG

Roland Ruprecht
 Licensed audit expert
 (Auditor in charge)

Manuel Trösch
 Licensed audit expert

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Financial Statements Schindler Holding Ltd.

Profit and loss statement

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Financial Statements
Schindler Holding Ltd.

Revenue			
In 1000 CHF	Notes	2009	2008
Income from Group companies	1	552 762	519 687
Extraordinary income	2	5 893	12 068
Income from financial operations	3	20 105	31 911
Total revenue		578 760	563 666

Expenses			
In 1000 CHF	Notes	2009	2008
Financial expenses	4	11 823	31 786
Write-down, value adjustments, and changes to provisions	5	54 017	82 278
Administration expenses and taxes		22 233	22 020
Total expenses		88 073	136 084
Net profit for the year		490 687	427 582

Balance sheet before appropriation of profits

Financial Statements
Schindler Holding Ltd.

Assets

In 1000 CHF	Notes	31.12.2009	%	31.12.2008	%
Current assets					
Cash and cash equivalents	6	931 749		793 078	
Marketable securities	6	85 405		149 109	
Accounts receivable from Group companies		116 367		261 835	
Accounts receivable from third parties		383		1 540	
Prepaid expenses and accrued income		1 108		13 729	
Total current assets		1 135 012	41.4	1 219 291	43.2
Non-current assets					
Investments in Group companies	7	1 600 000		1 600 000	
Long-term financial assets		3 576		3 577	
Total non-current assets		1 603 576	58.6	1 603 577	56.8
Total assets		2 738 588	100.0	2 822 868	100.0

Liabilities and shareholders' equity

In 1000 CHF	Notes	31.12.2009	%	31.12.2008	%
Liabilities					
Accounts payable to Group companies	8	427 696		458 551	
Accounts payable to third parties		4 993		5 648	
Debenture	9	–		300 000	
Provisions	10	108 284		55 409	
Accrued expenses and deferred income		12 148		8 663	
Total liabilities		553 121	20.2	828 271	29.3
Shareholders' equity					
Share capital	11, 12	7 178		7 245	
Participation capital	11, 12	4 861		4 926	
Statutory reserves	12	317 121		317 121	
Reserves for treasury stock	12, 15	91 012		199 279	
Other reserves	12	1 256 121		1 019 877	
Brought forward from previous year	12	18 487		18 567	
Net profit for the year	12	490 687		427 582	
Total shareholders' equity		2 185 467	79.8	1 994 597	70.7
Total liabilities and shareholders' equity		2 738 588	100.0	2 822 868	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, 2009, 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.

1 Income from Group companies

Income from Group companies, totaling CHF 552.8 million (previous year: CHF 519.7 million), includes the ordinary dividends of the Group companies as well as the contractually agreed payments for services rendered by Schindler Holding Ltd.

2 Extraordinary income

Extraordinary income mainly comprises accounting gains on the liquidation of Group companies as well as income from the reversal of amortization of loans.

3 Income from financial operations

Income from financial operations – interest on investments in third parties and Group companies, together with income received from other financial investments – amounts to CHF 20.1 million (previous year: CHF 31.9 million). While market gains on securities were higher than the previous year, interest income was distinctly lower due to the lower level of interest rates.

4 Financial expenses

The financial expenses of CHF 11.8 million (previous year: CHF 31.8 million) comprise interest payments to Group companies for current account loans, interest on long-term debt (in the form of an outstanding debenture which was repaid on June 2, 2009), and revaluations of financial assets. The lower level of expenses in the reporting year is due to lower interest charges.

5 Write-downs, value adjustments, and changes to provisions

In the reporting year, write-downs amounting to CHF 5.0 million were charged on investments in Group companies and loans. In addition, a provision of CHF 49.0 million was set up in association with a guarantee that was granted. This expense item takes into account the prudent assessment of economic and currency risks associated with non-current assets. The previous year's amount also includes value adjustments totaling CHF 65.6 million on treasury stock.

6 Cash and cash equivalents and marketable securities

Cash and cash equivalents closed at CHF 931.7 million (previous year: CHF 793.1 million). In the reporting year, cash inflow resulted mainly from the cash flow and from the reduction of credit balances at Group companies. Despite the negative cash flow resulting from the dividend payment and repayment of a debenture, on balance, cash and cash equivalents rose by CHF 138.6 million relative to the previous year.

The inventory of marketable securities amounting to CHF 85.4 million (previous year: CHF 149.1 million) consists mainly of treasury stock. The treasury stock of shares and participation certificates, the respective movements, and information about repurchases are shown in note 15.

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

7 Investments in Group companies

At the end of the reporting year, the balance sheet value of investments in Group companies was unchanged at CHF 1 600.0 million. New establishments and purchases of shares in Group companies totaling CHF 20.5 million, write-downs (CHF 4.5 million), and derecognition of carrying amounts of investments in Group companies due to liquidation (CHF 16.0 million) result in the reported net value for investments in Group companies.

The companies in which Schindler Holding Ltd. has a direct or indirect interest are listed on pages 106 to 109.

8 Accounts payable to Group companies

This item of the balance sheet also contains current account credit balances of shareholders of Schindler Holding Ltd. of CHF 60.8 million (previous year: 59.4 million). These credit balances bear interest at normal market conditions.

9 Debenture

in 1000 CHF	2009	2008
3½% debenture 1999–2009, due June 2, 2009	–	300 000

Until its expiration date on June 2, 2009, the 3½% debenture was converted by means of an interest rate swap (IRS) into an account payable with a variable interest expense. The resulting net interest income is offset against the interest expense.

10 Provisions

The existing provisions to cover financial risks in conjunction with international business commitments amount to CHF 108.3 million (previous year: CHF 55.4 million). They consist mainly of provisions for guarantees, bad debts, and currency risks, as well as provisions to cover commitments entered into. In the reporting year, a provision of CHF 49.0 million was created in association with a guarantee that was granted.

11 Share capital/participation capital

11.1 Share capital

	Number	Nominal value	In CHF Share capital
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
Legally binding reduction (as of May 25, 2009)	-674 500		-67 450
December 31, 2009	71 776 700	0.10	7 177 670

11.2 Participation capital

	Number	Nominal value	In CHF Participation capital
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
Legally binding reduction (as of May 25, 2009)	-647 500		-64 750
December 31, 2009	48 609 400	0.10	4 860 940

12 Shareholders' equity

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

In 1 000 CHF	Share capital	Participation capital	Statutory reserves	Reserves for treasury stock	Other reserves	Profits as per balance sheet	Total shareholders' equity
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
Dividend						-237 662	-237 662
Appropriation to other reserves					190 000	-190 000	-
Change in reserves for treasury stock				-4 830	4 830		-
Legally binding reduction (as of May 25, 2009)	-67	-65		-103 437	40 689		-62 880
Merger gain ¹					725		725
Net profit 2009						490 687	490 687
December 31, 2009	7 178	4 861	317 121	91 012	1 256 121	509 174	2 185 467
Of which share premiums (unchanged)			311 321				

¹ from the merger with Schindler Technik AG, Pratteln (Switzerland)

13 Contingent liabilities

The contingent liabilities of Schindler Holding Ltd. amount in total to CHF 719.0 million (previous year: CHF 651.7 million) and cover conditional obligations for bank guarantees, loans, and supply contracts in favor of Group 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.

There are also letters of comfort for unquantified amounts in favor of Group companies. 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.

Contingent liabilities in favor of unconsolidated companies amount to CHF 17.5 million (previous year: CHF 28.1 million).

14 Liabilities to retirement benefit plans

In 1000 CHF	2009	2008
Total liabilities	1 308	875

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

15 Treasury stock

15.1 Changes in number and value

In million: CHF	Registered shares		Participation certificates	
	Number	Value	Number	Value
December 31, 2007	1 799 250	122	1 633 177	106
Cancellation	-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
Cancellation	-674 500	-54	-647 500	-49
Withdrawals for capital participation plan	-108 124	-6	-	-
Exercise of options from the capital participation plan	-137 573	-5	-114 067	-4
Purchase	246 690	17	94 696	7
Sales	-57 964	-4	-176 761	-12
December 31, 2009	1 271 425	86	120 826	5
Number of reserved shares and participation certificates				
for capital participation plans	1 271 326		120 826	
Already earmarked as at December 31, 2009	1 271 326		120 826	

15.2 Repurchase program

The repurchase program that was started on January 3, 2007, was completed on December 30, 2009. Within the scope of this program, a total of 1 791 500 registered shares and 2 327 000 participation certificates, each with a nominal value of CHF 0.10, were repurchased, which represents 2.43% of the share capital, and 4.52% of the participation capital, that was registered in the Commercial Register as at December 31, 2006.

In December 2009, the Board of Directors of Schindler Holding Ltd. decided that there should be a further repurchase program. Under the program, starting January 4, 2010, a maximum of 7 177 670 registered shares and a maximum of 4 860 940 participation certificates, each with a nominal value of CHF 0.10, can be repurchased. This corresponds to 10% of the registered share capital and participation certificate capital respectively. Should less than 10% of the registered share capital be offered, Schindler Holding Ltd. has the right to repurchase more than 10% of the participation capital. However, the total repurchase must not exceed 10% of the nominal capital. Schindler Holding Ltd. is under no obligation to purchase its own registered shares and participation certificates via the second trading line at all times, but will participate in the market as purchaser depending on market conditions. Schindler Holding Ltd. will terminate the repurchase program as soon as 10% of the nominal capital has been repurchased.

Execution of the repurchase program takes place through the second trading lines for registered shares and participation certificates that were set up for this purpose at 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 participation certificates.

16 Significant shareholders

Regarding the existence of a shareholders' agreement, see note 36 to the Consolidated Financial Statements, page 81.

17 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 Group companies with corresponding Group management functions and charged to the Group companies and Schindler Holding Ltd. within the framework of a Group-wide intercompany charging concept.

In the reporting year, no securities or guarantees were granted to members of the Board of Directors or of the Management Committees. The company has not waived any liabilities due from members of the Board of Directors or of the Management Committees.

In the reporting year, no members of the Board of Directors or Management Committees received fees or other compensation for additional work for Schindler Holding Ltd. or any other Group 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 135 to 150. In view of the extent of the information, the compensation and participations of members of the ALSO Management Committee are not disclosed in this report since they are available in the ALSO annual report as well as in the permanent information source at www.also.com.

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

17.1.1 Total Compensation 2009 – Board of Directors

in 1000 CHF	Fixed compensation		Variable compensation			Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	Cash bonus (gross)	Participation certificates ⁵	Performance Share Units ⁵	Options			
Alfred N. Schindler, Chairman ^{1,2}	3 265	3 297	221	–	90 ⁶	–	545	7 418⁸
Luc Bonnard, Vice Chairman ^{1,2}	1 500	1 877	221	–	90 ⁶	–	419	4 107⁹
Prof. Dr. Karl Hofstetter ²	805	580	–	400	400 ⁷	–	337	2 522
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}	350	–	–	–	–	–	–	350
Rolf Schweiger ^{3,11}	146	–	–	–	–	–	8	154
Dr. Jenö C. A. Staehelin ³	185	–	–	–	–	–	–	185
Robert Studer ^{3,10}	39	–	–	–	–	–	2	41
Dr. Klaus W. Wellershoff ^{3,11}	146	–	–	–	–	–	8	154
Total compensation	6 991	5 754	442	400	580	–	1 346	15 513

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Including compensation as Chairman of the Audit Committee

⁵ For the purpose of inclusion in the total compensation, the participation certificates of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2009 of CHF 79.65. The Performance Share Units were included in the total compensation with CHF 46.20 (average share price ten trading days before the date of the allocation on January 20, 2009, less a deduction of 10%).

⁶ The options allocated under the Capital Participation Plan 2000 are valued according to the Black-Scholes formula at CHF 20.65 per option.

⁷ The options allocated under the Long Term Incentive Plan are valued according to the Black-Scholes formula at CHF 8.97 per option.

⁸ After voluntarily waiving a total of CHF 978 000

⁹ After voluntarily waiving CHF 523 000

¹⁰ Compensation up to March 16, 2009 (General Meeting of Shareholders 2009)

¹¹ Compensation from March 16, 2009 (General Meeting of Shareholders 2009)

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

17.1.2 Number of participation certificates, Performance Share Units and options allocated 2009 – Board of Directors

	Participation certificates ²	Performance Share Units	Options
Alfred N. Schindler, Chairman ¹	2 772	–	4 358 ³
Luc Bonnard, Vice Chairman ¹	2 772	–	4 358 ³
Prof. Dr. Karl Hofstetter ¹	–	8 658	44 593 ⁴

¹ Executive member

² This number is based on the allocation value of CHF 48.70

³ Options from the Capital Participation Plan 2000 (participation certificates)

⁴ Options from the Long Term Incentive Plan (registered shares)

In the reporting year 2009, the variable part of the compensation for the executive members of the Board of Directors was on average 51% (previous year: 54%) of the total compensation: 41% in cash (previous year: 47%), 6% in the form of shares/participation certificates/Performance Share Units (previous year: 4%), and 4% in the form of options (previous year: 3%).

17.1.3 Total Compensation 2008 – Board of Directors

in 1000 CHF	Fixed compensation		Variable compensation				Expenses for post-employment benefits	Total
	Cash (gross)	Cash bonus (gross)	Registered shares ⁵	Performance Share Units ⁵	Options ⁶	Fringe benefits		
Alfred N. Schindler, Chairman ^{1,2}	3 265	3 475	137	–	90	–	451	7 418 ⁷
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 Incl. compensation as member/Chairman of the Audit Committee

⁵ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. were 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 valued as follows: stock exchange price of one share of Schindler Holding Ltd. as at December 31, 2008, (CHF 47.05) multiplied by a conversion rate of 1.

⁶ The options allocated under the Capital Participation Plan 2000 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 his activities as executive member, thereafter for his consulting activities for the Executive Committee of the Board.

17.1.4 Number of registered shares, Performance Share Units and options on registered shares allocated 2008 – Board of Directors

	Registered shares ³	Performance Share Units	Options
Alfred N. Schindler, Chairman ¹	2 922	–	10 033 ⁴
Luc Bonnard, Vice Chairman ¹	2 922	–	10 033 ⁴
Alfred Spörri ²	2 922	–	10 033 ⁴
Prof. Dr. Karl Hofstetter ¹	–	6 192	23 392 ⁵

¹ Executive member

² Executive member until March 26, 2008

³ This number is based on the allocation value of CHF 46.20

⁴ Options from the Capital Participation Plan 2000

⁵ Options from the Long Term Incentive Plan

17.2 Members of the Management Committee Elevators & Escalators

17.2.1 Total Compensation 2009 – Management Committee Elevators & Escalators

in 1000 CHF	Fixed compensation	Variable compensation		Fringe benefits	Expenses for post-employment benefits	Total	
	Cash (gross)	Cash bonus (gross)	Performance Share Units ¹				Options ²
Total Management Committee Elevators & Escalators ³	5 047	5 302	1 775	1 775	446	1 817	16 162
Highest single compensation: Jürgen Tinggren	860	1 320	500	500	–	323	3 503

¹ The Performance Share Units were included in the total compensation with CHF 46.20 (average share price ten trading days before the date of the allocation on January 20, 2009, less a deduction of 10%).

² The options allocated under the Long Term Incentive Plan 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.

17.2.2 Number of Performance Share Units and options on registered shares awarded 2009 – Management Committee Elevators & Escalators

	Performance Share Units	Options
Total Management Committee Elevators & Escalators	38 421	197 880
Jürgen Tinggren	10 823	55 741

In the reporting year 2009, the variable component of the compensation for the members of the Management Committee Elevators & Escalators was on average 55% (previous year: 39%) of the total compensation: 33% cash (previous year: 25%), 11% in the form of Performance Share Units (previous year: 8%) and 11% in the form of options (previous year: 6%). The calculation was based on a conversion rate of 1.

17.2.3 Total Compensation 2008 – Management Committee Elevators & Escalators

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

¹ For inclusion in the total compensation, the Performance Share Units were valued as follows: stock exchange price of one share of Schindler Holding Ltd. as at December 31, 2008, (CHF 47.05) multiplied by a conversion rate of 1.

² The options allocated under the Long Term Incentive Plan 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 Contains termination compensation for a former member of the Executive Committee of CHF 1.9 million.

17.2.4 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

18 Former members of governing bodies

Compensation was paid to the following former members of governing bodies:

Roland W. Hess, President of the Management Committee Elevators & Escalators until July 31, 2007, CHF 1.1 million (previous year: CHF 1.2 million).

Alfred Spörri, until March 26, 2008, executive member of the Board of Directors and member of the Executive Committee of the Board: total compensation 2009 CHF 1.2 million.

19 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 259 200. The actuarially determined present value is recalculated annually, and as at December 31, 2009, amounted to CHF 1.7 million. This amount is reported by Schindler Holding Ltd. as a provision.

20 Loans

20.1 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 at December 31, 2009.

The Chairman of the Board of Directors has been granted borrowing rights. As at December 31, 2009, 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.

20.2 Related parties

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

21 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):

21.1 Participations, option rights, and conversion rights 2009 – Board of Directors

	Number of		Number of vested options		
	Registered shares	Participation certificates	on participation certificates allocated under the option plan 2004	on participation certificates allocated under the option plan 2005	on registered shares allocated under the option plan 2006
as at 31.12.2009					
Alfred N. Schindler, Chairman ^{1,2}	4	24 540	–	–	3 153
Luc Bonnard, Vice Chairman ^{1,2}	4	–	–	–	–
Prof. Dr. Karl Hofstetter ²	47 623	–	7 560	6 220	3 153
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	–	–	–	–
Rolf Schweiger ³	3 375	–	–	–	–
Dr. Jenö C. A. Staehelin ³	4	–	–	–	–
Dr. Klaus W. Wellershoff ³	3 000	–	–	–	–

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 at December 31, 2009, these comprised 51 026 502 shares, corresponding to 71.1% of the voting rights of the share capital entered in the Commercial Register.

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

	Number of		Number of vested options		
	Registered shares	Participation certificates	on registered shares allocated under the option plan 2003	on participation certificates allocated under the option plan 2004	on participation certificates allocated under the option plan 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 at December 31, 2008, these comprised 51 082 480 shares, corresponding to 70.5% of the voting rights of the share capital entered in the Commercial Register.

21.3 Participations, option rights, and conversion rights 2009 Management Committee Elevators & Escalators

as at 31.12.2009	Registered shares	Number of		Number of vested options		
		Participation certificates	on participation certificates allocated under the option plan 2004	on participation certificates allocated under the option plan 2005	on registered shares allocated under the option plan 2006	
Jürgen Tinggren, President	20 097	8 410	–	4 680	2 901	
Miguel A. Rodríguez, Deputy President	19 841	10 120	–	6 220	2 565	
Erich Ammann	7 879	4 450	–	5 530	2 883	
Dr. Rudolf W. Fischer	24 413	–	–	–	2 733	
Michael Fülleemann	715	–	–	–	–	
Dr. Christoph Lindenmeyer	11 300	3 340	–	4 150	2 179	
Silvio Napoli	1 811	725	3	460	325	
Jakob Züger	13 828	5 030	–	3 320	1 507	

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

as at 31.12.2008	Registered shares	Number of		Number of vested options		
		Participation certificates	on registered shares allocated under the option plan 2003	on participation certificates allocated under the option plan 2004	on participation certificates allocated under the option plan 2005	
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 Fülleemann	715	–	–	–	–	
Dr. Christoph Lindenmeyer	11 300	3 340	–	–	4 150	
Silvio Napoli ¹	1 811	725	–	3	460	
Jakob Züger	13 828 ²	5 030	–	460	3 320	

¹ Member since March 1, 2008

² Retrospectively corrected from 14 828 to 13 828 (typographical error)

Regarding option conditions, see note 35 to the Consolidated Financial Statements, pages 76 to 81.

22 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 3.6, page 128.

Appropriation of profits

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Financial Statements
Schindler Holding Ltd.

Proposals to the General Meeting			
in 1000 CHF			
		31.12.2009	31.12.2008
Total available profit			
Net profit for the year		490 687	427 582
Brought forward from previous year		18 487	18 567
Total profits as per balance sheet		509 174	446 149
Appropriation of net profit			
Gross dividends proposed:			
per registered share	CHF 2.00 (previous year: CHF 2.00)	143 553¹	141 013 ²
per participation certificate	CHF 2.00 (previous year: CHF 2.00)	97 219¹	96 649 ²
Total dividend		240 772	237 662
Appropriation to other reserves		260 000	190 000
Total appropriation of net profit		500 772	427 662
Balance carried forward to new account		8 402	18 487

¹ The total dividend amount covers all outstanding registered shares and participation certificates. This may, as in the previous year, reduce the reported total dividend payment accordingly.

² Payment excludes dividends on treasury stock (see also note 15).

Main Group companies

Status December 31, 2009

Financial Statements
Schindler Holding Ltd.

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)			
Europe							
Austria	Vienna	Haushahn Aufzüge GmbH	100	290	EUR	●	
		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	Doppelmayr 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	9 100	HRK	●	
Czech Republic	Prague	Schindler CZ a.s.	100	101 000	CZK	●	
Denmark	Herlev	Schindler Elevatorer A/S	100	1 000	DKK	●	
Estonia	Tallinn	GNT Eesti AS ¹	100	3 000	EEK	○	
Finland	Helsinki	ALSO Nordic Holding Oy ¹	100	10 000	EUR	○	
		Schindler Oy	100	100	EUR	●	
		Tampere	GNT Finland Oy ¹	100	841	EUR	○
France	Illzach	Elevator Car System	100	2 416	EUR	● ●	
	Vélizy-Villacoublay	Schindler	99.9	7 538	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	8 997	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 ¹	100	842	LVL	○	
		Riga	A.S. Latvijas Lifts Schindler	100	123	LVL	●
			Service Net LV SIA ¹	100	53	LVL	○
Liechtenstein	Vaduz	Reassur AG	100	20 000	CHF	○	

● Production

● Sales, installation, maintenance

○ Other services

¹ Participations of ALSO Holding AG

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
Lithuania	Kaunas	UAB GNT Lietuva ¹	100	6 500	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	567	EUR	●
Norway	Bergen	Schindler Stahl Heiser A/S	100	550	NOK	●
	Sandefjord	GNT Norway AS ¹	100	11 063	NOK	○
	Vennesla	Reber-Schindler Heis A/S	100	8 000	NOK	●
Poland	Warsaw	Schindler Polska sp.z o.o.	100	5 000	PLN	●
	Wroclaw	GNT Polska Sp.z o.o. ¹	100	3 000	PLN	○
Portugal	Carnaxide	Schindler S.A.	100	4 000	EUR	●
Romania	Bucharest	Schindler Romania S.R.L.	100	125	RON	●
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	963	EUR	●
	Dunajská	Schindler Eskalátory s.r.o.	100	1 236	EUR	●
Slovenia	Ljubljana	Schindler Slovenija d.o.o.	100	73 012	SIT	●
Spain	Madrid	Schindler S.A.	99.7	27 801	EUR	● ● ○
	Saragossa	Schindler Ibérica Management, S.A.	100	4 420	EUR	○
Sweden	Stockholm	Schindler Hiss AB	100	9 440	SEK	●
	Upplands Väsby	GNT Sweden AB ¹	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	○
		ALSO Holding AG	64	6 039	CHF	○
		Inventio AG	100	11 000	CHF	○
		Schindler Pars International Ltd.	100	5 000	CHF	○
Locarno	Schindler Elettronica S.A.	100	2 000	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

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.	100	59 200	CLP	●
Colombia	Bogotá	Ascensores Schindler de Colombia S.A.	100	671 718	COP	●
Costa Rica	San José	Elevadores Schindler S.A.	60	200 000	CRC	●
Guatemala	Guatemala City	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	506 915	USD	● ●
	Mountainside	Slade Industries, Inc.	100	5 855	USD	●
	Niles	Adams Elevator Equipment Company	100	6 625	USD	● ●
	Wilmington	Schindler Enterprises, Inc.	100	523 434	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	Schindler Lifts Australia Pty. Ltd.	100	8 500 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.	100	564 602 CNY	● ●
		Shanghai Schindler Trading Co. Ltd.	100	1 200 CNY	○
		Schindler Management AP (Shanghai) Co. Ltd.	100	35 627 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.	100	155 373 CNY	● ●	
India	Mumbai	Schindler India PVT Ltd.	100	1 191 879 INR	●
Indonesia	Jakarta	PT Berca Schindler Lifts ¹	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	●
	Tokyo	Schindler Elevator K.K.	99.9	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	●
Saudi Arabia	Jeddah	Saudi Elevator Co. Ltd.	20	30 000 SAR	●
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 Schindler 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 87 to 109) for the year ended December 31, 2009.

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, 2009, 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, 2010

ERNST & YOUNG AG

Roland Ruprecht
 Licensed audit expert
 (Auditor in charge)

Manuel Trösch
 Licensed audit expert

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Corporate Governance

The Corporate Governance report contains the information required by the Directive Relating to Information on Corporate Governance of the SIX Swiss Exchange that was valid on December 31, 2009, and follows the Directive's structure. The Corporate Governance report also contains the legally required disclosure of compensation and participation rights of the highest corporate level.

1 Structure of the Group and shareholders

1.1 Group structure

Board of Directors of Schindler Holding Ltd.

as at 31.12.2009

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
Rolf Schweiger	Non-executive member
Dr. Jenö C. A. Staehelin	Non-executive member
Dr. Klaus W. Wellershoff	Non-executive member

¹ Member of the Executive Committee of the Board

Management Committees

as at 31.12.2009

Elevators & Escalators

Jürgen Tinggren	President
Miguel A. Rodríguez	Deputy President, Europe
Erich Ammann	Chief Financial Officer (CFO)
Dr. Rudolf W. Fischer	Corporate Human Resources
Michael Fülleemann	Global Business
Dr. Christoph Lindenmeyer	East, Middle East, India, and Africa (EMIA)
Silvio Napoli	Asia/Pacific
Jakob Züger	North, Central, and South America

ALSO

Thomas C. Weissmann	President, Chairman and executive member of the Board of Directors of ALSO Holding AG
Laisvunas Butkus	Managing Director GNT Baltic States
Michael Dressen	Managing Director ALSO Deutschland GmbH
Lucas Kuttler	Chief Operating Officer
Marc Schnyder	Managing Director ALSO Schweiz AG
Maija Strandberg	Managing Director GNT Finland
Urs Windler	Chief Financial Officer
Peter Zurbrugg	Chief Information Officer

The operational structure of the Group corresponds to the segment reporting presented on page 74 of the Financial Statements.

Main Group companies are listed on pages 106 to 109 of the Financial Statements.

ALSO Holding AG, Hergiswil, Switzerland, 64% of whose shares were held by Schindler Holding Ltd. at the end of 2009, has been listed on the SIX Swiss Exchange (securities number 2 459 027) since 1986. ALSO Holding AG publishes its own annual report which also fulfills the requirements of the International Financial Reporting Standards (IFRS). As at December 31, 2009, the market capitalization of ALSO was CHF 248 million. In view of the extent of the required information, this report does not contain ALSO's report on Corporate Governance, or disclosure of its compensation (Swiss Code of Obligations Art. 663b^{bis}) and participations (Swiss Code of Obligations Art. 663c), for which reference should be made to the ALSO annual report and the permanent source of information at: www.also.com

1.2 Significant shareholders

As at the end of 2009, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 51 026 502 registered shares of Schindler Holding Ltd., corresponding to 71.1% of the voting rights of the share capital registered in the Commercial Register.

1.3 Cross-shareholdings

Schindler Holding Ltd. has no cross-shareholding of more than 5% in a company outside the Schindler Group.

2 Capital structure

2.1 Capital

As at December 31, 2009, the ordinary share capital of Schindler Holding Ltd. was CHF 7 177 670 and the participation capital CHF 4 860 940.

2.2 Authorized and conditional capital

As at December 31, 2009, Schindler Holding Ltd. had no authorized or conditional capital.

2.3 Changes in capital in the last three years

Information about changes in the capital of Schindler Holding Ltd. in the last three reporting years is presented on pages 91 and 92 of the Financial Statements.

2.4 Shares and participation certificates

As at December 31, 2009, the share capital was CHF 7 177 670. This is divided into 71 776 700 fully paid-in 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 contained in the balance sheet, and in the proceeds of liquidation, corresponding to its nominal value.

As at December 31, 2009, the participation capital was CHF 4 860 940 which is divided into 48 609 400 fully paid-in participation certificates, each with a nominal value of CHF 0.10. Each participation certificate carries the right to a share in the profits contained in the 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 Profit sharing certificates

Schindler Holding Ltd. has not issued any profit sharing certificates.

2.6 Limitations on share transferability and nominee registrations

2.6.1 Limitation on share transferability

According to Article 13 of the Articles of Association, the Board of Directors shall refuse registration of an acquirer as a full shareholder in the share register if:

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

The voting rights of related shareholders shall be counted together. This does not apply to proxies to representatives of corporate bodies, or deposit agreements with banks.

In accordance with Swiss federal law requiring demonstration of Swiss control of the company, the registration of foreign acquirers 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 was already recorded in the share register as holding 3% of the voting rights or is the applicant's spouse, child, descendant, brother or sister, or
- the voting rights were acquired directly by inheritance, division of estate, or matrimonial property law.

Details and further exceptions are contained in Article 13 of the Articles of Association of Schindler Holding Ltd.

The General Meeting of Shareholders can determine exceptions to the percentage limits by relative majority, a legally binding decision requiring at least half of the shares registered in the Commercial Register. Applicants have the right to have their application presented at the General Meeting of Shareholders. The General Meeting of Shareholders was not required to rule on any applications for exceptions in the financial year 2009.

2.6.2 Nominee registrations

The Articles of Association do not contain any special regulations regarding the registration of nominees in the share register.

2.7 Convertible bonds and options

2.7.1 Convertible bonds

Schindler Holding Ltd. has no outstanding convertible bonds.

2.7.2 Employee options

All values after 10:1 share/participation certificate split of March 27, 2006

Allocation year		Options allocated (number)	Exercise price in CHF	Blocked period ends	Exercise period ends	Number as at 31.12.2009		
						Forfeited	Exercised	Outstanding
2003	A	645 360 ¹	25.50	30.04.06	30.04.09	-39 480	-605 880	-
2004	A	279 670 ²	28.70	30.04.07	30.04.10	-9 740	-223 556	46 374
2005	A	263 060 ²	32.90	30.04.08	30.04.11	-7 630	-143 424	112 006
2006	A	138 376 ¹	48.80	30.04.09	30.04.15 ³	-1 990	-46 305	90 081
2007	A	160 711 ¹	56.20	30.04.10	30.04.16 ³	-3 029	-8 381	149 301
2008	A	357 092 ¹	80.90	30.04.11	30.04.17 ³	-11 357	-1 978	343 757
2008	B	155 311 ¹	78.90	30.04.11	30.04.17 ³	-	-	155 311
2009	A	464 175 ¹	56.40	30.04.12	30.04.18	-	-1 741	462 434
2009	B	314 783 ¹	56.40	30.04.12	30.04.18	-	-	314 783

A Options Capital Participation Plan 2000

B Options Long Term Incentive Plan

¹ One option gives entitlement to purchase one share

² One option gives entitlement to purchase one participation certificate

³ Retrospectively extended for three years (see note 5.3.3.1 and 5.3.3.2)

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

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

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

Members

as at 31.12.2009	Domicile	Nationality	Function	In office since ¹	Term of office expires ¹
Alfred N. Schindler (1949)	Hergiswil, Switzerland	Switzerland	Chairman, executive member ²	1977	2011
Luc Bonnard (1946)	Hergiswil, Switzerland	Switzerland	Vice Chairman, executive member ²	1984	2011
Prof. Dr. Karl Hofstetter (1956)	Zug, Switzerland	Switzerland	Executive member	2006	2012
Prof. Dr. Pius Baschera (1950)	Zurich, Switzerland	Switzerland, Italy	Non-executive member	2005	2011
Dr. Hubertus von Grünberg (1942)	Hanover, Germany	Germany	Non-executive member	1999	2011
Charles Powell (Lord Powell of Bayswater KCMG) (1941)	London, UK	UK	Non-executive member	2003	2012
Dr. Alexander Schaub (1941)	Brussels, Belgium	Germany	Non-executive member	2007	2010
Rolf Schweiger (1945)	Baar, Switzerland	Switzerland	Non-executive member	2009	2012
Dr. Jenö C. A. Staehelin (1940)	Basel, Switzerland	Switzerland	Non-executive member	1980	2011
Dr. Klaus W. Wellershoff (1964)	Zurich, Switzerland	Germany	Non-executive member	2009	2012

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

² Member of the Executive Committee of the Board

3.2 Other activities and vested interests

Alfred N. Schindler

joined the Board of Directors in July 1977 and has been Chairman of the Board of Directors since 1995. Since 1985 Alfred N. Schindler has been CEO of the Schindler Group and a member of the Executive Committee of the Board. 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 entirely on Schindler, Alfred N. Schindler resigned from his board memberships of the following companies: Bank Julius Bär, UBS, Jacobs Suchard (all Switzerland), and Deutsche Post AG. He is still a member of the European Advisory Board of the Wharton School. Alfred N. Schindler holds a degree in law from the University of Basel, Switzerland, and an MBA from the Wharton School of Finance of the University of Pennsylvania, USA.

Luc Bonnard

has been a member of the Board of Directors since August 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 and escalators business. Luc Bonnard holds a master’s degree in electrical engineering from the Swiss Federal Institute of Technology, Zurich.

Prof. Dr. Karl Hofstetter

was elected to the Board of Directors in March 2006 with executive responsibility as Group General Counsel. Karl Hofstetter has worked for Schindler since 1990. Until the General Meeting of Shareholders of 2006 he was a member of the Management Committee Elevators & Escalators. Karl Hofstetter is a member of the Board of Directors of ALSO Holding AG, Hergiswil, Switzerland, and of Venture Incubator AG, Zug, Switzerland. He is a member of the University Council of the University of Lucerne, Switzerland, of the Commission of Experts on Disclosure of the SIX Swiss Exchange, and of the Arbitration Commission of the Central Swiss Chamber of Commerce. As from 2010 he will be a board member of the Kuoni and Hugentobler Foundation, Switzerland. Karl Hofstetter studied law and economics 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 commercial law at the University of Zurich. During the spring term of 2009 he lectured at Harvard Law School, USA, as a visiting professor.

Prof. Dr. Pius Baschera

was elected to 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, followed by Hilti Germany GmbH, and in 1989 became responsible for the Europe 1 market region. 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, 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, Zurich. On completion of his studies in mechanical engineering and management science at the Swiss Federal Institute of Technology in Zurich, Pius Baschera gained a degree of Dr. sc. techn. ETH.

Dr. Hubertus von Grünberg

has been a member of the Board of Directors since May 1999. On completing his studies, he first worked for Teves GmbH, a subsidiary of ITT, in Frankfurt. 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. From June 1999 to March 2009 he was 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, both in Germany. He resigned from his board membership of MAN AG in March 2007, and of Deutsche Post AG in July 2007, as well as from his position as an advisor to BHF Bank AG. Since May 3, 2007, Dr. Hubertus von Grünberg has been chairman of the board of directors of ABB Ltd., Zurich. He holds a doctorate in physics from the University of Cologne, Germany.

Lord Powell of Bayswater

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 the board of directors of Magna Holdings International Ltd., Bermuda, and serves on the boards of Caterpillar Inc., Peroria, 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; 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, UK; GEMS, Hong Kong; and ACE, Bermuda. He is also chairman of the trustees of the Oxford University Business School Foundation, chairman of the UK Asia Task Force, 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. He gained a master of arts degree with first-class honors in history at Oxford University.

Dr. Alexander Schaub

was elected to the Board of Directors in March 2007. He has been a member of the Audit Committee of the Schindler Group since March 2007 and has been its Chairman since July 2008. 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 this period he oversaw the preparations for major reforms (modernization) of European policy on competition. He subsequently 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.

Rolf Schweiger

has been a member of the Board of Directors since March 2009. In 1969 Rolf Schweiger was elected to the parliament of the Canton of Zug, of which he remained a member for 22 years, 14 of them as leader of the Liberal Democratic Party section. Since 1999, he has represented the Canton of Zug in the Swiss Council of States. In 2004 he was chairman of the Liberal Democratic Party in Switzerland. Rolf Schweiger is a member of the following committees of the Swiss Council of States: the Finance Committee and chairman of Subcommittee 2 (EDA/EVD); the Economics and Taxes Committee; the Environment, Spatial Planning and Energy Committee (as Chairman); the Law Committee; the Courts Committee and chairman of its subcommittees. Rolf Schweiger is active in various political organizations including membership of the governing board of *economiesuisse*, president of Action for a Sensible Energy Policy in Switzerland (AVES), and president of the Federation of Swiss Food Industries (fial). He is also a member of various boards of directors in the property and building construction industries (including Hammer Retex Holding AG, Cham, Switzerland), in the food segment (Hochdorf Holding AG, Hochdorf, Switzerland) and in the pharmaceuticals segment as chairman of the board of directors of Roche Diagnostics AG, Risch, Switzerland. In addition, Rolf Schweiger is involved in various not-for-profit institutions including chairmanship of the foundation "Ombudsman of Private Insurance and SUVA," Zurich. Rolf Schweiger studied law at Zurich University where he completed his academic education in 1969, graduating with the licentiate degree. In 1971 he gained his attorney's license in Zug and began his career as attorney and notary. Since 1976 he has been a partner in the legal firm of Schweiger Attorney and Notary, Zug, Switzerland.

Dr. Jenö C. A. Staehelin

was elected to the Board of Directors in June 1980. In 1969 he entered the Swiss Federal Department of Foreign Affairs (FDFA) where he worked as a legal consultant before being appointed vice chairman of the European Patent Organization 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 United Nations in New York. Starting January 2003, Jenö Staehelin was president of the executive board of UNICEF for one year. 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 Centre 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.

Dr. Klaus W. Wellershoff

was elected to membership of the Board of Directors in March 2009. From June 1995 until spring 2009 Dr. Wellershoff worked for UBS. From 1997 to 1998 he was chief economist of the then Swiss Bank Corporation. From 2003 until fall 2008 he held the function of global head wealth management research as well as chairman of the investment committee of the UBS Global Wealth Management & Business Banking Division. Before 2003 he held the position of chief economist and head of research of UBS-Investment Bank Switzerland. Since September 1, 2009, he has been CEO of Wellershoff & Partners Ltd., an international independent management consultancy in Zurich. Dr. Wellershoff is a member of the management committee of the Institute of Economics at the University of St. Gallen, and a Council Member of the World Demographic Association. On completion of his banking apprenticeship with private bankers Sal. Oppenheim jr. & Cie., Klaus W. Wellershoff studied economics and business administration at the University of St. Gallen. While studying for his doctorate he was appointed visiting fellow in the Department of Economics at Harvard University, USA. Klaus W. Wellershoff holds a doctorate in economics from the University of St. Gallen, Switzerland.

3.3 Elections and terms of office

The members of the Board of Directors of Schindler Holding Ltd. are elected by the General Meeting of Shareholders for a term of three years, on completion of which they can be reelected for a further period of the same duration (individual election on first appointment, collective election for renewal). The renewal of the Board of Directors takes place on a staggered basis.

According to the Articles of Association, the Chairman of the Board of Directors is elected by the General Meeting of Shareholders.

Members of the Board of Directors are required to retire as of the date of the Ordinary General Meeting of Shareholders 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 organizational structure

3.4.1 Allocation of tasks within the Board of Directors

The Chairman of the Board of Directors convenes the meetings of the Board of Directors, prepares them, and leads them. He decides from case to case on the inclusion of further persons in the discussions of the Board of Directors. The Chairman of the Board of Directors determines the agenda. Every member of the Board of Directors can request convocation of a meeting of the Board of Directors stating the item to be discussed and giving a brief justification.

The Chairman of the Board of Directors serves as the link to the Board of Directors regarding fulfillment of the responsibilities of the Executive Committee of the Board.

One or more Vice Chairmen is/are elected by the Board of Directors from among its members for a term of three years. A Vice Chairman represents the Chairman.

3.4.2 Committees

The Board of Directors can delegate the preparation and execution of its decisions, the supervision of business, and the clarification or investigation of important events, to committees formed of its own members or to individual members. The Board of Directors has appointed four standing committees: the Executive Committee of the Board, the Nominations Committee, the Compensation Committee, and the Audit Committee. For each committee, the Board of Directors appoints a chairman.

3.4.2.1 Executive Committee of the Board

The Board of Directors appoints from among its members a standing Executive Committee of the Board for a term of three years. The Chairman and Vice Chairman of the Board of Directors are members of the Executive Committee of the Board. Members of the Executive Committee of the Board are not members of the Management Committees.

Members

as at 31.12.2009

Alfred N. Schindler	Chairman
Luc Bonnard	Vice Chairman

The Executive Committee of the Board manages and supervises the business of the entire Group and exercises its interests vis-à-vis third parties, in particular vis-à-vis business organizations and associations, as well as vis-à-vis authorities and the public. In addition, the Executive Committee of the Board (at ALSO, subject to legal stipulations and the Articles of Association of ALSO Holding AG) has the following specific tasks:

- Exercising the rights of Schindler Holding Ltd. as shareholder
- Preparing all business to be handled by the Board of Directors, and submitting proposals
- Creating the prerequisites for ultimate direction by the Board of Directors
- Ensuring that the Board of Directors is informed
- In close collaboration with the two Management Committees, formulating and submitting to the Board of Directors the goals and strategies of the Group as a whole, and of its two business segments, and allocating the financial and human resources
- Ensuring the execution of decisions of the Board of Directors and implementation of the Group strategy by the Management Committees
- Evaluating the performance and results of the two Management Committees Elevators & Escalators and ALSO
- Approving the quarterly financial statements
- Defining the goals and structures of the Finance and Human Resources areas
- Continuous monitoring of the managerial qualifications of the members of the two Management Committees and of further holders of important staff and line functions
- Determining the information and investor relations policies
- Deciding on the publication of ad hoc information and other disclosure obligations under stock exchange regulations.

3.4.2.2 Nomination Committee

The Executive Committee of the Board acts as Nomination Committee in selecting candidates for election to the Board of Directors, each member of the Board of Directors having the right to make proposals of their own to the Chairman of the Board. 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 of Shareholders.

The Nomination Committee also supervises on behalf of the Board of Directors the succession planning and nominations for the top management of the Group.

3.4.2.3 Compensation Committee

The Board of Directors appoints a Compensation Committee composed of two independent members of the Board of Directors who are not members of the Executive Committee of the Board.

Members

as at 31.12.2009

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

The responsibilities of the Compensation Committee are described in note 5.2.

3.4.2.4 Audit Committee

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

Members

as at 31.12.2009

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 of Directors. A full report is given once per year.

The Audit Committee is particularly responsible for the following:

- Approval of the annual and semiannual financial statements for submission to the Board of Directors
- Review and determination of audit programs
- Reviewing the performance, fees, and independence of the auditing body
- Discussion of all reports issued by the auditing bodies as well as status reports on implementation
- Issuance of recommendations and instructions regarding organization, human resources, 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 misconduct or infringements of internal guidelines
- Enactment of new guidelines, instructions, clarifications, or other instructions in connection with the Code of Conduct.

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

Audit Expert Group

as at 31.12.2009

Dr. Alexander Schaub	Independent member of the Board of Directors	Chairman
Alfred Spörri	Not a member of the Board of Directors ¹	Vice Chairman
Peter Bühler	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

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

The Audit Expert Group supports the Audit Committee and the Executive Committee of the Board in fulfilling their 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 Audits, 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 Audits, for the purpose of verifying compliance with safety-relevant standards and processes in the Elevators & Escalators business
- Information Security Audits, for the purpose of ensuring appropriate and constant protection of vital business data against internal and external hazards.

Application of the supervisory instruments is coordinated by Corporate Group Assurance.

The Audit Expert Group possesses the necessary financial and technical knowledge for it 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 specialist areas listed above are discussed.

3.4.3 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. Each year in September, a joint two-day meeting of the Board of Directors takes place with the members of both Management Committees. In the reporting year, six meetings were held.

The Executive Committee of the Board normally meets for a whole day every two weeks. In the reporting year, 37 meetings were held.

The other committees meet for half or whole days according to need. In the reporting year, the Audit Committee held four meetings. The Compensation Committee met four times, and the Nomination Committee 15 times. No external consultants attended the meetings.

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

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

3.5 Definition of areas of responsibility

According to law, the Board of Directors exercises ultimate direction and ultimate supervision of the entire Group, i.e. of the Management Committees Elevators & Escalators and ALSO (in the case of ALSO, subject to the legal stipulations and the Articles of Association of ALSO Holding AG). The non-transferable and inalienable responsibilities of the Swiss Code of Obligations, Article 716a, Paragraph 1, are incumbent on the Board of Directors. In addition, the Board of Directors can resolve all matters which are not defined by the laws or Articles of Association as being the responsibility of any other governing body.

It is also incumbent on the Board of Directors to approve, or decide on, the following:

- The objectives and strategies of the Group as a whole, and of its two business segments
- The essential prerequisites for business activity
- The main risks and the catalog of measures for preventing and minimizing potential damage
- The budget, the plans, and the forecasts of Schindler Holding Ltd. and the entire Group
- The consolidated annual and semiannual financial statements of the entire Group
- The annual financial statements of Schindler Holding Ltd. for submission to the General Meeting of Shareholders
- Setting up and changing the essential financing structures of Schindler Holding Ltd.
- The initiation and structuring of repurchase programs
- Guidelines and limits for financial management (cash management, financial investments, foreign currency market operations, and credit issues)
- Material M&A transactions, joint ventures, etc.
- Election of the Vice Chairman of the Board of Directors and of the chairman and members of the Executive Committee of the Board

- Proposing candidates to the General Meeting of Shareholders for election to the Board of Directors
- The fees of the members of the Board of Directors
- The structure and content of the participation programs and their beneficiaries.

In all other matters, the Board of Directors has delegated the management of the overall Group to the Executive Committee of the Board and the two Management Committees.

The main responsibilities of the Management Committee Elevators & Escalators are as follows:

- In close collaboration with the Executive Committee of the Board, formulation of the strategic goals for submission to the Board of Directors
- Accomplishment of the strategic and operational goals approved by the Board of Directors
- Definition of the goals for the areas of the operationally active members of the Management Committees, and determination of the organizational structure
- Handling of issues of cross-area significance
- Definition of the market strategy and of the communication policy in the marketing area
- Approval of the budgets, plans, and forecasts of the Group companies
- Preparation of budgets, plans, and forecasts for submission to the Executive Committee of the Board or Board of Directors as the case may be
- Appointment of the responsible persons to the supervisory, directive, and management bodies of the Elevators & Escalators Group companies and decisions regarding their signing authorities
- Enactment of binding rules for the Elevators & Escalators business segment
- Decisions regarding material corrective actions and major restructurings (partial plant closures, expansions, etc.).

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

The Board of Directors controls the Management Committees and supervises their work. The Schindler Group has at its disposal a comprehensive electronic management information system (MIS) for both business segments of the Group. The Board of Directors receives a written report each quarter. The Executive Committee of the Board is informed monthly in detail about the financial and operational development of the Elevators & Escalators and ALSO business segments. In the presence of the responsible persons, the reports are discussed in detail at the respective meetings of the Board of Directors and the Executive Committee of the Board.

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 Elevators & Escalators business segment in a four-phase process based on a detailed risk catalog (information regarding ALSO is contained in the annual report of ALSO Holding AG). 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 Group company 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 for the most important risks is presented to the Management Committee.
 - The Management Committee evaluates the risk matrix and the proposed catalog of measures and proposes additions.
 - The most important risks, along with possible measures to prevent and minimize potential damage, are presented to the Board of Directors for decision.

Internal Audit, the auditing body, and the compliance departments support the Board of Directors in exercising its supervisory and control function.

3.7 Board of Directors of ALSO Holding AG

as at 31.12.2009

Thomas C. Weissmann	Chairman of the Board of Directors and President of the Management Committee ALSO	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

4.1 Members of the Management Committee Elevators & Escalators

as at 31.12.2009	Nationality	Function
Jürgen Tinggren (1958)	Sweden	President
Miguel A. Rodríguez (1953)	Spain	Deputy President, Europe
Erich Ammann (1957)	Switzerland	Chief Financial Officer (CFO)
Dr. Rudolf W. Fischer (1952)	Switzerland	Corporate Human Resources
Michael Füllemann (1967)	Switzerland	Global Business
Dr. Christoph Lindenmeyer (1953)	Switzerland	East, Middle East, India, and Africa (EMIA)
Silvio Napoli (1965)	Italy	Asia/Pacific
Jakob Züger (1952)	Switzerland	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



Jürgen Tinggren

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 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

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 at 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

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 treasurer of Intershop Holding, Zurich, Switzerland, 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, Philadelphia, USA.

Dr. Rudolf W. Fischer

has been a member of the Management Committee with responsibility for Human Resources, Training, and Corporate Safety & Health since January 1, 1996. 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, both in Switzerland. Previously, for almost nine years, he held various managerial positions in human resources and trade marketing with Jacobs Suchard in Switzerland and Belgium. From 1980 to 1982 he worked for Zürcher Kantonalbank and First National Bank of Boston. He is a member of the board of directors of Vetropack Holding AG, Bülach, Switzerland. Rudolf W. Fischer completed his studies in 1979 with a doctorate in economics at the University of Zurich.

Michael Füllemann

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

has been a member of the Management Committee since March 1, 2003, with responsibility for the EMIA area (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 positions 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, Zurich. Christoph Lindenmeyer is a licensed attorney and holds a doctor of law degree from Berne University as well as an MBA from INSEAD, Fontainebleau, France.

Silvio Napoli

has been a member of the Management Committee with responsibility for the Asia/Pacific region since March 1, 2008. For three years prior to that date he was head of the Jardine Schindler Group. From 2003 to 2005 he was General Manager of Schindler Lifts (Hong Kong) Ltd. From 2001 to 2003 he was Director of Corporate Development (M&A) for 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. For three years prior to joining Schindler, Silvio Napoli held various positions with The Dow Chemical Company in Germany. He holds an MBA from Harvard Graduate School of Business Administration and a degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne.

Jakob Züger

has been a member of the Management Committee since July 1, 2006, with responsibility for North, Central, and South America. He joined Schindler Elevator Ltd. in March 1995. In 2003 he became Chief Executive Officer of Schindler Elevator Ltd., 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 tool and textile machinery manufacturers. Jakob Züger studied at the Swiss Federal Institute of Technology (ETH) in Zurich, where he graduated with a master's degree in mechanical engineering in 1978 and additional studies in management science.

Changes in the Management Committee Elevators & Escalators

As from January 1, 2010, the existing area responsibilities will be restructured. Europe will be divided into two areas: Europe North and Europe South. The EMIA area will cease to exist. Thomas Oetterli, formerly CEO of Schindler Elevator Ltd., Switzerland, will become Area Head of Europe North and Didier Gaudoux, formerly Vice President of Europe South Air Liquide, will become Area Head of Europe South. Miguel A. Rodríguez, former Area Head Europe, will in the future be Area Head Global Business. Dr. Christoph Lindenmeyer and Michael Füllemann will leave the Management Committee Elevators & Escalators.

As of January 1, 2010, the structure of the Management Committee will therefore be as follows: Jürgen Tinggren, President of the Management Committee, Miguel A. Rodríguez, Deputy President, Erich Ammann, Rudolf W. Fischer, Didier Gaudoux, Silvio Napoli, Thomas Oetterli, Jakob Züger.

4.2 Management Committee ALSO

as at 31.12.2009	Nationality	Function
Thomas C. Weissmann	Switzerland	President, Chairman and executive member of the Board of Directors of ALSO Holding AG
Laisvunas Butkus	Latvia	Managing Director GNT Baltic
Michael Dressen	Germany	Managing Director ALSO Deutschland GmbH
Lucas Kuttler	Switzerland	Chief Operating Officer
Marc Schnyder	Switzerland	CEO, ALSO Switzerland AG
Maija Strandberg	Finland	Managing Director GNT Finland
Urs Windler	Switzerland	Chief Financial Officer
Peter Zurbrügg ¹	Switzerland	Chief Information Officer

¹ In September 2009 ALSO Holding AG announced that Peter Zurbrügg will leave the Group in the next 12 months. A successor has not yet been announced.

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

4.3 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-term and long-term compensation.

5.2 Responsibility and determination process

The Board of Directors appoints a Compensation Committee composed of two independent members of the Board of Directors who are not members of the Executive Committee of the Board.

Members of the Compensation Committee

as at 31.12.2009

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

The Compensation Committee

- definitively determines the compensation of the Chairman of the Board of Directors,
- approves upon proposal of the Chairman of the Board of Directors all compensation of the other executive members of the Board of Directors, and
- approves upon proposal of the Chairman of the Board of Directors the compensation of the President of the Management Committee Escalators & Elevators.

It is also informed of all compensation of members of the Management Committee Elevators & Escalators.

The Compensation Committee exercises its responsibilities in consultation with Corporate Human Resources but without the involvement of external consultants.

The Board of Directors

- approves all compensation of the non-executive members of the Board of Directors, based on proposals submitted by the Chairman of the Board,
- determines the variable compensation under the Long Term Incentive Plan for the members of the Management Committee Elevators & Escalators (except for the President of the Management Committee), and
- approves the compensation and bonus regulations.

The Chairman of the Board of Directors

- determines the compensation of the members of the Management Committee for Corporate Human Resources and of the members of the Management Committee for Corporate Finance (except for the variable compensation under the Long Term Incentive Plan), and
- approves the proposals of the President of the Management Committee Elevators & Escalators for the compensation of the remaining members of the Management Committee (except the variable compensation under the Long Term Incentive Plan).

In addition, once yearly the Board of Directors reviews and discusses the compensation of the executive members of the Board of Directors and of the Management Committee Elevators & Escalators which is presented to the Board of Directors by the Compensation Committee.

Each year since the reporting year 2007, the entire compensation system for the executive members of the Board of Directors and of the Management Committee has been presented to the General Meeting of Shareholders for its consultative vote. The compensation of the Chairman of the Board of Directors and of the other executive members of the Board of Directors are presented in detail each year.

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 Chairman of the Audit Committee receives an additional fee for performing this function.

5.3.1.2 Executive members of the Board of Directors

In addition to their fee 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) components.

The fixed compensation comprises a monthly salary, a year-end salary, and flat-rate reimbursement of representation and car expenses. Also, a fixed payment is made into the Schindler Foundation (retirement plan for managerial employees). In addition, the compensation includes fringe benefits, which are disclosed if they exceed CHF 500 per case and a total of CHF 20 000 in the reporting year.

The variable compensation of members of the Executive Committee of the Board is allocated under the Capital Participation Plan 2000 and comprises a bonus (cash bonus plus shares or participation certificates of Schindler Holding Ltd.) and options on shares or participation certificates of Schindler Holding Ltd.

The variable compensation of the Chairman of the Board of Directors depends on the consolidated cash flow from operating activities (cash flow from business activities excluding the change in remaining net working capital). A rate per thousand applies which is contractually fixed and has not been changed since 1997. The variable compensation of the second member of the Executive Committee of the Board also depends on the consolidated cash flow, but with consideration also being given to the achievement of strategic goals, as well as individual goals set by the Chairman of the Board of Directors.

At the level of the Executive Committee of the Board, the cash flow from operating activities is used as the measurement parameter because this promotes long-term growth in the value of the Group rather than short-term profit maximization. This system of compensation ensures that impending restructuring projects as well as the associated depreciation/amortization and provisions are recognized as early as possible.

The variable compensation of the further executive member of the Board of Directors is composed of a bonus as well as Performance Share Units and options on shares or participation certificates of Schindler Holding Ltd. which are allocated under the Long Term Incentive Plan (see note 5.3.3.2).

The target bonus for the respective reporting year is determined at the beginning of that year. The actual bonus can be between 0 and 150% of the target bonus. It is paid in April of the following year, and depends 100% on the personal, qualitative, and quantitative goals.

The percentage makeup from fixed and variable components is the same as for the members of the Management Committee Elevators & Escalators (see note 5.3.2).

5.3.2 Management Committee Elevators & Escalators

The members of the Management Committee Elevators & Escalators receive compensation which consists of fixed and performance-related (variable) components.

The fixed compensation comprises a monthly salary, a year-end salary, and flat-rate reimbursement of representation and car expenses. In addition, a fixed payment is made into the Schindler Foundation (retirement plan for managerial employees). The compensation also includes fringe benefits, which are reported if they exceed CHF 500 per case and a total of CHF 20 000 in the reporting year.

The variable compensation comprises a bonus as well as Performance Share Units and options on shares or participation certificates of Schindler Holding Ltd. which, on achievement of the goals, amount to approximately 50% of the total compensation.

- The target bonus, which on achievement of the goals amounts to 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 and is paid out in April of the following year.

For members of the Management Committee with responsibility for results, the actual bonus depends 50% on achievement 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 participation certificates of Schindler Holding Ltd. are allocated to the members of the Management Committee under the Long Term Incentive Plan (see note 5.3.3.2). If the goals are achieved, the variable compensation under the Long Term Incentive Plan amounts to 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 of management with those of the shareholders.

A capital participation plan for the top level management of the Group has been in existence since 2000. It comprises a share plan and an options plan. The duration of the plan was initially six years, but was extended for a further six years in 2006. The specific features of the plan, and the beneficiaries, are decided each year by the Board of Directors.

In 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 note 5.3.3.2).

5.3.3.1 Capital Participation Plan 2000

- Under the *Share Plan* (Deferred Compensation Plan), the beneficiaries are paid 30% of their actual bonus up to a limit of CHF 135 000 in the form of shares or participation certificates of Schindler Holding Ltd. The allocation value of one share or one participation certificate is determined each year in December of the reporting year by the Board of Directors, normally from the average market value of the shares or participation certificates in December of the previous year, less a discount that is defined by the Board of Directors. The number of shares and participation certificates to be allocated to each beneficiary is also determined in December and their ownership transferred in April of the following year. The shares and participation certificates carry all associated rights, but are subject to a blocked period of three years during which they may not be sold.
- Under the *Options Plan*, a beneficiary can be allocated options on shares or participation certificates of Schindler Holding Ltd. for a maximum of CHF 90 000. Each year in December, the Board of Directors or the Compensation Committee, as the case may be, determines the value for which the recipient should receive options. The number of options to be allocated is calculated by dividing the value to be allocated by the economic value of one option (Black-Scholes formula) as at the date on which the exercise price is determined. 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 blocked period is three years, the subsequent exercise period six years (retrospectively changed as from allocation year 2006).

5.3.3.2 Long Term Incentive Plan

The Long Term Incentive Plan consists of a Performance Share Plan and an Options Plan.

- Under the *Performance Share Plan*, the Board of Directors or the Compensation Committee, as the case may be, at its own discretion allocates to the beneficiary a certain number of Performance Share Units. Each Performance Share Unit gives the beneficiary the right to a still-to-be-determined number of shares or participation certificates of Schindler Holding Ltd. The number of shares or participation certificates depends on the achievement of certain growth and profitability figures (Key Performance Figures) which are defined each year by the Board of Directors.

Key Performance Figures that have been defined as relevant for 2009 are:

- a. the difference between (1) the average EBIT of the Schindler Elevators & Escalators business from 2009 to 2011, and (2) the average growth in EBIT of a group of companies in the elevators and escalators market over the same years, and
- b. the difference between (1) the growth in turnover of the Schindler Elevators & Escalators business from 2008 to 2011 and (2) the growth in turnover of a group of companies in the elevators and escalators market in the same period.

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.

The Performance Share Units 2009 are Performance Share Units on the shares of Schindler Holding Ltd. Allocation of the shares for the Performance Share Units 2009 will only take place in April 2012 on expiration of the three-year performance period. Before allocating the shares, the extent of achievement of the Key Performance Figures and the resulting multiplier (conversion rate) are 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 beneficiary, who may freely dispose of them as from this date.

- Under the *Options Plan*, the Board of Directors or the Compensation Committee, as the case may be, at its own discretion allocates to the beneficiaries a certain number of options on shares or participation certificates of Schindler Holding Ltd. The allocation for the reporting year takes place in April of the reporting year. The blocking period is three years, the subsequent exercise period six years (retrospectively changed as from allocation year 2008).

The exercise price for the options is determined by the Board of Directors in the respective reporting year and is normally based on the average market value of the shares or participation certificates 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, each with a renewable duration of three years, 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.

No severance payments were made in the reporting year.

5.4 Compensation for the reporting year

By decision of the Board of Directors, under the Capital Participation Plan 2000 participation certificates and options on participation certificates of Schindler Holding Ltd. are allocated for the reporting year. At its meeting in December 2009, for the allocation of participation certificates and options for the financial year 2009, the Board of Directors decided to use the average market price of the participation certificates of December 2008. On this basis, the following values were determined:

- Allocation value for the participation certificates CHF 48.70
- Exercise price for the options on participation certificates CHF 53.60 (average market price of the participation certificates plus the premium of 10% defined by the Board of Directors)
- Option value according to the Black-Scholes formula CHF 20.65

In March 2009 the Board of Directors decided to allocate options on shares of Schindler Holding Ltd. under the Long Term Incentive Plan with an exercise price of CHF 56.40. The basis for the option price was the average market value from January 6 to 19, 2009, plus a premium defined by the Board of Directors of 10%.

The compensation of the Board of Directors and Management Committee Elevators & Escalators that is disclosed below contains the respective compensation for the entire reporting year with the following additions and limitations:

- The disclosed variable compensation elements relate to the completed reporting year. The allocation and payment of the variable compensation under the Capital Participation Plan 2000 only takes place in April of the following 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 date of resignation plus any other compensation paid in the reporting year in connection with the member's former activities in a governing body of the company is 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 payments 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 boards of directors of companies within the Group. If the respective Group companies pay a board of director's 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. Neither Schindler Holding Ltd. nor any other Group company has 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 Group company.

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

Total compensation 2009 – Board of Directors

in 1000 CHF	Fixed compensation		Variable compensation			Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	Cash bonus (gross)	Participation certificates ³	Performance Share Units ⁵	Options			
Alfred N. Schindler, Chairman ^{1,2}	3 265	3 297	221	–	90 ⁶	–	545	7 418⁸
Luc Bonnard, Vice Chairman ^{1,2}	1 500	1 877	221	–	90 ⁶	–	419	4 107⁹
Prof. Dr. Karl Hofstetter ²	805	580	–	400	400 ⁷	–	337	2 522
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}	350	–	–	–	–	–	–	350
Rolf Schweiger ^{3,11}	146	–	–	–	–	–	8	154
Dr. Jenö C. A. Staehelin ³	185	–	–	–	–	–	–	185
Robert Studer ^{3,10}	39	–	–	–	–	–	2	41
Dr. Klaus W. Wellershoff ^{3,11}	146	–	–	–	–	–	8	154
Total compensation	6 991	5 754	442	400	580	–	1 346	15 513

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Including compensation as Chairman of the Audit Committee

⁵ For the purpose of inclusion in the total compensation, the participation certificates of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2009 of CHF 79.65. The Performance Share Units were included in the total compensation with CHF 46.20 (average share price ten trading days before the date of the allocation on January 20, 2009, less a deduction of 10%).

⁶ The options allocated under the Capital Participation Plan 2000 are valued according to the Black-Scholes formula at CHF 20.65 per option.

⁷ The options allocated under the Long Term Incentive Plan are valued according to the Black-Scholes formula at CHF 8.97 per option.

⁸ After voluntarily waiving a total of CHF 978 000. Payments by Alfred N. Schindler to charitable organizations CHF 740 000.

⁹ After voluntarily waiving CHF 523 000

¹⁰ Compensation up to March 16, 2009 (General Meeting of Shareholders 2009)

¹¹ Compensation from March 16, 2009 (General Meeting of Shareholders 2009)

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

Number of participation certificates, Performance Share Units and options allocated 2009 – Board of Directors

	Participation certificates ²	Performance Share Units	Options
Alfred N. Schindler, Chairman ¹	2 772	–	4 358 ³
Luc Bonnard, Vice Chairman ¹	2 772	–	4 358 ³
Prof. Dr. Karl Hofstetter ¹	–	8 658	44 593 ⁴

¹ Executive member

² This number is based on the allocation value of CHF 48.70

³ Options from the Capital Participation Plan 2000 (participation certificates)

⁴ Options from the Long Term Incentive Plan (registered shares)

In the reporting year 2009, the variable part of the compensation for the executive members of the Board of Directors was on average 51% (previous year: 54%) of the total compensation: 41% cash (previous year: 47%), 6% in the form of shares/participation certificates/Performance Share Units (previous year: 4%), and 4% in the form of options (previous year: 3%).

Total compensation 2008 – Board of Directors

in 1000 CHF	Fixed compensation		Variable compensation			Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	Cash bonus (gross)	Registered shares ⁵	Performance Share Units ⁵	Options ⁶			
Alfred N. Schindler, Chairman ^{1,2}	3 265	3 475	137	–	90	–	451	7 418 ⁷
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 Incl. compensation as member/Chairman of the Audit Committee

⁵ For the purpose of inclusion in the total compensation, the shares of Schindler Holding Ltd. were 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 valued as follows: stock exchange price of one share of Schindler Holding Ltd. as at December 31, 2008, (CHF 47.05) multiplied by a conversion rate of 1.

⁶ The options allocated under the Capital Participation Plan 2000 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 of CHF 12 475 000 and donations to charities of CHF 600 000.

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

Number of registered shares, Performance Share Units and options on registered shares allocated 2008 – Board of Directors

	Registered shares ³	Performance Share Units	Options
Alfred N. Schindler, Chairman ¹	2 922	–	10 033 ⁴
Luc Bonnard, Vice Chairman ¹	2 922	–	10 033 ⁴
Alfred Spörri ²	2 922	–	10 033 ⁴
Prof. Dr. Karl Hofstetter ¹	–	6 192	23 392 ⁵

¹ Executive member

² Executive member until March 26, 2008

³ This number is based on the allocation value of CHF 46.20

⁴ Options from the Capital Participation Plan 2000

⁵ Options from the Long Term Incentive Plan

5.4.2 Members of the Management Committee Elevators & Escalators

Total compensation 2009 – Management Committee Elevators & Escalators

In 1000 CHF	Fixed compensation		Variable compensation		Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	Cash bonus (gross)	Performance Share Units ¹	Options ²			
Total Management Committee Elevators & Escalators ³	5 047	5 302	1 775	1 775	446	1 817	16 162
Highest single compensation: Jürgen Tinggren	860	1 320	500	500	–	323	3 503

¹ The Performance Share Units were included in the total compensation with CHF 46.20 (average share price ten trading days before the date of the allocation on January 20, 2009, less a deduction of 10%).

² The options allocated under the Long Term Incentive Plan 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.

Number of Performance Share Units and options on registered shares allocated 2009 – Management Committee Elevators & Escalators

	Performance Share Units	Options
Total Management Committee Elevators & Escalators	38 421	197 880
Jürgen Tinggren	10 823	55 741

In the reporting year 2009, the variable component of the compensation for the members of the Management Committee Elevators & Escalators was on average 55% (previous year: 39%) of the total compensation: 33% cash (previous year: 25%), 11% in the form of Performance Share Units (previous year: 8%) and 11% in the form of options (previous year: 6%). The calculation was based on a conversion rate of 1.

Total compensation 2008 – Management Committee Elevators & Escalators

In 1000 CHF	Fixed compensation	Cash bonus (gross)	Performance Share Units ¹	Variable compensation	Fringe benefits/ others	Expenses for post-employment benefits	Total
	Cash (gross)			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 one share of Schindler Holding Ltd. as at December 31, 2008, (CHF 47.05) multiplied by a conversion rate of 1.

² The options allocated under the Long Term Incentive Plan 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 Contains termination compensation for a former member of the Executive Committee of CHF 1.9 million.

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

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

5.4.3 Former members of governing bodies

Alfred Spörri, until March 26, 2008, a member of the Executive Committee of the Board, received total compensation in the reporting year 2009 of CHF 1.2 million.

Roland W. Hess, President of the Management Committee Elevators & Escalators until July 31, 2007, received total compensation of CHF 1.1 million (previous year: CHF 1.2 million).

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 259 200. The actuarially determined cash value is recalculated annually, and on December 31, 2009, amounted to CHF 1.7 million. This amount is reported by Schindler Holding Ltd. as a provision.

5.5 Loans

5.5.1 Present and former members of governing bodies

No loans were granted by Schindler Holding Ltd. or any other Group company to any present or former members of the governing bodies, and no such loans were outstanding as at December 31, 2009.

The Chairman of the Board of Directors has been granted borrowing rights. As of December 31, 2009, 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 former 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 2009 – Board of Directors

	Registered shares	Number of		Number of vested options	
		Participation certificates	on participation certificates allocated under the options plan 2004	on participation certificates allocated under the options plan 2005	on registered shares allocated under the options plan 2006
as at 31. 12. 2009					
Alfred N. Schindler, Chairman ^{1,2}	4	24 540	–	–	3 153
Luc Bonnard, Vice Chairman ^{1,2}	4	–	–	–	–
Prof. Dr. Karl Hofstetter ²	47 623	–	7 560	6 220	3 153
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	–	–	–	–
Rolf Schweiger ³	3 375	–	–	–	–
Dr. Jenö C. A. Staehelin ³	4	–	–	–	–
Dr. Klaus W. Wellershoff ³	3 000	–	–	–	–

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 at 31. 12. 2009, these comprised 51 026 502 shares, corresponding to 71.1% of the voting rights of the share capital entered in the Commercial Register.

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

as at 31.12.2008	Number of		Number of vested options		
	Registered shares	Participation certificates	on registered shares allocated under the option plan 2003	on participation certificates allocated under the option plan 2004	on participation certificates allocated under the option plan 2005
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 at December 31, 2008, these comprised 51 082 480 shares, corresponding to 70.5% of the voting rights of the share capital entered in the Commercial Register.

Participations, option rights, and conversion rights 2009 – Management Committee Elevators & Escalators

as at 31.12.2009	Number of		Number of vested options		
	Registered shares	Participation certificates	on participation certificates allocated under the option plan 2004	on participation certificates allocated under the option plan 2005	on registered shares allocated under the option plan 2006
Jürgen Tinggren, President	20 097	8 410	–	4 680	2 901
Miguel A. Rodríguez, Deputy President	19 841	10 120	–	6 220	2 565
Erich Ammann	7 879	4 450	–	5 530	2 883
Dr. Rudolf W. Fischer	24 413	–	–	–	2 733
Michael Füllemann	715	–	–	–	–
Dr. Christoph Lindenmeyer	11 300	3 340	–	4 150	2 179
Silvio Napoli	1 811	725	3	460	325
Jakob Züger	13 828	5 030	–	3 320	1 507

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

	Number of		Number of vested options		
	Registered shares	Participation certificates	on registered shares allocated under the options plan 2003	on participation certificates allocated under the options plan 2004	on participation certificates allocated under the options plan 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	13 828 ²	5 030	–	460	3 320

¹ Member since March 1, 2008

² Retrospectively corrected from 14 828 to 13 828 (typographical error)

Regarding option conditions, see note 35 to the Consolidated Financial Statements, pages 76 to 81.

6 Shareholders' participation

6.1 Restrictions on voting rights and representation

Provided that the share is recorded in the share register as a share with voting rights, each share carries the right to one vote. Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders (see note 2.6.1).

Shareholders' rights of participation at General Meetings of Shareholders are in accordance with the law and the Articles of Association. Each shareholder can personally participate at the General Meeting of Shareholders and cast their vote, or be represented by a person with written power of attorney who is also a shareholder. Representation is also possible by institutional representatives, by the independent proxy, or by depositary representatives.

6.2 Statutory quorums

6.2.1 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 participation certificates
- Issuance of profit sharing certificates, or conversion of participation certificates into profit sharing certificates
- Exceptions from the restrictions on registration as full shareholders when the percentage limit is exceeded
- Resolutions for which there is a legal or statutory requirement for a qualified decision-making quorum.

6.2.2 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 name, issuance of profit sharing certificates, and any change in the share capital or participation capital.

6.3 Convocation of the General Meeting of Shareholders

General Meetings of Shareholders are convened by the Board of Directors or, if necessary, by the auditing body or other bodies in accordance with the stipulations of Articles 699 and 700 of the Swiss Code of Obligations. Notification of General Meetings of Shareholders is given by non-registered 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.

6.4 Inclusion of items on the agenda

The Board of Directors prepares the agenda of the items to be discussed. According to Article 17 of the Articles of Association, shareholders who represent 5% of the share capital can request an item to be placed on the agenda. The request, with details of the item to be discussed, must be submitted in writing by the deadline announced and published once only by the Board of Directors.

6.5 Entries in the share register

Only those shareholders with voting rights and 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 for registration as close as possible to the date of the General Meeting of Shareholders, i.e. not more than five to ten days before the respective General Meeting of Shareholders. There are no exceptions to this rule regarding the closing date. The closing date is published together with the invitation to the General Meeting of Shareholders in the Swiss Official Gazette of Commerce and in various newspapers.

7 Change of control and defensive measures

7.1 Duty to make an offer

According to Art. 33 of the Articles of Association, the obligation to submit a public takeover bid pursuant to Articles 32 and 52 of the Swiss Securities Exchanges and Securities Trading Act has been foregone (opting out).

7.2 Clauses on changes of control

There are no clauses (e.g. golden parachutes) in favor of members of the Board of Directors or the Executive Committee of the Board, or other members of management, in case of a change of control.

8 Auditing body

8.1 Duration of mandate and term of office of the auditor in charge

Ernst & Young AG, Berne, have been the auditing body of Schindler Holding Ltd., as well as Group auditors, since 1999.

The auditor in charge has held this function since 2003, both for the audit of the individual financial statements of Schindler Holding Ltd. and for the consolidated financial statements of the Schindler Group. As required by law, the auditor in charge is changed every seven years.

8.2 Audit and additional fees

The audit fees of Ernst & Young as auditors of the Group's consolidated financial statements, and as auditing body of both Schindler Holding Ltd. and the majority of Group companies in Switzerland and abroad, as well as the fees for additional services, were as follows:

In 1000 CHF	2009	2008
Audit fees (audit of the consolidated financial statements, the financial statements of Schindler Holding Ltd., and the financial statements of the Group companies in Switzerland and abroad)	4 861	5 312
Additional fees:		
Additional audit-related services	358	
Tax advice	1 044	
Transaction advice	95	
Total additional fees	1 497	1 537

8.3 Informational instruments pertaining to an external audit

The Audit Committee evaluates the performance, fees, and independence of the auditors each year according to the following criteria:

- Quality of the Management Letter
- Global coverage and coordination of the audit instructions
- Meeting the deadlines required to allow the annual results media and analysts conference to be held on the scheduled date
- The quality of the guidance provided on the effects of changes in the accounting standards on internal guidelines and processes
- Benchmark analysis of the audit fees
- Independence as defined by relevant rules of the Swiss Audit Law (RAG).

The Audit Committee discusses and reviews the scope of the audits, and the feedback resulting therefrom. Based on this information, it determines changes and improvements as necessary.

Material non-audit-related services (e.g. tax services) that are provided by the auditors must be approved in advance by the Audit Committee.

In 2009 the Auditing Body had regular contacts with members of the Executive Committee of the Board and the Chief Financial Officer.

In the reporting year, one meeting took place with the Audit Committee.

Group Assurance reports 4–6 times to the Audit Expert Group, twice yearly to the Audit Committee of the Board of Directors, and once yearly to the Board of Directors.

9 Information policy

The Schindler Group pursues an information policy that 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. The ad hoc announcements can be called up as from the time when they are communicated to the SIX Swiss Exchange and for two years thereafter at www.schindler.com (http://www.schindler.com/group_index/group_media/group_news.htm).

It is also possible to receive potentially price-relevant information immediately at no cost directly from Schindler by e-mail. This service is offered at www.schindler.com under Media – News Subscription (http://www.schindler.com/group_index/group_media/group_kg_mr_sub.htm).

Schindler provides information about the half-year results and annual results in the form of interim and annual reports in printed and electronic form. The quarterly reports as at March 31 and September 30 are only made available in electronic form. Schindler also presents its annual financial statements each year at its annual results media and analysts conference and at the General Meeting of Shareholders.

Key dates are:

Closing of the financial year	as at December 31
Annual results media and analysts conference	Mid-February
Publication of the Annual Report	Mid-February
General Meeting of Shareholders	Mid-March
Interim Reports	as at March 31, June 30, September 30
Publication of the Interim Reports	April, August, October

The exact dates for the current year and the subsequent year can be called up at www.schindler.com – Investor Relations – Financial Calendar (http://www.schindler.com/group_index/group_kg_ir/group_kg_ir_fincal.htm).

Also available at www.schindler.com are the annual reports, press releases, and current share price, as well as general information about the Group.

Interested persons may also communicate with the Group directly through the following contacts:

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The Annual Report of the Schindler Group for 2009 consists of the Group Review and the Financial Statements and Corporate Governance.

The original German language version is binding. English, French, Spanish and Chinese translations of the Group Review 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 Zurich, Switzerland

**Typesetting, prepress,
and printing**

NZZ Fretz AG
Schlieren, Switzerland

Photography

Image photography:
OnRequest Images

Management Committee (page 131):
Julian Salinas



“Guangzhou has a new landmark: the Poly World Trade Center. Together, two towers form a single, gigantic complex. Masses of people move into and out of the buildings, and between them, every day. Each one must reach their destination quickly and safely – a real challenge. Together, the developers, architects and Schindler have perfectly mastered these requirements.”

Huang Zheng Ji, General Manager, Poly International Plaza Property Management; Guangzhou, China