

Annual Report 2004 Financial Statements
Corporate Governance



Contents

Financial Statements

- 4** Consolidated balance sheet
- 6** Consolidated profit and loss statement
- 7** Conclusion of the R03 (run rate 03) projects in the Group
- 8** Consolidated cash flow statement
- 9** Statement of shareholders' equity
- 10** Notes to the consolidated financial statements
- 49** Report of the Group auditors

- 50** Balance sheet of Schindler Holding Ltd.
- 52** Profit and loss statement of Schindler Holding Ltd.
- 53** Appropriation of profits
- 54** Notes to the financial statements of Schindler Holding Ltd.
- 61** Essential affiliated companies and unconsolidated subsidiaries
- 64** Report of the statutory auditors

Corporate Governance

- 66** Structure of the Group and its shareholders
- 67** Capital structure
- 69** Board of Directors, Executive Committee of the Board, and other committees
- 79** Management Committees
- 82** Compensation, participation, and loans
- 86** Shareholders' rights of participation
- 87** Change of control and defensive measures
- 87** Auditors
- 88** Top-level personnel changes
- 89** Information policy

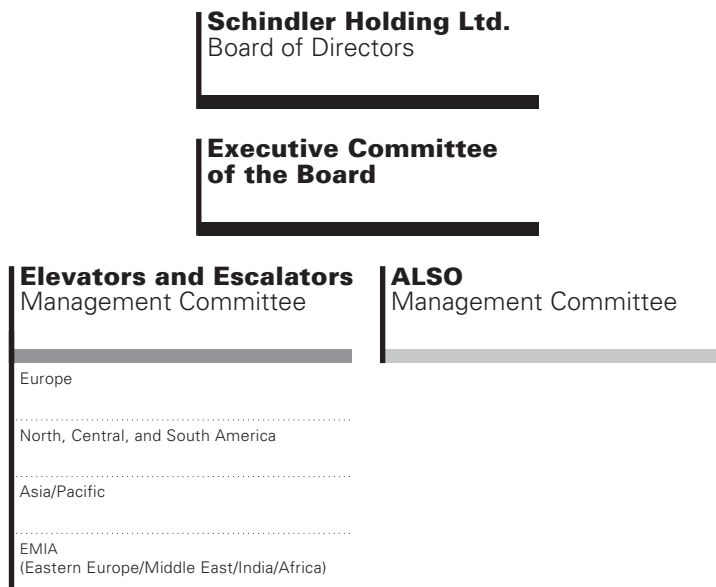
Corporate Governance

Corporate Governance

The report on corporate governance describes the management structure and control at the highest corporate level of the Schindler Group. The report's content and structure fulfill the requirements of the "Directive on Information Relating to Corporate Governance" of the SWX Swiss Exchange, which came into force on July 1, 2002.

Structure of the Group and its shareholders

Operational structure of the Group



The operational structure of the Group corresponds to the segment reporting presented on pages 43 and 44 of the Financial Statements. Essential affiliated companies and unconsolidated subsidiaries are listed on pages 61 to 63 of the Financial Statements.

ALSO Holding AG, Hergiswil/Switzerland, 64.5% of whose shares were held by Schindler Holding Ltd. at the end of 2004, has been listed on the SWX Swiss Exchange since 1986 and publishes its own annual report. That annual report also fulfills the requirements of IFRS (formerly IAS). On 31.12.2004, the market capitalization of ALSO was CHF 194 million (security number Na 155 143). In view of the extent of the information, ALSO's comments on its own corporate governance are not repeated here, since they are available in the ALSO annual report as well as in the permanent information source at www.also.com.

Shareholders

At the end of 2004, registered shares of Schindler Holding Ltd. were held by 2 792 shareholders.

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a stockholder retainer contract 5 120 196 registered shares of Schindler Holding Ltd., corresponding to 69.6% of the voting rights of the share capital entered in the Register of Companies.

Cross shareholdings

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

Capital structure

Capital

The share capital on December 31, 2004, was CHF 7 356 820. This is divided into 7 356 820 fully paid shares registered by name, each with a nominal value of CHF 1.00. Each share carries the right to one vote, as well as the right to a share in the profits reported in the balance sheet, and in the proceeds of liquidation, corresponding to its nominal value.

The bearer participation capital on December 31, 2004, was CHF 5 141 640. This is divided into 5 141 640 fully paid bearer participation certificates, each with a nominal value of CHF 1.00. Each bearer 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.

Details of the value of the capital of Schindler Holding Ltd. on December 31, 2004, as well as how it has changed in the last three reporting years, are presented on pages 57 and 58 of the Financial Statements.

On December 31, 2004, Schindler Holding Ltd. did not own any authorized or conditional capital.

Bonus certificates

There are no outstanding bonus certificates.

Limitations on share transferability and nominee registrations

Registration of shares

According to Art. 13 of the statutes, the Board of Directors shall refuse registration of an applicant as a full shareholder:

- if the applicant has not purchased the share(s) in his/her own name and on his/her own account, or
- registration would result in the applicant holding more than 3% of the voting rights. The voting rights of associated shareholders shall be accumulated. This does not apply to institutional representatives, or deposit agreements with banks.

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

The statutory restrictions on registration do not apply if:

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

The General Meeting of Shareholders may determine further exceptions. Applicants have the right to pursue their application at the General Meeting of Shareholders. The General Meeting of Shareholders was not required to rule on any such cases in the reporting year 2004.

Nominee registrations

The statutes contain no special regulations regarding nominee registrations.

Convertible bonds and debentures

Schindler Holding Ltd. has no outstanding convertible bonds.

Information regarding repayment on November 25, 2004, of convertible bonds of ALSO Holding AG is contained in the annual report of that company.

Details of outstanding debentures of Schindler Holding Ltd., including amounts, interest rates, and maturity dates, are presented on page 31 of the Financial Statements.

Employee options

All values *after* 10:1 share/participation certificate split on June 11, 2002.

	Options awarded (Number)	Exercise price in CHF	Barred period ends	Exercise period ends	Expired as at 31.12.2004 (Number)	Exercised as at 31.12.2004 (Number)	Outstanding on 31.12.2004 (Number)
2001	15 420	268.70	30.04.04	29.04.07	0	-1 250	14 170
2002	13 190	270.60	30.04.05	29.04.08	-190	0	13 000
2003	64 536	255.00	30.04.06	29.04.09	-2 681	0	61 855
2004	27 967	286.50	30.04.07	29.04.10	-151	0	27 816

One option gives entitlement to purchase one registered share (options awarded 2001 to 2003) or one bearer participation certificate (options awarded 2004) of Schindler Holding Ltd.

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

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

The Board of Directors, which according to its statutes comprises between 5 and 10 members, currently has 9 members. Of these, 3 are executive members, who form the Executive Committee of the Board, while the remaining 6 are non-executive members.

The *Executive Committee of the Board* is elected for a term of 3 years. According to the management bylaws, it is responsible for the immediate supervision of the two Management Committees. Members of the Executive Committee of the Board are not members of the Management Committees.

To assist the Board of Directors, there are also *other committees*, all of which have as their respective chairman a member of the Board of Directors.

Board of Directors of Schindler Holding Ltd.

Term of office expires*

Alfred N. Schindler		
Chairman; Hergiswil, Switzerland	Executive member	2005
Luc Bonnard		
Vice Chairman; Hergiswil, Switzerland	Executive member	2005
Alfred Spörri		
Zug, Switzerland	Executive member	2005
Prof. Dr. Dr. h.c. mult. Rolf Dubs		
St. Gallen, Switzerland	Non-executive member	2005
Dr. Hubertus von Grünberg		
Hanover, Germany	Non-executive member	2005
Scott D. Miller		
Colorado, USA	Non-executive member	2005
Charles Powell (Lord Powell of Bayswater KCMG)		
London, UK	Non-executive member	2006
Dr. Jenö C.A. Staehelin		
New York, USA	Non-executive member	2005
Robert Studer		
Schönenberg, Switzerland	Non-executive member	2005

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



Alfred N. Schindler (1949, Switzerland)

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



Luc Bonnard (1946, Switzerland)

has been a member of the Board of Directors since 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. He is Vice Chairman of the Board of Directors of Bobst AG, Prilly. Luc Bonnard holds a master's degree in electrical engineering from the Swiss Federal Institute of Technology, Zurich.



Alfred Spörri (1938, Switzerland)

has been a member of the Board of Directors, and of the Executive Committee of the Board, since 1995. From 1991 to 1995 he was a member of the former Executive Management Committee. He joined the Schindler Group in 1968 as CFO of Schindler Mexico and Area Controller for Latin America. From 1975 he was head of the subsidiary company in Mexico, before returning to Switzerland in 1979 as Group Controller and Treasurer. From 1988 to 1997 he was CFO of the Group. Alfred Spörri is a member of the Swiss Takeover Board and chairman of the board of directors of Tehag Freizeit AG, Meierskappel. After completing a commercial apprenticeship he qualified as a Swiss Certified Public Accountant in 1965, and in 1970 gained an MBA from Las Américas University, Mexico.



Prof. Dr. Dr. h.c. mult. Rolf Dubs (1935, Switzerland)

has been a member of the Board of Directors since August 1989. From 1969 until 2000 he was a professor at the University of St. Gallen, and from 1989 to 1993 Rector of that university. He is chairman of the board of directors of Hoffmann Neopac AG, Thun, of Veritec AG, Oberuzwil, and of the Hochalpinen Institut Ftan. Rolf Dubs is also a member of the board of directors of Underberg AG, Zurich, Integra Holding AG, Wallisellen, and Fischbacher AG, St. Gallen. In Germany, he is a member of the supervisory boards of ARAG Versicherung, Düsseldorf, and Underberg-Semper Idem, Rheinberg. At the Swiss Federal Department of Economic Affairs he is an advisor to the Office of Professional Education and Technology on universities of applied science, and at the Swiss Federal Department of Foreign Affairs an advisor on scientific matters to the Swiss Agency for Development and Cooperation. He is also a member of the Governing Council of the University of Lucerne. After training as a commercial teacher at the University of St. Gallen, Rolf Dubs gained a doctorate in economics from the same university in 1962. He was awarded honorary doctorates in 1993, 1994 and 2003.



Dr. Hubertus von Grünberg (1942, Germany)

has been a member of the Board of Directors since October 1999. On completing his education, he first worked for Teves GmbH, a subsidiary of ITT, in Frankfurt. In 1989 he became president and CEO of ITT Automotive Inc., at 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, of Hanover, Germany. Since June 1999 he has been chairman of the supervisory board of Continental AG. He is also a member of the supervisory boards of Allianz Versicherungs AG, Munich, Deutsche Telekom AG, Bonn, and MAN Aktiengesellschaft, Munich, all in Germany. He is also an advisor to ING BHF Bank AG of Frankfurt. Hubertus von Grünberg holds a doctorate in physics from the University of Cologne, Germany.



Scott D. Miller (1952, USA)

was elected a member of the Board of Directors in March 2002. From 1991 to 1993 he was a partner in The John Buck Company, Chicago, USA, and from 1994 to 1997 president of United Infrastructure Company, also of Chicago. He was then elected president of Hyatt Hotels Corporation, Chicago, USA. From May 2003 to May 2004 he was Vice Chairman of Hyatt Corporation. He currently serves as President and CEO of Six Sigma Academy, Scottsdale, Arizona, USA, as well as CEO of G100, Aspen, Colorado, USA. He is also a member of the boards of directors of AXA Financial Inc., New York, USA, Orbitz Inc., Chicago, USA, and NAVTEQ Inc., Chicago, USA. Scott D. Miller holds a BA degree from Stanford University, California, USA, and an MBA from the University of Chicago, USA.



Lord Powell of Bayswater KCMG (1941, UK)

Charles Powell was elected to the Board of Directors in March 2003. From 1963 to 1982 he was a member of the British Diplomatic Service. From 1983 to 1991 he was Private Secretary and Advisor on foreign affairs and defense to Prime Ministers Margaret Thatcher and John Major. Since 1992, Lord Powell has been an international businessman. He is Chairman of Sagitta Asset Management, London, and serves on the boards of Sagitta Investment Advisers Ltd., London; Caterpillar Inc., Peoria, Illinois; Textron Corporation, Providence (USA); LVMH (Louis Vuitton Moët Hennessy), Paris; Mandarin Oriental International Ltd., Bermuda; Matheson & Co. Ltd., London; British Mediterranean Airways (BMA), London; Financière Agache, Paris; UK-China Forum, London, Singapore Millennium Foundation, Singapore; Falgos Investments, London; Yell Group Ltd., London; and Northern Trust Global Services, Chicago/London. He is a member of several company Advisory Boards including Rolls-Royce, Derby; Hicks Muse, Dallas; Barrick Gold, Toronto; Magna Corporation, Toronto; BAE Systems, London; Thales, Paris; and GEMS, Hong Kong. He is Chairman of the Trustees of the Oxford University Business School Foundation, Chairman of the China-Britain Business Council, and Chairman of the Atlantic Partnership, London, as well as a Trustee of the British Museum, London, and of the Aspen Institute, USA. Lord Powell is an independent member of the House of Lords. Lord Powell was educated at Kings School, Canterbury, and in 1963 gained a Master of Arts degree with first-class honors in history at Oxford University.



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

was elected to the Board of Directors on June 24, 1980. From 1977 to 1984 he was Vice President of the European Patent Office in Munich. He subsequently became a Minister and Deputy Director of the Department for International Organization at the Swiss Federal Department of Foreign Affairs. 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 he was also a Special Ambassador to the Vatican. In 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. On entry of Switzerland to the United Nations in September 2002, he became the first Permanent Representative of Switzerland at the United Nations – a position he held until the end of August 2004. In 2003, Ambassador Staehelin was also President of the Executive Board of UNICEF. On retiring as Head of the Swiss Mission to the United Nations in New York, he was entrusted with special assignments by the Swiss Federal Council and the Swiss Federal Department of Foreign Affairs. Jenö C. A. Staehelin holds a doctorate in law from the University of Berne, a Master of Law degree from Harvard Law School, USA, and is a licensed attorney in Zurich.



Robert Studer (1938, Switzerland)

has been a member of the Board of Directors since July 1981. From 1991 to 1996 he was president of the executive committee of the Union Bank of Switzerland, and from 1996 to 1998 chairman of the board of directors of the same bank. Robert Studer is a member of the boards of directors of BASF AG, Ludwigshafen; Renault SA, Paris; and the Espirito Santo Financial Group SA, Luxembourg. He is also a member of the European Advisory Committee of the New York Stock Exchange. After completing a commercial apprenticeship he gained a diploma in business at the Zurich Management School in 1969.

Board of Directors of ALSO Holding AG

Thomas C. Weissmann	
Chairman of the Board of Directors and President of the Management Committee	Executive member
René Dreier (until 17.03.2004)	Non-executive member
Prof. Dr. Karl Hofstetter	Non-executive member
Prof. Dr. Rudolf Marty	Non-executive member

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

Cross-involvement

There are no cross-memberships between the Board of Directors of Schindler Holding Ltd. and any other listed company.

Election and term of office

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

Elections are held according to the principle of phased renewal. According to the statutes, the Chairman of the Board of Directors is elected by the General Meeting. The Vice Chairman is elected by the Board of Directors from among its members for a term of three years.

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

Internal organization and regulation of authorities

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

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

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

- The objectives and strategies of the Group as a whole, and of its two businesses
- The essential prerequisites for business activity
- Staffing of the management committees according to the management bylaws
- Business transactions whose financial value exceeds certain amounts.

Decisions are made by the full Board of Directors. To assist it, it has available four standing committees: the *Executive Committee of the Board*, the *Nominations Committee*, the *Compensation Committee*, and the *Audit Committee*.

Committees

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

Executive Committee of the Board

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

Members of the Executive Committee of the Board:

Alfred N. Schindler	Chairman
Luc Bonnard	Vice Chairman
Alfred Spörri	Member

Responsibilities

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

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

The Executive Committee of the Board ensures that the Board of Directors is informed, and that its resolutions are executed. For this purpose, it is assisted by various committees.

Responsibilities of the Executive Committee of the Board relative to the Management Committees

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

For this purpose, it particularly appoints the responsible persons in the Group – depending on their position – to supervisory, directive, and managerial bodies of the affiliated companies. These persons are required to act in accordance with the management bylaws, and receive instructions from the Executive Committee of the Board.

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

Nomination Committee

The Executive Committee of the Board is responsible for nominating candidates for election to the Board of Directors, each member of the Board of Directors having the right to make nominations of their own to the Chairman. In the structure of the Board of Directors, attention is paid not only to competence, but also to professional and cultural diversity.

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

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

Compensation Committee

Members:

Prof. Dr. Dr. h.c. mult. Rolf Dubs	
Non-executive member of the Board of Directors	Chairman
Dr. Hubertus von Grünberg	
Non-executive member of the Board of Directors	Member
Robert Studer	
Non-executive member of the Board of Directors	Member

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

The Compensation Committee definitively determines the remuneration, and all other compensation, of the Chairman of the Board of Directors. It also approves all compensation of other members of the Board of Directors, based on proposals submitted by the Chairman of the Board.

The compensation of the members of both Management Committees, and of other managers of the Group with compensation of a similar amount, is also submitted to the Compensation Committee for approval.

The Compensation Committee provides information to the full Board of Directors once per year.

Audit Committee

Within the scope of its ultimate supervision, the *Executive Committee of the Board* also exercises the function of an auditing body at board level. It maintains contact with the external auditors and is also supported by an *Audit Committee*, whose members as listed below are all persons who do not hold line management functions.

Alfred Spörri	
Member of the Executive Committee of the Board	Chairman
Walter G. Frehner	
External	Member
Peter Fraefel (until 31.05.2004)	
Member of the Management of Schindler Holding Ltd.	Member
Prof. Dr. Oliver Gassmann (from 1.06.2004)	
External	Member
Prof. Dr. Karl Hofstetter	
General Counsel, Member of the Management Committee	
Elevators and Escalators	Member

The Audit Committee assists the Board of Directors and its Executive Committee in fulfilling its supervisory functions over the Management Committees of Elevators and Escalators and ALSO.

The following controlling instruments of the Executive Committee of the Board are coordinated by the Audit Committee through the newly formed Group function "Group Assurance":

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

According to the Charter for the Audit Committee, the Audit Committee is particularly responsible for the following:

- Review and determination of audit programs
- Discussion of all reports issued by the auditing bodies as well as status reports on the implementations undertaken
- Issuance of recommendations and instructions regarding organization, employees, and auditing activities within the Schindler Group
- Review of the appropriateness of sanctions which are proposed in consequence of detected behavior or infringements of internal guidelines
- Enactment of new guidelines, instructions, clarifications, or other instructions in connection with the Code of Conduct.

The Audit Committee reports directly to the Chairman of the Board of Directors. Provision of information to the Board of Directors on the work of the Audit Committee takes place at the request of the Chairman of the Board, and in any case at least once per year.

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

The *Board of Directors* holds six regular half- or whole-day meetings per year, and additional ad hoc meetings as necessary. A two-day meeting is held in September of each year.

The *Executive Committee of the Board* holds whole-day meetings at least once every two weeks.

The *other committees* meet for half or whole days according to need, the Audit Committee usually every two months.

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

Coordination between the full Board of Directors and committees is ensured by there being at least one member of the Board of Directors on each committee.

The President of the Management Committee Elevators and Escalators attends all meetings of the Board of Directors; the attendance of other members of the Management Committees, or persons from outside, may be required on the instructions of the Chairman.

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

The Schindler Group has at its disposal a comprehensive electronic management information system (MIS). Each month, the Board of Directors receives a written report.

Forecast, budget, semi-annual, and annual financial statements of Schindler Holding Ltd., and of the Group, are delivered in writing to the Board of Directors, fully explained at its meetings, and submitted for its approval.

Information regarding the current state of the business is provided continuously at the meetings of the Board of Directors and the Executive Committee of the Board, in a form appropriate for those bodies, and with the participation of the persons bearing the respective responsibilities.

Management Committees

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

Management Committee Elevators and Escalators

Roland W. Hess	President
David J. Bauhs	Deputy to the President; Technology and Procurement
Miguel A. Rodríguez	Europe
Jürgen Tinggren	Asia/Pacific
Heikki Poutanen	North, Central, and South America
Dr. Christoph Lindenmeyer	Eastern Europe/Middle East/India/Africa (EMIA)
Brent Glendening	Chief Information Officer (CIO)
Erich Ammann	Chief Financial Officer (CFO)
Dr. Rudolf W. Fischer	Human Resources and Training
Prof. Dr. Karl Hofstetter	General Counsel



Roland W. Hess (1951, Switzerland)

was appointed to membership of the Management Committee on January 1, 1996, with responsibility for Finance and at the end of 1997 for the Central and Eastern European Area. He has been President of the Management Committee since March 1, 2003. Before taking up this position he was President and Chief Operating Officer of Schindler Elevator Corporation, Morristown, New Jersey, USA. He joined the Schindler Group in the Area Controlling Department in 1984, and in 1987 was appointed Vice President Finance of Schindler Elevators, Toledo, Ohio, and relocated to the USA. In 1989 he was named Vice President and Chief Financial Officer of Schindler Elevator Corporation in Morristown. In 1993 he returned to Switzerland as Head of Area Controlling. Roland W. Hess gained a degree in economics and business administration at the Lucerne School of Business and Administration. He also attended the Advanced Management Program at Harvard Business School.



David J. Bauhs (1938, USA)

has been a member of the Management Committee since January 1, 1996, and since July 1, 1997, Deputy to the President of the Management Committee. He was responsible for the Americas and southern Africa and since December 15, 2003, has been Head of Corporate Technology and Procurement. He joined Westinghouse Electric Corp. in 1967, whose elevator division was acquired by the Schindler Group in 1989. David J. Bauhs holds a degree in physics from the University of Wisconsin, USA, and a Master of Science in nuclear engineering from the Massachusetts Institute of Technology.



Miguel A. Rodríguez (1953, Spain)

has been a member of the Management Committee since December 1, 1998, with responsibility initially for Europe South West, and since November 1, 2001, for all of Europe. From 1991 to 1998 he managed the Schindler subsidiaries in Spain and Portugal. From 1981 to 1991 he was a member of the corporate management of the Armstrong Group, holding the position of General Manager 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.



Jürgen Tinggren (1958, Sweden)

joined the Management Committee on April 1, 1997, initially with responsibility for Europe 1, and since 1999 for the Asia/Pacific region. 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.



Heikki Poutanen (1945, Finland)

has been a member of the Management Committee since December 1, 1998, first with responsibility for Central Europe, then from November 2001 until February 2003 for the area comprising Eastern Europe/Middle East/India/Africa (EMIA), and since January 1, 2004, for North, Central, and South America. Prior to taking over responsibility for North, Central, and South America he was head of Schindler Elevator Corporation in the USA. He has worked in the elevator industry since 1971, and from 1995 until 1998 was head of Millar Elevator Service Co., USA. Heikki Poutanen holds a Master of Science degree in engineering from the Technical University of Helsinki.



Dr. Christoph Lindenmeyer (1953, Switzerland)

became a member of the Management Committee on March 1, 2003, with responsibility for the EMIA region (Eastern Europe/Middle East/India/Africa). He joined the Schindler Group in 1983 as Deputy Head of Corporate Planning. Since then he has held various managerial functions within the Group including CFO North America, Head of Field Operations Germany, and CEO of Schindler Elevator Ltd. Switzerland. He is also a Board Member of the Ammann Group, Langenthal, Switzerland, and a member of the Executive Committee of Swissmem. Christoph Lindenmeyer is a licensed attorney and holds a Doctor of Law degree from Berne University as well as an MBA from INSEAD.



Brent L. Glendening (1954, USA)

was promoted to the function of CIO at Management Committee level on September 1, 2001, from his previous position of responsibility for information technology for Schindler Americas, which he held from 1994 until 2000. Prior to that, he held managerial positions in information technology and manufacturing at PriceWaterhouse and Schlumberger Ltd. Brent L. Glendening holds a Bachelor of Science degree in business administration from Ferris State University, USA.



Erich Ammann (1957, Switzerland)

has been a member of the Management Committee, and Chief Financial Officer of the Schindler Group, since November 1, 2001. From 1997 he was Head of Group Controlling, and from 1992 to 1997 CFO of Schindler USA. Erich Ammann joined the Schindler Group in 1988 as an Area Controller. Prior to that, he was a treasurer with Intershop Holding, and before that an auditor with Schweizerische Treuhandgesellschaft (STG) in Geneva. He obtained a degree in Economics and Business Administration from St. Gallen University of Applied Sciences, Switzerland, and in 1994 gained an Executive MBA from the Wharton School, University of Pennsylvania, USA.



Dr. Rudolf W. Fischer (1952, Switzerland)

has been a member of the Management Committee with responsibility for Human Resources and Training since January 1, 1996. From 1994 to 1995 he was a partner in an executive search company in Zurich, prior to which from 1991 to 1994 he was General Manager of Jockey/Vollmöller AG in Uster, a subsidiary of the Austrian Huber Tricot Group, and later of Hanro AG in Liestal. Previously, for almost nine years he held various managerial positions in human resources and trade marketing with Jacobs Suchard in Switzerland and Belgium. He is a member of the board of directors of Vetropack Holding AG, Bülach. Rudolf W. Fischer completed his studies in 1979 with a doctorate in economics at the University of Zurich.



Prof. Dr. Karl Hofstetter (1956, Switzerland)

was appointed to the Management Committee as General Counsel on March 1, 2002, with responsibility for the legal, M & A, taxation, and compliance areas. He has worked for Schindler since 1990. Karl Hofstetter is a member of the board of directors of ALSO Holding AG, and of Venture Incubator AG, Zug. He is also a member of the Governing Council of the University of Lucerne. He studied law and business at the universities of Zurich (Switzerland), and Stanford, UCLA, and Harvard in the USA, and is a licensed attorney in Zurich and New York, as well as a professor of private and business law at the University of Zurich. During the spring term of 2005 he will take leave of absence to lecture on the subject of Comparative Corporate Law and Corporate Governance as John Harvey Gregory Lecturer on World Organization at the Harvard Law School, USA.

Management Committee ALSO

Thomas C. Weissmann	Chairman of the Board of Directors
	President of the Management Committee
	ad int. Managing Director, ALSO ABC Trading GmbH, Straubing, Germany (since 17. 8. 2004)
Jürgen Baumgartner	Chief Financial Officer
Dr. Axel Keller (until 17. 8. 2004)	Managing Director, ALSO ABC Trading GmbH, Straubing, Germany
Marc Schnyder	Managing Director, ALSO ABC Trading AG, Emmen, Switzerland
Peter Zurbrügg	Chief Information Officer

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

Management contracts

Schindler Holding AG has not entered into any management contracts with third parties outside the Group.

Compensation, participation, and loans

Content and method of determining the compensation and participation programs

Members of the Board of Directors receive for their work compensation of a fixed amount which is determined at the request of the Chairman of the Board of Directors.

The executive members of the Board of Directors (members of the Executive Committee of the Board), members of the management committees, and managerial employees, are compensated according to performance. The variable component of from 15% to 50% of their total compensation depends on fulfillment of their individual performance targets, the results of the area for which they are responsible, and the Group's net profit. The Compensation Committee approves the compensation of the highest governing bodies (see page 76, "Compensation Committee").

According to the method described on page 45 of the Financial Statements under "Capital Participation Plans", and starting April 2001 for the business year 2000, executive members of the Board of Directors (the Executive Committee of the Board), members of the Management Committee Elevators and Escalators, and members of the top level of management, receive a pre-defined proportion of their bonus in the form of shares or bearer participation certificates of Schindler Holding Ltd. at a predetermined exercise price, and with a bar on selling for three years.

Originally, the capital participation plan was limited to about 50 persons. Starting with the allocations made in April 2004 for the reporting year 2003, the plan was extended for the first time to a further level of management and now applies to about 300 employees in the Group.

In addition, the Board of Directors can decide each year whether, and to what extent, the now expanded group of employees mentioned above

shall be awarded additional option rights for the purchase of shares or bearer participation certificates of Schindler Holding Ltd. at a predetermined price and with a bar on selling for three years.

Compensation of active members of governing bodies

Highest total compensation

Alfred N. Schindler, Chairman of the Board of Directors and of the Executive Committee of the Board, received the following compensation:

In CHF	2003	2004
Compensation fixed by contract*	3 339 400	3 410 000
Bonus**	2 800 000	2 905 000
Voluntarily foregone within the R03 program	-1 539 950	-1 715 450
Actual payment	4 599 450	4 599 450
Taxes paid in Switzerland	4 500 000	5 370 000
Payments to charitable organizations	600 000	600 000

* Board membership fee, salary, fixed expenses, contributions to managerial insurance plan

** The variable bonus relates in each case to the previous year (basis cash flow), and includes the value of shares/participation certificates contained in the bonus

Within the scope of the existing capital participation plans, shares (2003), participation certificates (2004), and corresponding options were awarded to Alfred N. Schindler as follows:

Number	2003	2004
Allocated number of <i>shares</i> (2003), <i>participation certificates</i> (2004) (value included in total compensation)	703	575
Allocated number of <i>options</i> (2003 on shares, 2004 on participation certificates)	3 266	756
Barred period ends	30.04.2006	30.04.2007
Exercise period ends	29.04.2009	29.04.2010
Exercise price in CHF (shares/participation certificates)	255.00	286.50
Allocation ratio options: shares/participation certificates	1:1	1:1

Compensation of the Executive Committee of the Board

In CHF	2003	2004
Total compensation (incl. Chairman of the Board of Directors) 3 persons	10 639 488	10 598 450
Average per member	3 546 496	3 532 817

The total compensation includes salaries, bonuses (including the value of shares/participation certificates contained in them), fixed expenses, contributions to the managerial insurance plan, and board membership fees of the Chairman, Vice Chairman, and one other member of the Board of Directors.

Compensation of members of the Management Committee Elevators and Escalators

In CHF	2003	2004
Total compensation 10 persons (previous year 11)	10 184 543	10 334 018
Average per member	925 868	1 033 402

The total compensation includes salaries, bonuses (including the value of shares/participation certificates contained in them), fixed expenses, and contributions to the managerial insurance plan.

Compensation of non-executive members of the Board of Directors

In CHF	2003	2004
Total compensation 6 persons (previous year 7)	959 025	960 000
Average per member (incl. joiners and leavers 2003)	137 004	160 000

The total compensation comprises fees and fixed expense allowances. No separation payments were made.

Compensation of former members of governing bodies

Schindler Holding Ltd. pays pensions to three widows of former executive members of the Board of Directors amounting in total to CHF 216 000 annually. The actuarially determined cash value is recalculated annually, and on December 31, 2004, amounted to CHF 1.8 million. This amount is reported by Schindler Holding Ltd. as a provision.

In normal fulfillment of contractual obligations, in the reporting year compensation of CHF 362 000 was paid to a member of the Management Committee Elevators and Escalators who relinquished his membership at the end of October 2003.

Allocation of shares and participation certificates

Number	2003 Shares	2004 BPC
Executive members of the Board of Directors (incl. Board Chairman) 3 persons	2 109	1 725
Members of the Management Committee Elevators and Escalators 10 persons (previous year 11)	5 073	4 066

At their own wish, the non-executive members of the Board of Directors are not included in the capital participation plan. There were also no allocations of shares to related parties.

Share holdings as at December 31

According to the share register of Schindler Holding Ltd., members of the governing bodies held the following numbers of shares:

Number of shares	2003	2004
Executive members of the Board of Directors		
incl. parties to the stockholder retainer contract	4 789 729	5 122 439
Members of the Management Committee		
Elevators and Escalators 10 persons (previous year 11)	10 643	10 273
Non-executive members of the Board of Directors	3 240	3 240

Option holdings as at December 31

As at December 31, 2004, holdings of options by members of the governing bodies were as follows:

Number of options	Allocated in 2001	Allocated in 2002	Allocated in 2003	Allocated in 2004	Holding on 31.12.2004
Executive members of the Board of Directors					
(incl. Board Chairman) 3 persons	3 510	2 370	9 798	2 268	17 946
Members of the Management Committee					
Elevators and Escalators					
10 persons (previous year 11)	5 150	4 890	22 377	5 346	37 763
Barred period ends	30.04.2004	30.04.2005	30.04.2006	30.04.2007	
Exercise period ends	29.04.2007	29.04.2008	29.04.2009	29.04.2010	
Exercise price in CHF	268.70	270.60	255.00	286.50	
Allocation ratio options :					
shares/participation certificates*	1:1	1:1	1:1	1:1	

* The allocations made in 2001 to 2003 give entitlement to purchase registered shares; the allocation made in 2004 gives entitlement to purchase bearer participation certificates

No options were allocated to non-executive members of the Board of Directors.

Additional fees and other compensation

In the reporting year, no members of the Board of Directors or Management Committees, nor any related parties, received fees or other compensation for additional services to Schindler Holding Ltd. or any subsidiary or affiliated company, requiring disclosure.

Shareholders' rights of participation

Credit available to members of the governing bodies

No loans were made by the issuer, or any subsidiary or affiliate, to any active or former member of the governing bodies, nor were any such loans outstanding on December 31, 2004.

The Chairman of the Board of Directors has been granted borrowing rights. On December 31, 2004, the unutilized credit limit was CHF 25 million, which was secured by own shares with a value of over CHF 80 million.

Restrictions on voting rights

Subject to the registration of shares, the statutes do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

Right of participation at the General Meeting

Shareholders' rights of participation at General Meetings of Shareholders are in accordance with the law and the statutes. Shareholders may be represented by third parties who are themselves shareholders, by institutional representatives, by the independent proxy, or by depositary representatives.

Quorum

Art. 19 of the statutes 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 Swiss Register of Companies is required:

- election and discharge of members of the Board of Directors,
- conversion of registered shares into bearer shares and vice versa, and, subject to the individual voting rights of the shareholders, conversion of shares into bearer participation certificates,
- issuance of bonus certificates, or conversion of bearer participation certificates into bonus certificates,
- exceptions to the statutory share-registration regulations,
- resolutions for which there is a legal or statutory requirement for a qualified decision-making quorum.

Decision-making majority

Resolutions by the General Meeting of Shareholders are normally determined by the relative majority of the votes cast.

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 Art. 704 of the Swiss Code of Obligations,
- resolutions regarding changes to the company, issuance of bonus certificates, and any change in the share capital or bearer participation capital.

Notification of General Meetings of Shareholders

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.

Agenda

The right to propose items for the agenda is governed by the stipulations of Swiss corporation law.

Closing date for entry in the share register

Only those shareholders with voting rights whose names were recorded in the company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date for registration as close as possible to the date of the General Meeting, i.e. not more than 5 to 10 days before the General Meeting. There are no exceptions to this rule regarding the closing date for registration.

Change of control and defensive measures

Duty to submit an offer

According to Art. 33 of the statutes, the obligation to submit a public offer to purchase under Art. 32 and 52 of the Swiss Securities Exchanges and Securities Trading Act (SESTA) of March 24, 1995, has been foregone ("*opting out*").

"Change of control" clauses

Contracts of employment between Schindler Holding Ltd. and members of the governing bodies do not contain any clauses applying to the case of a change of control (e.g. "golden parachutes").

Auditors

Duration of mandate and term of office of the head auditor

Ernst & Young AG, Berne, have been the statutory auditors of Schindler Holding Ltd., as well as Group auditors, since 1999. Prior to that, Neutra Treuhand AG, which is associated with Ernst & Young AG, were the statutory auditors (from 1991), and Group auditors (from 1992).

The head auditor has been responsible for the audit of both Schindler Holding Ltd. and the Group's consolidated financial statements since the 2003 reporting year.

Audit and other fees

The fees applicable to, and charged in, the reporting year by Ernst & Young as auditors of the Group's consolidated financial statements, and as statutory auditors of both Schindler Holding Ltd. and the majority of subsidiary and affiliated companies in Switzerland and abroad, were as follows:

In 1000 CHF	2003	2004
Audit fees (audit of the Group's Consolidated Financial Statements, and statutory audit of the financial statements of the holding company and of subsidiary and affiliated companies in Switzerland and abroad)	2 460	2 599
Additional fees (corporate, legal, and taxation advice, and special projects)	1 070	755

Including other auditors, the *total audit fees* incurred by the Group in the reporting year amounted to CHF 3.9 million (previous year CHF 4.4 million).

Supervision and control of the auditors

The Executive Committee of the Board evaluates the performance, fees, and independence of the statutory auditors and Group auditors each year. It discusses and reviews the scope of the audits, and the feedback resulting from them. Based on this information, it determines changes and improvements as necessary.

Top-level personnel changes

In a press release dated November 9, 2004, the following personnel changes were publicly announced:

Dr. Clemens Kolbe will join the Schindler Group effective January 1, 2005. Reporting directly to the Executive Committee of the Board in the rank of a member of the Management Committee, he will be entrusted with strategic assignments.

With effect from January 1, 2005, *Heikki Poutanen*, member of the Management Committee responsible for North, Central, and South America, will relinquish his line position for reasons of health. His function will be taken over temporarily by *Roland W. Hess* in addition to his role as President of the Management Committee Elevators and Escalators.

Alfred Spörri, member of the Executive Committee of the Board, will retire on April 1, 2007. *Roland W. Hess* has been designated his successor. *Roland W. Hess* will then be succeeded as President of the Management Committee Elevators and Escalators by *Jürgen Tinggren*, currently member of the Management Committee responsible for Asia/Pacific.

Information policy

The Schindler Group pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters affecting the share price are published immediately as ad hoc announcements, in accordance with the obligation to publish of the SWX Swiss Exchange. Key dates are:

Closing of the business year	December 31
Annual results media and analysts conference	End of February
Publication of the Annual Report	End of February
Annual General Meeting	March
Interim Report	As at June 30
Publication of the Interim Report	August

Exact details of key dates for the current year and the next two years are available at www.schindler.com under Investor Relations – Key Dates.

Also available at www.schindler.com are the Annual Report, press releases, and the current share price, as well as general information about the Group. Interested persons from the financial markets, or members of the public, may also communicate with the Group directly through the contact partners listed on page 91.

Corporate Communications

Riccardo Biffi
Head of Corporate Communications
Schindler Management Ltd.
CH-6030 Ebikon
T+41 41 445 30 60
F+41 41 445 31 44
e-mail: riccardo_biffi@ch.schindler.com

Investor Relations

Barbara Zäch
Investor Relations Manager
Schindler Management Ltd.
CH-6030 Ebikon
T+41 41 445 30 61
F+41 41 445 31 44
e-mail: barbara_zaech@ch.schindler.com

Stephan Jud
Head of Treasury
Schindler Management Ltd.
CH-6030 Ebikon
T+41 41 445 31 19
F+41 41 445 45 30
e-mail: stephan_jud@ch.schindler.com

The Annual Report of the Schindler Group for 2004 consists of the Activity Report and the Financial Statements and Corporate Governance.

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

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

Schindler Holding Ltd.
Seestrasse 55
CH-6052 Hergiswil
Switzerland
T+41 41 632 85 50
F+41 41 445 31 34

Schindler Management Ltd.
Zugerstrasse 13
CH-6030 Ebikon
Switzerland
T+41 41 445 32 32
F+41 41 445 31 34

Corporate Communications
T+41 41 445 30 60
F+41 41 445 31 44
email@schindler.com

www.schindler.com

Overall responsibility and concept

Schindler Management Ltd.
Corporate Communications
6030 Ebikon, Switzerland

Graphic design

Gottschalk+Ash Int'l

Text

Schindler Management Ltd.
Corporate Communications
6030 Ebikon, Switzerland

Typesetting and printing

NZZ Fretz Ltd.
8952 Schlieren, Switzerland