



Engineering the detail,
moving the world.
Activity Report 2007



Schindler

Milestones



Ladies and Gentlemen

The year 2007 will remain painfully engraved in our memory for a long time. Despite record operating profits, the Group had to cope with adversity and to overcome some very complex issues. Net consolidated profits of the Group before deduction of the cartel fines would have reached CHF 571 million. After the fine, net consolidated profits reach CHF 278 million as compared to CHF 511 million in 2006.

Let me summarize some of the major events as follows:

- Despite intense competition, our global Top Range sales could be maintained at high levels and include some very important buildings around the world (please refer to pages 34 to 49).
- Our strategic collaboration with Hyundai Elevator Co. Ltd. in South Korea developed in a very positive way as exemplified by a joint mid-October press conference in Seoul and the establishment of joint working teams.
- The Schindler 3300 product line, designed for the residential and commercial sector, has been extremely well received by our customers. Subsequent very strong sales of new installations in 2006 have led to persistent logistical problems in Europe and bookings had to be closely monitored in 2007. By the end of the 3rd quarter 2007, European on-time deliveries were back to normal and first-pass yield started to improve.
- The acquisition of GNT in 2006 burdened the results of ALSO in 2007. Indeed, despite record losses of CHF –19 million in the first half at GNT, ALSO managed to close the year with consolidated net profits of CHF 15 million. This significant improvement is mainly based on two sets of actions: the beginning turnaround of GNT and very healthy profit improvements of ALSO standalone.
- As mentioned above, the two cartel fines in the EU and Austria totaling CHF 293 million have reduced our consolidated net profits by 51.3%. They harmed our reputation even though the violations were limited to local markets only. Both fines are excessive and do in no way reflect our continuous and well documented compliance efforts since the early 90s (see also page 111ff., Corporate Governance). They have therefore been challenged in court.

In addition, the two cases have shown that cartel laws in Europe are deeply flawed for at least two reasons. Firstly, fines against companies for alleged cartel violations target the shareholders instead of the individuals who actually broke the law. That is in sharp contrast to antitrust laws in the United States. Punishing responsible individuals would not only be fairer, but would also be a more effective deterrence. Secondly, even if cartel violations were purely local, fines are imposed on the whole corporate group and based on its worldwide sales.

As a consequence we will not rest until cartel laws in Europe will include a so-called “compliance defense” for companies as well as penal sanctions against employees who deliberately infringe cartel laws. Several political initiatives have been launched in order to amend cartel laws in Europe accordingly.

On behalf of all shareholders and the Board of Directors, I would like to thank all employees for their tremendous efforts in this difficult year. My special thanks go to those who were given the task to deal with problems former employees have left behind for them to solve.

Despite the turbulences in the financial markets, 2008 should not only lead to substantially higher consolidated profits but also to better operating margins. With this positive outlook in mind, we gladly turn the page 2007.

A handwritten signature in black ink, reading "A. Schindler".

Alfred N. Schindler

1

Schindler in brief

2 Schindler in brief

2

To the shareholders

17 Statement of the Board of Directors

3

Elevators & Escalators

25 Business review
31 Urban mobility
34 Important orders

4

ALSO

51 Business review

5

Corporate Citizenship

54 Wide-ranging corporate commitments
56 "Green elevators"

6

Overview of financial results

59 Summary financial statements Group
60 Summary financial statements Schindler Holding Ltd.
61 Key figures Group
64 Key figures Elevators & Escalators
65 Key figures ALSO
66 Key figures Schindler Holding Ltd.
67 Key figures registered share/participation certificate
70 Financial calendar
71 Important addresses

7

Financial Statements Group

8

Financial Statements Schindler Holding Ltd.

9

Corporate Governance

0

www.schindler.com

Group

Founded in Switzerland in 1874, the Schindler Group employs around 45 000 staff worldwide and comprises two core areas of business: Elevators & Escalators, which contributed 63% of sales in 2007, and ALSO, an ICE distributor in Europe. The parent company Schindler Holding Ltd. is listed on the SWX 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 64.0% of ALSO Holding AG, which is listed on the SWX 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 nine European countries: under the name of ALSO in Switzerland and Germany, and under GNT in Finland, Norway, Sweden, Estonia, Latvia, Lithuania, and Poland.

Strategic orientation

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

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

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

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

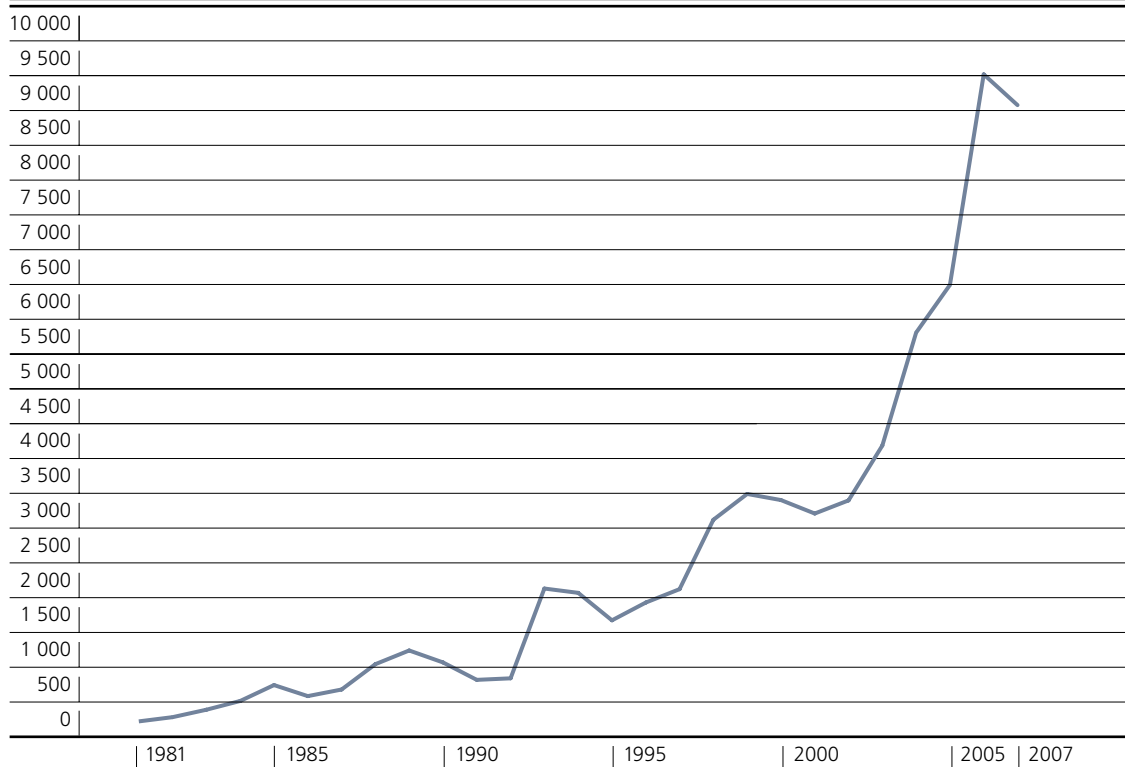
Schindler will systematically pursue the aforementioned strategy in order to further expand its leading position, thus generating added value for its shareholders and increasing its market capitalization.

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

We create values

Market capitalization 1981 to 31.12.2007

In million CHF



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

In CHF	2007	2006
Registered share	1.60	1.30
Bearer participation certificate	1.60	1.30

Subject to approval by the General Meeting, the dividend will be paid on March 31, 2008.

Key figures 2007

Group

In million CHF	2007	2006	Δ %	Δ % local currency
Orders received	14 116	11 720	+20.4	+18.0
Operating revenue	13 835	11 106	+24.6	+22.1
Operating profit (EBIT)	830	726	+14.3	
Antitrust fines	293			
Net profit	278	511	-45.6	
Net profit before antitrust fines	571	511	+11.7	
Cash flow	391	623		
Return on shareholders' equity in %	13.0	25.2		
Consolidated shareholders' equity	2 100	2 177		
Order backlog	6 752	6 024	+12.1	+13.8
Personnel at year-end (number)	45 208	43 679		

Elevators & Escalators

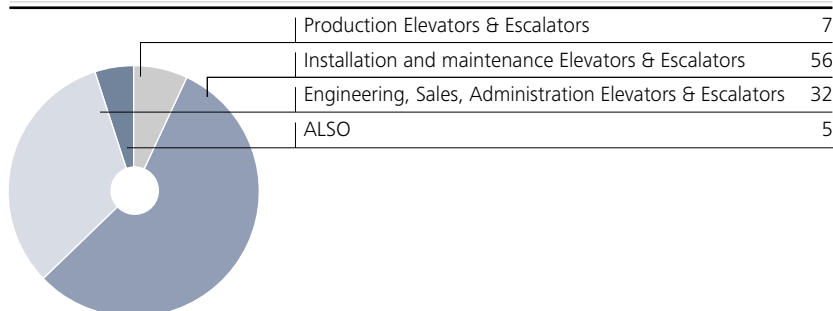
In million CHF	2007	2006	Δ %
Orders received	9 023	8 417	+7.2
Operating revenue	8 752	7 829	+11.8
Operating profit (EBIT) in %	9.2	9.2	

ALSO

In million CHF	2007	2006	Δ %
Orders received	5 093	3 303	+54.2
Operating revenue	5 083	3 277	+55.1
Operating profit (EBIT) in %	1.1	0.9	

Personnel 2007 by sector

In %



Organization

Board of Directors Schindler Holding Ltd.

Status December 31, 2007

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

Management Committees

Status December 31, 2007

Elevators & Escalators

Jürgen Tinggren, President
Miguel A. Rodríguez, Deputy President
Emmanuel Altmayer
Erich Ammann
Dr. Rudolf W. Fischer
Michael Fülleemann
Dr. Christoph Lindenmeyer
Jakob Züger

ALSO

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

For details see the chapter on Corporate Governance starting on page 99 of the Financial Statements



Many goals. One destination.

The Schindler Traffic Management System combines the most efficient use of elevators with an exceptional ride experience for each passenger. Intelligent planning for a world hungry for transportation solutions – even for small passengers.



Share the spirit. Freedom of choice.

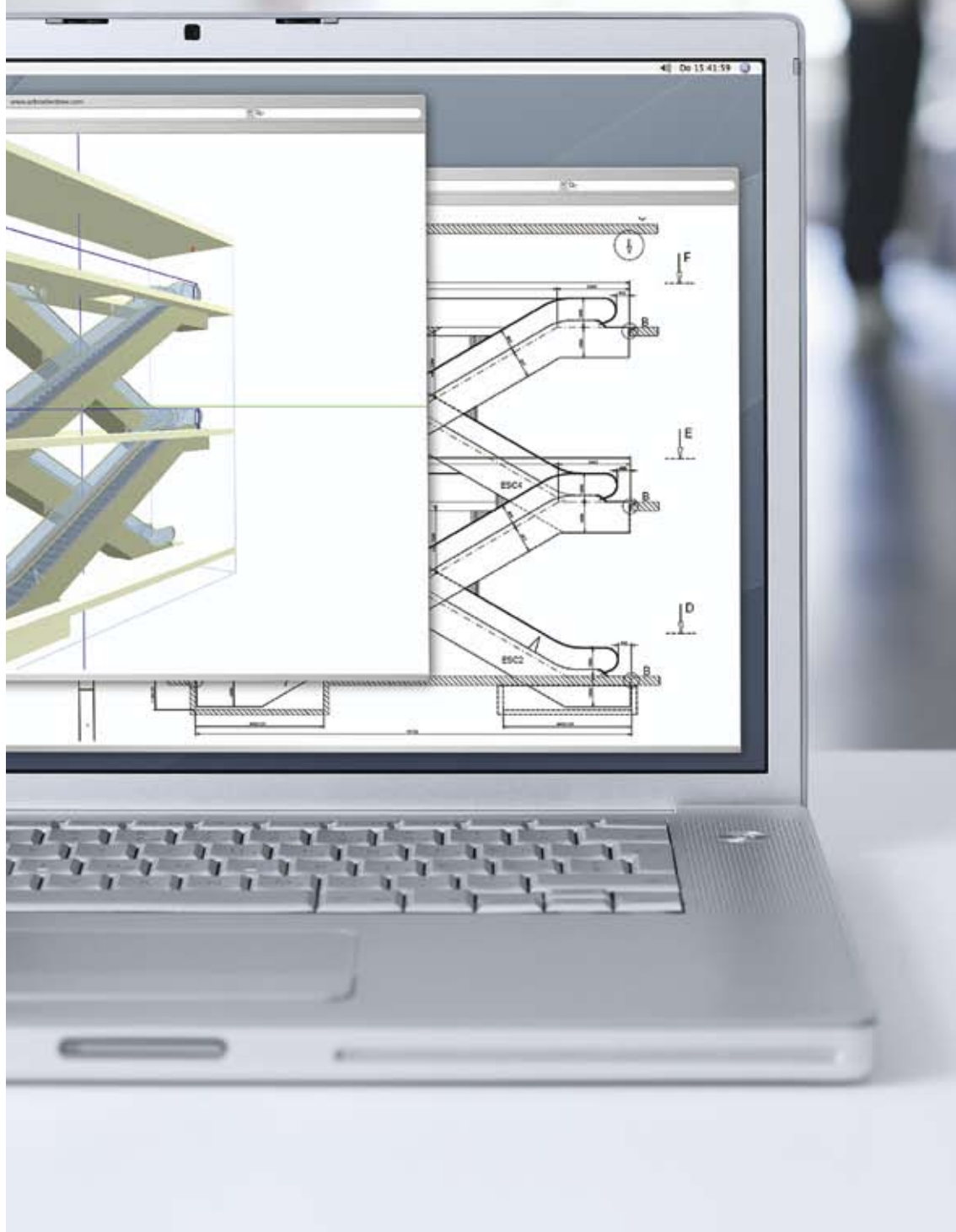
A wide range of decor lines – from refreshing colors or cool technical skins to exclusive elegance – makes car interiors come alive. Additional available features such as the new ceiling spots put the ambiance in the right light.





Created in the mind. Drawn on the screen.

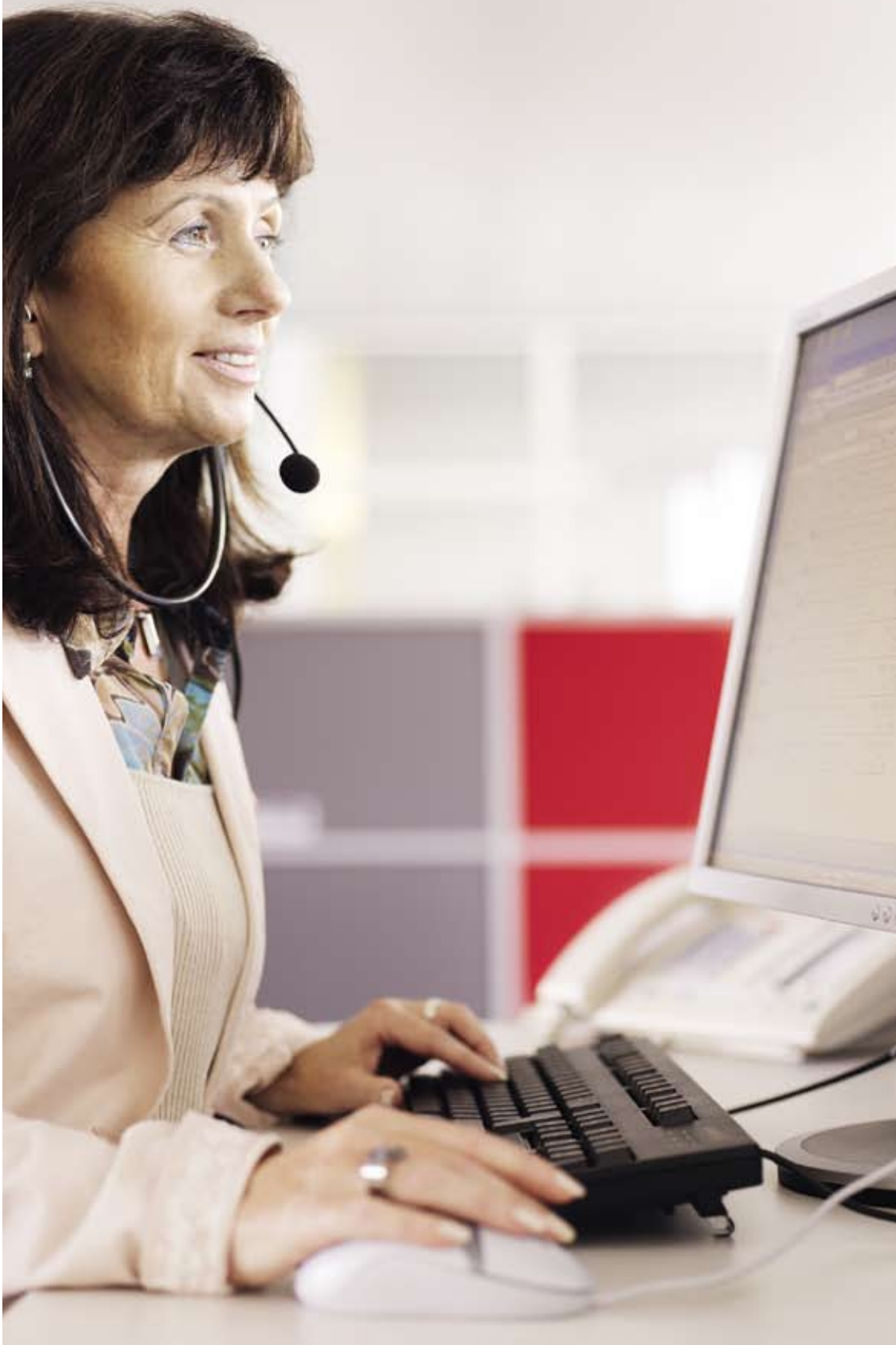
The journey from outline to skyline begins. In the planning phase, Schindler Draw software lets you swiftly implement your ideas. You can use its drag-and-drop function to integrate escalators directly into your blueprints. For an exciting new design world.





One contact. For all contingencies.

In the rare case of a malfunction, you can personally contact one of Schindler's call center staff members with push-button convenience. Schindler is thoroughly committed to keeping you on the move – around the clock.

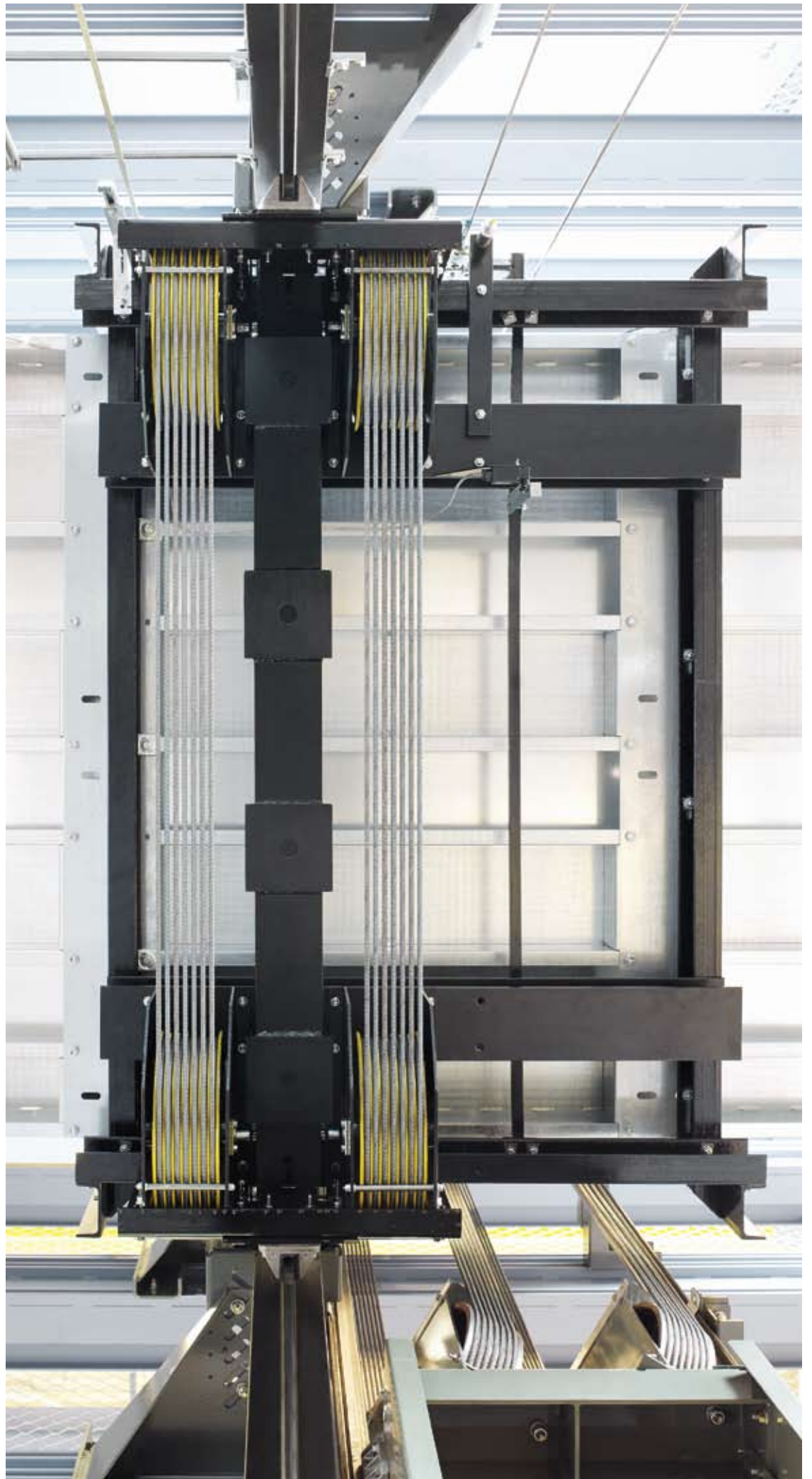




Heavy load. Easy does it.

Schindler freight elevators are designed to serve every kind of transportation demand from 600 to 6300 kg. Robust technology and high-quality materials make it a snap for Schindler elevators to lighten your load.





To the shareholders



Up and down.
Up to date.

The Schindler car information system displays diversified information customized to the building, the elevator, and the users – for any need. Making the elevator experience simply much more enjoyable.



Statement of the Board of Directors

1 **2** 3
4 5 6
7 8 9
0

To the shareholders

Marked improvement in operating performance

Positive environment based on economic growth

The markets experienced good economic growth worldwide, although there were signs of a slowdown in construction activity in certain countries. In the USA, for example, the mortgage crisis curbed momentum in the residential construction segment in the fourth quarter. However, the overall economic environment remained positive, resulting in robust demand in the elevators and escalators business. Schindler focused on qualitative growth and strengthened its position in the high-rise segment in particular, as well as maintaining its global leadership in the escalators business.

Operating performance at Group level

Operating revenue

Consolidated operating revenue rose by 24.6% to CHF 13 835 million (previous year: CHF 11 106 million), which corresponds to an increase of 22.1% in local currencies. The positive foreign exchange impact was CHF 280 million. ALSO, which consolidated the Finnish company GNT Holding Oy for the full reporting period for the first time in 2007 (previous year: four months), contributed CHF 5 083 million to the consolidated operating revenue.

The scope of consolidation was expanded to include a number of smaller local elevator companies in Europe and North America. The impact of all first-time consolidations on operating revenue and operating profit was less than 1%.

Operating profit

Consolidated operating profit (EBIT) totaled CHF 830 million, an increase of CHF 104 million or 14.3% compared to the previous year. Excluding the extraordinary real estate gain of CHF 63 million recorded in 2006, operating profit (EBIT) improved by 25.2%.

Net income from financing and investing

Net income from financing and investing was CHF –51 million (previous year: CHF –15 million). Interest expenses were significantly higher than in the previous year. This reflected the fact that the financing costs of GNT activities were incurred over the whole reporting period rather than just four months. In addition, income from interest rate hedging transactions declined compared to the previous year and realized gains on the sale of securities were lower.

Net profit

As previously stated, net profit was significantly impacted by the antitrust fines imposed during the reporting year. Schindler was fined a total of CHF 293 million for local infringements (for further details, please see the Financial Report, Note 29). The remaining net profit amounted to CHF 278 million. Excluding the antitrust fines and compared to the net profit of CHF 470 million in the previous year (adjusted for the real estate gain), net profit grew by a pleasing 21.5%.

Orders received and order backlog

Consolidated orders received totaled CHF 14 116 million, up 20.4% from CHF 11 720 million in the previous year (+18.0% in local currencies). ALSO contributed CHF 5 093 million to this sum.

The order backlog at end-2007 was CHF 6 752 million, an increase of 12.1% (+13.8% in local currencies) compared to the previous year. The order backlog essentially stems from the elevators and escalators business and is reflected by an improvement in earnings quality. The backlog includes several important major orders.

Personnel numbers

The personnel of the entire Group increased to 45 208 employees, up 3.5% compared to end-2006. The number of employees in the elevators and escalators business grew by 3.8% to 43 221. At ALSO, the number of employees fell by a total of 2.9% to 1 987 due primarily to restructuring measures at the GNT subsidiary in Sweden.

Qualitative growth in the elevators and escalators business

Following the strong growth in sales in the previous two years (+28.6%), Schindler focused on qualitative growth in the reporting year and took measures in Europe to alleviate the supply bottlenecks that had arisen. As a result, orders received rose by 7.2% to CHF 9 023 million (+6.1% in local currencies), representing a moderate increase compared to the previous years. Schindler strengthened its market position in the escalators business and continued to expand its position in the high-rise segment. It secured further orders for notable major projects such as Heron Tower in London (202 meters), the Business Financial Centre in Singapore (225 meters) and the Greenland Tower, Phase II (450 meters) in Nanjing.

Sales in the new installations business grew by 6.3%, reflecting contributions from all market regions. In the USA, Schindler was able to build on its pleasing sales performance in the previous year. In the Eastern Europe, Middle East, India, and Africa region, Schindler capitalized on the boom in the construction industry to further strengthen its market position. In the Asia/Pacific region, the Group further expanded its business in the high-rise segment and the escalators business. In Europe, it selectively exploited growth opportunities and substantially reduced the bottlenecks in the areas of production and installation. In the modernization business, Schindler enjoyed strong growth in all regions.

Clear improvement in operating performance

Operating revenue rose by 11.8% to CHF 8 752 million (previous year: CHF 7 829 million). Operating profit (EBIT) grew from CHF 717 million to CHF 802 million. Excluding the extraordinary real estate gain of CHF 63 million recorded in the previous year, operating profit (EBIT) increased by 22.6%; as a result of this improved performance, the operating margin rose from 8.4% in the previous year to 9.2%.

Awards

In October 2007, Atlas Schindler, Brazil, was named "Best Company in the Mechanical Engineering Sector" by the leading financial newspaper "Gazeta Mercantil." Atlas Schindler was also rated as one of Brazil's 30 top-performing companies.

Last year, Schindler also received the "International Fleet Manager of the year 2007" award in recognition of its best-practice approach to the management of its fleet of more than 10 000 vehicles worldwide.

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

ALSO: now No. 3 in Europe

As a result of strong growth and the consolidation of the Finnish firm GNT Holding Oy for the full reporting period for the first time, ALSO ranked as the third-largest ICE distributor in Europe in the reporting year and is now market leader in five of the nine countries in which it operates.

Excluding GNT, ALSO achieved organic growth of 18%, increasing its operating profit by 26% and its net profit by 17%. After reporting a loss of CHF –19 million in the first half of the year, GNT delivered a net profit of CHF 6 million in the second half of 2007 following extensive restructuring measures. ALSO increased its consolidated net sales by 55.1% to CHF 5 083 million and recorded a net profit of CHF 15 million.

Changes in the Management Committee

Jürgen Tinggren, previously a member of the Management Committee Elevators & Escalators with responsibility for Technology and Strategic Supply Management, succeeded Roland W. Hess as the President of the Management Committee Elevators & Escalators on August 1, 2007.

In addition, the Management Committee Elevators & Escalators was extended to include the new Global Business function, effective August 1, 2007. This measure is aimed at strengthening the business with global product lines and at accelerating the introduction of global products. The Board of Directors appointed Michael Füllemann to this function.

Schindler Holding Ltd.

Dividend and capital structure

Schindler Holding Ltd. closed the financial year 2007 with a net profit of CHF 874 million (previous year: CHF 233 million). The exceptional increase in profit compared to the previous year was due to revenues from the intra-group transactions of affiliated companies (for further details, please see the Financial Report, page 81). The payment of a dividend of CHF 1.60 per registered share and per bearer participation certificate will be proposed to the next General Meeting on March 26, 2008.

Repurchase program

At the General Meeting of Schindler Holding Ltd. on March 20, 2007, it was decided that the 480 000 bearer participation certificates repurchased in the 2006 reporting year would be cancelled. The corresponding capital reduction of CHF 48 000 took place after the legally required notification period expired on May 24, 2007.

On December 11, 2006, the Board of Directors decided to launch a program to repurchase a maximum of 10% of the total nominal capital of Schindler Holding Ltd. Under this program, 1 117 000 registered shares and 1 679 500 bearer participation certificates were repurchased between January 1, 2007, and February 13, 2008, with the aim of reducing the Group's capital. This corresponds to 2,25% of all outstanding securities. Schindler Holding Ltd. will propose a corresponding reduction of its nominal capital to the Ordinary General Meeting on March 26, 2008.

Changes in the Board of Directors

At the General Meeting on March 20, 2007, Dr. Alexander Schaub, a German citizen, was elected as a new member of the Board of Directors for a term of three years. He is the first independent, non-executive member of the Board of Directors to become Chairman of the Audit Committee.

Alfred Spörri will retire from the Board of Directors at the 2008 General Meeting. He joined the Schindler Group in 1968 and was elected to the Board of Directors and the Executive Committee of the Board in 1995. Thanks to his many years of international experience in various management positions, he was able to build up and manage the Audit Committee, help shape the development of ALSO and contribute significantly to the successful positioning of the Group.

The Board of Directors would like to thank Alfred Spörri for his commitment and service to the Group over 40 years, during which time he demonstrated his excellent negotiating skills and delivered an outstanding performance.



Together as a team since 1982, the current Executive Committee of the Board: Luc Bonnard, Alfred N. Schindler, and Alfred Spörri (left to right)

Outlook

Elevators & Escalators

The construction industry is likely to experience a slowdown in growth in 2008, although growth rates may differ from region to region. Economic momentum is expected to weaken in North America and certain European countries in particular. Following its launch in Europe, Schindler will introduce the new Schindler 3300 product line in other countries in 2008, thus strengthening its market position in the residential construction segment.

ALSO

In 2008, ALSO will strive to further improve profitability and expects Group net sales to significantly exceed CHF 5 billion and net profit to total approximately CHF 30 million.

Group

Based on this assessment, and excluding any unforeseeable events, it is anticipated that Schindler will report a net profit of over CHF 630 million for the financial year 2008.

Thank you

The exceptional motivation and personal commitment of all employees was once again the driving force behind the company's performance. It was only thanks to the efforts of Schindler's staff that it was possible to handle the large volume of work in all areas that resulted from above-average growth and measures to achieve further productivity gains. The Board of Directors and the Management Committees would like to express their thanks to all employees for their considerable efforts, as well as to all of Schindler's clients for their longstanding loyalty.



Alfred N. Schindler
Chairman of the Board
of Directors

Luc Bonnard
Vice Chairman of the Board
of Directors

Elevators & Escalators



Personal style. Always in fashion.

For every product, a wide range of car fittings, panels, lights, and handrails is available to match all different demands and tastes. Style included.



General market trends

Europe

Western Europe experienced good economic growth. The residential construction segment benefited most from this trend, while the remaining overcapacities in the office segment continued to impact the commercial construction. Pricing pressure persisted in all segments. In the second half of 2007, several European countries saw a slight slowdown in the construction industry.

North, Central, and South America

The North American economy began to lose momentum as a result of the mortgage crisis in the housing market. This, in turn, began to impact the strong growth in the commercial construction segment.

Brazil continued to achieve good growth, reflecting a further reduction in interest rates and the increased availability of credit. In most other countries in Latin America, the growth rate slackened as supply exceeded demand in the residential construction segment. This was partly offset by an increase in commercial construction.

Asia/Pacific

Most countries in the region continued to achieve very strong economic growth, which contributed to the healthy level of activity in all the segments of the construction market in China, Southeast Asia, and Australia. In Japan, Korea, and New Zealand, the commercial construction segment experienced stable growth.

Eastern Europe, Middle East, India, and Africa

All the markets within this region continued to achieve growth. In Southeast Europe, Romania and Bulgaria reported exceptionally strong growth rates. In the Persian Gulf and the Middle East, the real estate boom continued and the sector began to show signs of overheating. The Indian market continued to achieve rapid growth, creating many new business opportunities.

Good qualitative growth

Europe

Balanced growth

In view of the high level of capacity utilization in the areas of production, logistics, and installation, Schindler focused on ensuring the balanced growth of new orders. This led to a slower growth rate than in previous years.

Leading products

In the highly competitive residential construction segment, the strong demand for the innovative Schindler 3300 elevator product line continued. The Schindler 6200 modernization program achieved a very good level of acceptance within the market during the reporting year. The growing demand for modernization is mainly driven by the implementation of the EU Safety Norm for Existing Lifts (SNEL), as well as by the age structure of existing installations. The Schindler 6200 modernization program accounted for a significant proportion of European modernization business during 2007.

Stable growth in the service business

The large backlog of orders for the successful Schindler 3300 residential elevator product line was one of the main drivers of growth in the service segment. Even though competition has intensified, Schindler achieved important growth in the service business.

In all Western European markets, the rollout of the new Schindler Excellence service contracts and the Schindler Score Card was completed. The Schindler Score Card tool enables clients to access up-to-date online information about the performance and condition of their installations at any time. Schindler has also intensified its focus on client requirements through its service leader and key account management concepts, thus further enhancing its range of service offerings.

North, Central, and South America

Good level of new installation orders in North America

The elevator business in North America once again generated a very high level of orders for new installations. Schindler also reported an increasing demand for the state-of-the-art Schindler ID access control system, which strengthened the backlog of modernization orders.

Schindler maintained a leading position in the escalator market. The Clinton plant enhanced its manufacturing capabilities to include the Schindler 9700 escalator, which is specially designed to meet the needs of public transport facilities with very high volumes of passenger traffic.

Strengthening of the service business

To expand its service portfolio in North America, Schindler acquired service companies based in New York, Washington, and Toronto, each of which will increase its geographical coverage and the density of its service portfolio.

To further improve its service business, Schindler consolidated certain technical support operations within its Center for Service Excellence in Holland, Ohio. As a result, the service engineering and PC board repair functions based in Sidney and the client service network and service engineering operations based in Morristown, NJ, were transferred to Holland. The centralization of these functions will enable Schindler to enhance knowledge sharing and to leverage efficiencies in order to optimize client service.

Market leadership in Latin America

Despite continued pricing pressure in Latin America, Schindler retained its clear market leadership in all segments as a result of its competitive products. Strong sales of new installations in previous years led to good levels of organic growth in the competitive service business. Ongoing initiatives to further enhance client satisfaction also had a positive impact on the size of the service portfolio.

Asia/Pacific

Leading position in the escalator and high-rise elevator business

Schindler maintained its leading position in the escalator and high-rise elevator segments as a result of its strong performance in both areas. In the high-rise segment, it was particularly successful in the area of high-end commercial construction in China, Macau, Singapore, and Indonesia. Escalator sales in China, Australia, and New Zealand increased substantially, resulting in a solid leadership position in the escalator market. Schindler won the order to supply elevators for the prestigious Auckland International Airport project, which will increase the visibility of the Schindler brand in this region.

Modernization – a new growth sector

Group modernization solutions and advanced traffic management and access control systems have created new opportunities for organic growth in Australia, New Zealand, and Hong Kong. Schindler won a number of modernization orders, including the contract for the Sydney CBD commercial office building, which is the largest modernization project in Australia.

Quality and safety

Schindler expanded its activities in the region through initiatives such as the launch of the Schindler 7000 global high-rise elevator and other new products. As a result, it was necessary to adjust the size of its workforce and to adapt its processes. In the course of this expansion, Schindler made targeted investments in training to ensure its high standards of quality and safety for both its employees and the individuals using its products.

These measures had a positive impact on client satisfaction.

Eastern Europe, Middle East, India, and Africa

Schindler succeeded in strengthening its market position despite fierce competition, and continued its expansion through organic growth and its entry into new markets.

Strong performance in growth markets

Schindler performed extremely well in Eastern Europe and continued to report strong sales of the Schindler 3300 and Schindler 5300 elevator product lines. It also significantly strengthened its modernization business. Its new operations in Croatia achieved good progress, while its newly established presence in Bulgaria enabled it to benefit from the dynamic growth of this market.

Schindler also strengthened its operations in Russia. Moscow's Northstar Tower will be the first high-rise building in Russia to be fitted with Schindler double-deck elevators. Following its completion in 2008, the 230-meter office tower will offer impressive views of the Moscow skyline, including one of Europe's tallest buildings – the Federation Tower – that will also be equipped with Schindler products.

The construction of The Avenues, a premier shopping, leisure, and business center in Kuwait, began in 2007. Once completed, it will be the longest shopping mall in the world. Schindler will supply 40 elevators and 42 escalators and moving walks for this prestigious project.

In India, Schindler managed to strengthen its market position despite increased competition, and secured orders for a large number of elevator and escalator projects such as Residence Antilia, a luxury 173-meter glass palace being constructed in Mumbai. Schindler will supply seven Schindler 7000 high-rise elevators and a number of Schindler 5400 elevators for the project.

In South Africa, which is preparing to host the Football World Cup in 2010, Schindler achieved a good level of sales in the new installations and modernization business. For example, it will supply 50 elevators and 46 escalators as part of the high-profile expansion of the O. R. Tambo International Airport in Johannesburg and Cape Town International Airport.

Outlook

Europe

The economic slowdown that is expected in Europe is also likely to impact on the construction industry. Schindler is well positioned in all segments of the new installations business and has a competitive advantage as a result of its innovative product range. Strong growth is expected in the modernization business. Continued process refinements and advanced technology will further improve efficiency in the service business, thus enabling Schindler to further enhance its client focus.

North, Central, and South America

Demographics and rapidly growing conurbations will continue to drive demand in the commercial construction segment. However, the slowdown in economic growth and the tightening of lending standards will lead to a deceleration in certain regional markets. This will only have a marginal impact on Schindler's operations in view of its large backlog of new installation orders.

Latin America expects the expansion of construction activities to exceed GDP in major markets, partly reflecting the rebound in the cyclical commercial construction sector. This growth will mainly benefit the residential low- and mid-rise segments. Schindler will launch new products in these segments and is therefore confident that it will be able to maintain its market leadership in 2008.

Asia/Pacific

The overall growth trend is expected to continue in 2008, albeit at a slower pace. Schindler anticipates that it will be able to further strengthen its leading position in the high-rise elevator and escalator segments. A new residential elevator product line should boost sales, especially in the rapidly growing residential segment in China and Southeast Asia.

Eastern Europe, Middle East, India, and Africa

Growth is expected to continue as a result of ongoing urbanization, foreign direct investment, and increasing purchasing power. The launch of new products will enable Schindler to further strengthen its solid position in these markets.

Urban mobility: Schindler's contribution to society

Cities and urban development only really started to fulfil their potential once architecture and urban transport came together to make tall buildings possible. Two hundred years ago, just 3% of the world's population lived inside city walls, even though cities had been around for millennia.

With the arrival of modern architecture and the elevator, cities were suddenly able to expand skywards. At first, growth was slow: by the mid-20th century, there were still only two cities – London and New York – with more than eight million inhabitants.

Urban future

In 2008, for the first time in history, more than half of the world's population will be living in cities, according to the United Nations. By 2025, more than 60 percent will be, and within seven years – by 2015 – there will be 33 megacities with more than ten million inhabitants.

The explosive growth of urbanization is creating myriad opportunities, primarily by bringing closer together the people, goods, services, materials and markets on which economies and lives depend. The biggest challenges will be to keep these expanding and increasingly dense metropolises supplied with water and energy, and to keep them moving. Only then will our urbanizing world prosper and develop in a sustainable way.

Mastering the mobility challenge

Schindler defines its mission as the horizontal and vertical movement of people and goods within urban spaces, as efficiently as possible, according to individual needs, across public and private areas.

Schindler thus develops urban mobility products – elevators, escalators, and moving walks – and offers mobility for masses as well as individuals. Schindler's systems and products cover all forms of urban infrastructure from low-rise residential buildings, through stations, airports and hospitals, to commercial and high-rise towers stretching up to half a kilometer into the sky. Schindler pioneered the first destination control system over a decade ago, and has since developed such systems to the point where they steer enormous volumes of traffic into and within buildings, as well as providing greater convenience and security. Schindler ensures mobility at all times too, with a global network of engineers and technicians looking after installations.

Landmarks of tomorrow

Schindler's role as urban mobility provider is most in evidence in the high-rises that characterize the world's great metropolises. Thanks to its innovative technologies and the high-performance products, Schindler is perfectly positioned to engineer mobility in the most demanding of constructions. Whether in Hong Kong's ICC (490 m), Beijing's World Trade Center 3 (333 m), Singapore's Business Financial Center (225 m), Moscow's Federation Tower (448 m), Madrid's Torre Espacio (236 m), London's Heron Tower (202 m) or Nanjing's Greenland Tower, Phase II (450 m), Schindler has won the confidence of the most demanding clients. Every day, Schindler moves more than 700 million people worldwide.



Important orders

Elevators & Escalators

Europe

Austria	Shoppingcity Seiersberg, Graz	7 elevators, including 3 Schindler 5400, 1 Schindler 2400, and 3 Schindler 2600; and 11 Schindler 9300 escalators
	Leoben Wohnen, residential buildings, Leoben	21 Schindler 3300 elevators
	Linz Wohnen, residential buildings, Linz	40 Schindler 3300 elevators
	Wiener Wohnen, residential buildings, Vienna	Modernization of 90 elevators
Belgium	Gallo-Romeins Museum, Tongeren	4 Schindler 2400 elevators
	Plantin Office Parc, office building, Antwerp	Modernization of 3 Schindler 5400 elevators with Miconic 10 and 1 Schindler 3300 elevator
	Brugmann Hospital, Brussels	6 Schindler 2400 elevators and 3 Schindler 5400 elevators
	Les Terrasses de l'Ecluse, residential building and sports hall, Brussels	10 Schindler 3300 elevators
	City Concorde, shopping mall and commercial center, Bertrange, Luxembourg	5 elevators, 2 Schindler 9300 escalators, and 5 Schindler 9500 moving walks
France	Technopôle, office building, Meudon	22 elevators with Miconic 10, including 18 Schindler 5400, 2 Schindler 3400, and 2 Schindler 2400
	Montpellier City Hall, Montpellier	11 Schindler 5400 elevators, 1 freight elevator, and 2 Schindler 9300 AE escalators
	Odysseum, shopping mall, Montpellier	10 elevators, including 5 Schindler 5400, 1 Schindler 5300, and 4 Schindler 2400; as well as 9 Schindler 9300 AE escalators and 2 Schindler 9300 AE moving walks
Germany	Munich Airport	18 elevators, including modernization of 16 Schindler EuroLift elevators, as well as 18 Schindler 9300 escalators and 6 Schindler 9500 moving walks
	Bügelbauten (bookend buildings) at Berlin Main Station, Berlin	Modernization of 14 elevators
	Alexanderplatz D4, commercial center, Berlin	18 Schindler 9300 escalators
Greece	IKEA, Athens	3 Schindler 9300 AE escalators and 3 Schindler 9500 moving walks
	FNAC, shopping mall, Athens	2 Schindler 5400 elevators and 6 Schindler 9300 AE escalators
Netherlands	Jeroen Bosch Hospital, Den Bosch	29 elevators, modernization of 5 elevators and maintenance contract for 34 elevators
	ABN Amro Bank, office building, Rotterdam	Modernization of 13 elevators, including 6 with Miconic 10
	ACTA University, Amsterdam	9 elevators and 8 Schindler 9300 escalators
	Town hall and library, The Hague	Modernization of 8 elevators and maintenance contract for 10 elevators
	KLM buildings Schipol-East, Amsterdam	Maintenance contract for 78 elevators
Iceland	Glerátorg, shopping mall, Akureyri	1 Schindler 2600 elevator and 2 Schindler 9300 escalators
	Skarfagardar 2, warehouse, Reykjavik	1 Schindler 2600 elevator and 1 Schindler 5300 elevator
	Akrahverfi, residential buildings, Gardabaer	13 Schindler 3300 elevators
Italy	Hospital, Ferrara	70 elevators, including 31 Schindler 5400, 5 Schindler 5300, 7 Schindler 2600, and 27 Schindler 2500; as well as 2 Schindler 9300 AE escalators
	4 cruise ships (Costa Luminosa, Costa Pacifica, Ruby Princess, Carnival Dream) and Serena mega yacht, all built by Fincantieri	135 elevators and 24 Schindler 9300 escalators
	Camera dei Deputati, Italian Parliament, Rome	Modernization of 4 elevators
	IKEA, Rimini and Parma	22 elevators, including 20 Schindler 2600 and 2 Schindler 5300; as well as 4 Schindler 9300 escalators and 2 Schindler 9500 moving walks
	Hotel Villa d'Este, Cernobbio	Modernization of 6 elevators

Europe

Portugal	Grupo Oceânico – Belmar, hotel and residential buildings, Lagos	38 elevators, including 32 Schindler 3300, 3 Schindler 5300, and 3 Schindler 5400
	C. Comercial Colombo, shopping mall, Lisbon	Modernization of 9 Schindler 5400 elevators
	C. Comercial Vivacci, shopping mall, Guarda, Caldas da Rainha, Maia	24 Schindler 5400 elevators, 28 Schindler 9300 escalators, and 10 Schindler 9500 moving walks
	E. Leclerc, shopping mall, Cascais, Bobadela, Algueirão, Lousada	4 Schindler 3300 elevators, 5 Schindler 2600 elevators, and 10 Schindler 9500 moving walks
	Sede de Agência Europeia da Droga e Toxicodependência, office building, Lisbon	17 elevators, including 8 Schindler 3300, 5 Schindler 3400, and 2 Schindler 5300
Spain	Palacio Buenavista, shopping mall, hotel and office building, Oviedo	19 elevators, including 11 Schindler 5400, 4 Schindler 2600, and 4 commissioned products; as well as 12 Schindler 9300 AE escalators and 6 Schindler 9500 AE moving walks
	La Palma Airport, Tenerife	24 elevators, including 22 Schindler 5400, 1 Schindler 5300, and 1 Schindler 2600; as well as 12 Schindler 9300 AE escalators, 12 Schindler 9500 AE moving walks, and 2 lifting platforms
	Espacio A Coruña, commercial center, A Coruña	3 Schindler 5400 elevators, 6 Schindler 2400 elevators, 18 Schindler 9300 AE escalators, and 4 Schindler 9500 AE moving walks
	Dolce Vita, commercial center, A Coruña	2 Schindler 5400 elevators, 6 Schindler 2600 elevators, 8 Schindler 9300 AE escalators, and 12 Schindler 9500 AE moving walks
	Virgen del Rocío University Hospital, Seville	Maintenance contract for 30 elevators and 1 lifting platform
Switzerland	Klein Matterhorn, access to glacier palace, Zermatt	2 Schindler 5400 elevators
	Migros, shopping mall, Marin	16 elevators, including 8 Schindler 5400; as well as 4 Schindler 9300 escalators and 20 Schindler 9500 moving walks
	Hirschengraben 33b, residential building, Lucerne	Modernization of oldest elevator (installed in 1912)
United Kingdom	Heron Tower, office building, London	10 Schindler 7000 double-deck elevators with Miconic 10 and Schindler ID, 3 Schindler 7000 elevators, and 5 other elevators; as well as 2 Schindler 9300 escalators
	DS3 East Canary Wharf, office building, London	12 Schindler 7000 elevators with Miconic 10, 2 Schindler 5400 elevators, and 3 other elevators; as well as 2 Schindler 9300 escalators
	Portland House, office building, London	Modernization of 14 elevators with Miconic 10 and Schindler ID

Bodegas Marqués de Riscal; El Ciego, Spain



Sihlcity, shopping mall; Zurich, Switzerland



Salle 3000, cultural center; Lyon, France



Sunrise Tower; Zurich, Switzerland





North, Central, and South America

California	Jamison Properties (Paramount Plaza), office building, Los Angeles	Modernization of 21 elevators, including 17 with Miconic TX and 6 with Miconic HXpress
	Desert Springs Marriott Resort, hotel, Palm Desert	Modernization of 18 elevators, including 14 with Miconic TX
	16000 Ventura Building, office building, Encino	Modernization of 7 elevators, including 4 with Miconic TX and 3 with Miconic HXpress
	Concord Gateway, office building, Concord	Modernization of 7 elevators with Miconic TX
	St. Agnes Medical Center, hospital, Fresno	Modernization of 6 elevators with Miconic TX
	2000 Avenue of the Stars, commercial building, Los Angeles	Maintenance contract for 20 elevators and 18 escalators
	Americana at Brand, retail stores, Glendale	20 Schindler 9300 AE escalators
	Bank of America, office building, Pasadena	10 Schindler 9300 AE escalators
District of Columbia	The Square 537 Project, office building, Washington DC	20 Schindler 500A elevators
Florida	Miami International Airport, North Terminal, Miami	16 Schindler 500A elevators, 8 Schindler 9300 AE escalators, 2 Schindler 9300 escalators, and 2 Schindler 9500 moving walks
	Miami Intermodal Center, airport and parking hub connectors, Miami	15 Schindler 500A elevators and 12 Schindler 9300 AE escalators
Indiana	Ball State University, Muncie	Maintenance contract for 97 elevators
Louisiana	One Shell Square, office building, New Orleans	Modernization of 14 elevators with Miconic TX
Maryland	One East Pratt Street, office building, Baltimore	Modernization of 7 elevators, including 6 with Schindler ID and 1 with Miconic TX
Minnesota	Foshay Tower, office building, Minneapolis	Modernization of 4 elevators with Miconic TX
	First National Bank, office building, St. Paul	Maintenance contract for 26 elevators and 8 escalators
Nevada	City Center, Block A, hotel, residential building and shopping mall, Las Vegas	10 Schindler 9300 AE escalators
	MGM City Center, Block C, hotel, residential building and shopping mall, Las Vegas	34 Schindler 9300 AE escalators
New York	New York Times, office building, New York	Modernization of 10 elevators, including 8 with Schindler ID
	30 Rockefeller Plaza, office building, New York	Modernization of 8 elevators with Schindler ID
	State University of New York, Syracuse	Modernization of 4 elevators with Miconic TX
	Hearst Tower, office building, New York	Maintenance contract for 21 elevators and 3 escalators
	Bronx Terminal Market, shopping mall, New York	10 Schindler 9300 AE escalators
	Flushing Town Center, shopping mall, New York	16 Schindler 9300 AE escalators
	Carousel Center, shopping mall, Syracuse	16 Schindler 9300 AE escalators
North Carolina	International Home Furnishings Center, office building and shopping mall, High Point	Maintenance contract for 31 elevators and 43 escalators
Ohio	Hanna Building, office building, Cleveland	Modernization of 7 elevators, including 6 with Schindler ID
Pennsylvania	USX Tower, office building, Pittsburgh	Modernization of 8 elevators with Schindler ID
	Duquesne University, Pittsburgh	Maintenance contract for 59 elevators
Puerto Rico	Hotel El Conquistador, San Juan	12 Schindler 9300 AE escalators
Washington	Bank of America Financial Center, office building, Spokane	Modernization of 8 elevators with Miconic TX

North, Central, and South America

Canada	Montford Hospital, Ottawa	8 Schindler 400A elevators	
	Kingsway Mall, shopping mall, Edmonton	1 Schindler 330A elevator and 6 Schindler 9300 escalators	
	Canadian Tire, shopping mall, Ottawa	4 Schindler 330A elevators and 2 Schindler 9300 escalators	
Argentina	Miradores de la Bahía, residential buildings, Buenos Aires	10 Schindler 3300 elevators	
	El Solar de San Isidro, residential buildings, Buenos Aires	6 Schindler 3300 elevators	
	Clínica de La Trinidad, Buenos Aires	10 Schindler 5300 elevators	
	Torres Mulieris, residential buildings, Buenos Aires	14 Schindler 7000 elevators	
Brazil	Arena, residential buildings, Rio de Janeiro	25 Schindler 300 L elevators	
	Caçara Club, residential buildings, Praia Grande	14 Schindler 300 L elevators	
	Spazio Faria Lima, office building, São Paulo	9 Schindler 300 L elevators, including 8 with Miconic 10	
	Florida Penthouse, residential buildings, São Paulo	13 elevators, including 12 Schindler 300 L and 1 Schindler Smart	
Chile	Torre Titanium-La Portada, office building, Santiago de Chile	24 elevators, including 20 Schindler 7000	
Mexico	Vidalta, luxury residential project, Mexico City	6 Schindler 7000 elevators, 16 Schindler 5400 elevators, and 1 panorama elevator	
	Tren Suburbano, train station, Mexico City	7 Schindler 3300 elevators, 16 Schindler 330A elevators, and 12 Schindler 9300 escalators	
	Punto Sao Paulo, shopping center, hotel and residential buildings, Guadalajara, Jalisco	6 Schindler 7000 elevators and 7 Schindler Neolift elevators	
	Mario Pani, office building, Mexico City	8 Schindler 7000 elevators and 4 Schindler 5400 elevators	
	Península Vallarta, Cima Real Guadalajara, Península Cancún, residential buildings, Puerto Vallarta, Guadalajara and Cancún	11 Schindler Neolift elevators	
	Peru	Capital, office building, Lima	6 elevators with Miconic 10 and 2 Schindler EuroLift elevators
	R & V Consorcio, residential buildings, Lima	4 Schindler Neolift elevators	
Técnicas Metálicas, residential buildings, Lima	8 Schindler 100 L elevators and 2 Schindler Smart elevators		
Venezuela	Edificio Operativo del Metro de Caracas, office building, Caracas	9 elevators, including 5 Schindler 7000 with Miconic 10, and 4 Schindler EuroLift elevators	
	Metro de Maracaibo, 4 subway stations, Maracaibo	12 Schindler EuroLift elevators and 8 Schindler 9300 escalators	
	Torre Bel, office building, Barquisimeto	7 elevators, including 4 Schindler 7000 with Miconic 10, 2 Schindler Neolift, and 1 Schindler Smart elevator	
	Montaña Humboldt, residential buildings, Caracas	28 Schindler 100 L elevators	

Humana Building, office building; Louisville, USA



Capital, office building; Lima, Peru



Mandarin, residential building; São Paulo, Brazil



Torre Libertad, St. Regis hotel and residential building; Mexico City, Mexico



Torres Mulieris, residential buildings; Buenos Aires, Argentina



"Monumental" subway station; Valencia, Venezuela

World Market Center, commercial building; Las Vegas, USA



Asia/Pacific

Australia	Westfield Doncaster, shopping mall, Melbourne	8 Schindler 5400 elevators, 12 Schindler 2600 elevators, 27 Schindler 9300 AE escalators, and 14 Schindler 9500 moving walks
	1 Shelley Street, commercial building, Sydney	12 Schindler 5400 elevators and 2 Schindler 2600 elevators, some including Schindler ID, as well as 2 Schindler 9300 AE escalators
	Bishop See, shopping mall, commercial and residential building, Perth	5 Schindler 7000 elevators
	60 Margret Street, commercial building, Sydney	Modernization of 18 elevators with Schindler ID
	Sydney Cricket Ground, sports and entertainment center, Sydney	2 Schindler 5400 elevators and 1 Schindler 2600 elevator, as well as 6 Schindler 9300 AE escalators
Cambodia	Naga World Casino and Hotel, Phnom Penh	11 Schindler 5400 elevators and 4 Schindler 9300 AE escalators
China	Nanjing Greenland Plaza, phase I & II, shopping mall, hotel and office buildings, Nanjing	38 Schindler 7000 elevators and 35 Schindler 9300 AE escalators
	Shanghai Luwan 113#, shopping malls and residential buildings, Shanghai	29 Schindler 5400 AP elevators and 27 Schindler 9300 AE escalators
	Baokuang International Plaza, hotel, office and residential buildings, Shanghai	41 elevators, including 22 Schindler 7000 and 19 Schindler 5400 AP, as well as 2 Schindler 9300 AE escalators
	Jing Liang Plaza, commercial building, Beijing	45 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Beijing Jin Yu Science Development Research Center, office and commercial buildings, Beijing	41 elevators, including 28 Schindler 7000, 6 Schindler 300 PCL, 4 Schindler 300 P MRL, and 3 Schindler 80 L; as well as 4 Schindler 9300 AE escalators
Hong Kong	TKOTL no. 70, Area 86, Site AB, residential buildings	46 elevators, including 42 Schindler 7000 and 4 Schindler 5400, as well as 6 Schindler 9300 AE escalators
	YLTL515, Ma Tin Road, residential buildings	12 elevators, including 10 Schindler 7000 and 2 Schindler 5400
	52–58 Sha Tsui Road, Tsuen Wan, industrial building	8 Schindler 7000 elevators
Indonesia	Kota Kasablanka, residential and office building and shopping mall, Jakarta	64 Schindler 9300 AE escalators and 4 Schindler 9300 escalators
	Grand City, shopping mall and hotel, Surabaya	17 elevators and 50 Schindler 9300 AE escalators
	Gandaria Main Street, hotel, residential and office building and shopping mall, Jakarta	50 Schindler 9300 AE escalators and 6 Schindler 9500 moving walks
	Mall of Indonesia, stage 2, shopping mall, Jakarta	56 Schindler 9300 AE escalators
	Graha Energi, commercial building, Jakarta	18 Schindler 7000 elevators and 6 Schindler Elegant MRL elevators
Japan	IKEA, Hyogo, Osaka, Saitama	21 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Nishimura Joy Yashima, shopping mall, Kagawa	2 Schindler 9500 moving walks
	Mr Max Machida, shopping mall, Tokyo	1 Schindler 9500 moving walk

Asia/Pacific

Korea	S-Trenue, residential and commercial building, Seoul	5 Schindler 7000 elevators, 1 Schindler 5400 elevator, and 8 Schindler 9300 escalators
	O2 Grande, residential buildings, Gunsan	43 Schindler 5400 elevators
	E-mart, shopping malls, Hanam and Yeosu	6 Schindler 250 K elevators and 20 Schindler 9500 moving walks
	Korean National Housing Corporation, residential buildings, throughout Korea	186 Schindler 250 K elevators and 32 Schindler 5400 elevators
Macau	Sheraton Hotel	27 elevators, including 26 Schindler 7000
	City of Dreams, Casino and hotels	60 elevators, including 31 Schindler 7000 and 6 Schindler 5400, as well as 10 Schindler 9300 escalators
	Four Seasons Hotel	49 elevators, including 22 Schindler 7000 and 12 Schindler 5400, as well as 18 Schindler 9300 AE escalators
	Shangri-la Hotel	27 elevators, including 26 Schindler 7000 elevators
Malaysia	KK International Airport, Kota Kinabalu	22 Schindler 5400 elevators
	Tijani, residential buildings, Kuala Lumpur	20 Schindler 3400 elevators
	Kdn Bukit Aman, commercial building, Kuala Lumpur	7 Schindler 7000 elevators and 10 Schindler 5400 elevators
	Goldis Tower, office and commercial building, Kuala Lumpur	7 Schindler 7000 elevators, 6 Schindler 5400 elevators, and 2 Schindler 9300 AE escalators
New Zealand	Puteri Tower, commercial building, Kuala Lumpur	13 Schindler 5400 elevators and 2 Schindler 9300 AE escalators
	Auckland International Airport, expansion of Arrivals area, Auckland	3 Schindler 5400 elevators, 1 Schindler 2600 elevator, and 2 Schindler 9300 AE escalators, and 7 Schindler 9500 moving walks
		Britomart Charterhouse Westpac, office and commercial buildings, Auckland
	01 Featherston Street, office and commercial building, Wellington	6 Schindler 500 P elevators with Miconic 10 and Schindler ID
Philippines	Downtown House Redevelopment, office and commercial buildings, Auckland	4 Schindler 500 P elevators and 2 Schindler 9300 AE escalators
	Shangri-la Resort & Spa, Boracay Island	15 elevators, including 13 Schindler 5400
Singapore	Business Financial Centre, office buildings	43 Schindler 7000 elevators and 10 Schindler 5400 elevators
	Urban Entertainment Centre at Victoria Street, commercial building	9 elevators, including 8 Schindler 5400, as well as 16 Schindler 9300 AE escalators
	Yishun Central, shopping mall	4 Schindler 5400 elevators and 14 Schindler 9300 AE escalators
Taiwan	Condominium at St. Thomas Walk, residential buildings	8 Schindler 7000 elevators
	HHF – Ilan, shopping mall, Taipei	15 Schindler 5400 elevators, 16 Schindler 9300 AE escalators, and 12 Schindler 9500 moving walks
	Carrefour, FY1, Taichung	6 Schindler 9300 AE escalators and 10 Schindler 9500 moving walks
Thailand	Carrefour, Luchou, Taipei	16 Schindler 9500 moving walks
	The Avenue Pattaya, commercial building, Chonburi	4 Schindler 5400 elevators, 8 Schindler 9300 AE escalators, and 4 Schindler 9300 escalators
	The Pano Condominium at Rama 3, residential building, Bangkok	13 elevators, including 8 Schindler 7000 and 5 Schindler 3400
	Central Plaza Chaeng Wattana, shopping mall, Bangkok	12 elevators, including 6 Schindler 7000 and 6 Schindler 5400
Vietnam	The Royal Maneeya Tower, commercial building, Bangkok	12 elevators, including 10 Schindler 7000 and 2 Schindler 5400
	Phuc Yen Plaza, shopping mall, Ho Chi Minh City	8 Schindler Elegant elevators and 4 Schindler 9300 AE escalators
	Pacific Beer Tower, office building, Ho Chi Minh City	8 elevators, including 4 Schindler 7000 and 4 Schindler 5400
Saigon Pearl – Phase 2, residential buildings, Ho Chi Minh City	10 Schindler 7000 elevators	

Greenland Tower, Phase II; Nanjing, China



One Shelley Street, commercial building; Sydney, Australia



The Central, shopping mall; Singapore



mega BOX, shopping mall and office building; Hong Kong, China



Business Financial Centre; Singapore
Image credit: Marina Bay Financial Centre



Novena Square, shopping mall; Singapore



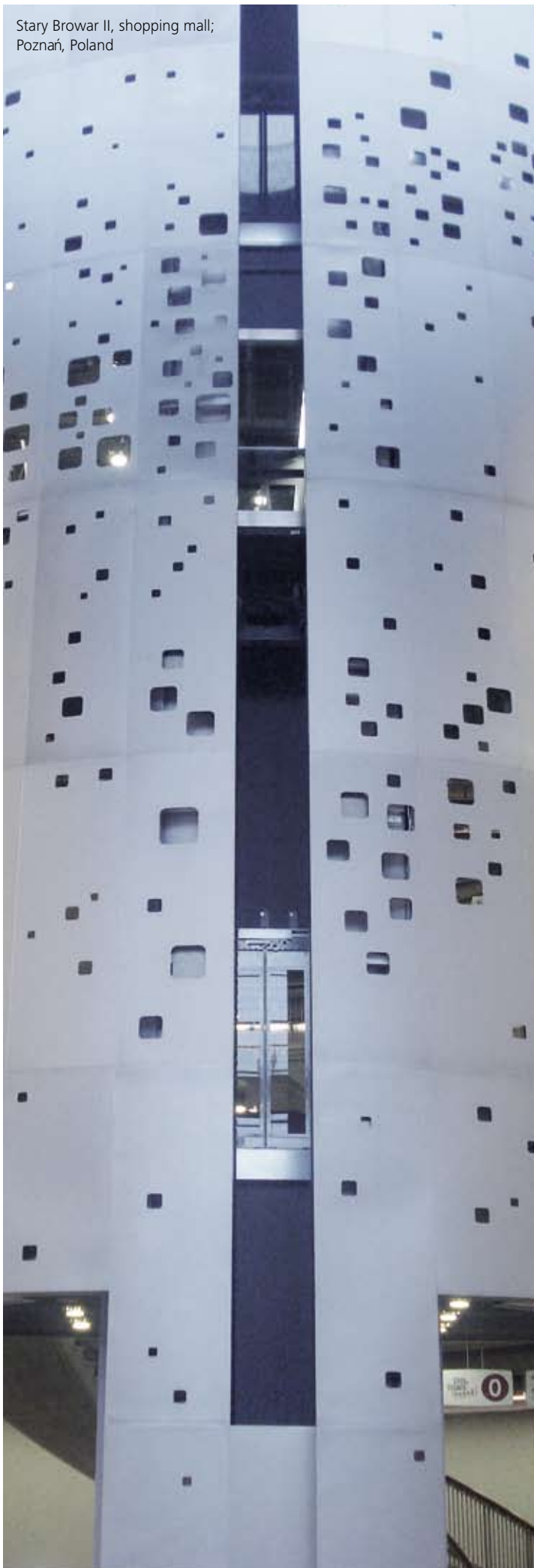
Eastern Europe, Middle East, India, and Africa

Croatia	Avenue Mall, shopping mall and office building, Zagreb	19 Schindler 5400 elevators and 14 Schindler 9300 escalators
	POS, residential buildings, Zagreb	23 Schindler 3300 elevators
	VMD, office and residential buildings, Zagreb	2 Schindler 5400 elevators and 7 Schindler 3300 elevators
Czech Republic	E-Gate, commercial building, Prague	11 elevators, including 1 Schindler 5400, 8 Schindler 3400, and 1 Schindler 3300
	Technické centrum CS, office and commercial building, Prague	8 elevators, including 6 Schindler 5400
	Palác Tešířov, commercial building, Prague	6 elevators, including 5 Schindler 5400
	Bílinská, residential complex, Prague	Modernization of 11 elevators
Egypt	El Rehab, phase 5 extension, residential buildings, Cairo	43 Schindler 3300 elevators
	High Town, residential buildings, Cairo	15 Schindler 3300 elevators
	Golf Mall, shopping mall, Cairo	2 Schindler 5300 elevators and 8 Schindler 9300 escalators
	Beau Rivage Hotel, Taba	8 Schindler 5400 elevators and 7 Schindler 5300 elevators
Hungary	Aréna Plaza, shopping mall, Budapest	4 Schindler 5400 elevators, 13 Schindler 2600 elevators, 14 Schindler 9300 AE escalators, and 9 Schindler 9500 moving walks
	Agria Park, shopping mall, Eger	14 elevators, including 6 Schindler 5400, 7 Schindler 3300, and 1 Schindler 2600; as well as 6 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Korzó Shopping Center, Nyíregyháza	10 elevators, including 6 Schindler 3300, 2 Schindler 5400, and 2 Schindler 2600; as well as 8 Schindler 9300 AE escalators
	Millennium City Center, office buildings, Budapest	14 Schindler 5400 elevators with Miconic 10
India	Global Mall, shopping center, Ludhiana	22 Schindler 9300 AE escalators
	Lodha IT Park, office building, Mumbai	29 Schindler 300 P elevators
	Cyber Park, commercial building, Noida	28 Schindler 300 P MRL elevators
	Residence Antilia, residential building, Mumbai	7 Schindler 7000 elevators and 3 Schindler 5400 elevators
	Z Square, shopping mall, Kanpur	9 elevators, including 7 Schindler 300 P MRL and 2 Schindler 100 P MRL, as well as 18 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	SD Corporation, residential buildings, Mumbai	22 Schindler 3300 elevators
Israel	Beeri Tower, residential building, Tel Aviv	4 Schindler 7000 elevators
	Nam5 Tower, residential building, Tel Aviv	9 elevators, including 5 Schindler 7000 and 4 Schindler 5300
Kuwait	The Avenues, shopping mall, Kuwait	40 elevators, 38 escalators and 4 moving walks
Libya	Al Jala Hospital, Tripoli	7 Schindler 5400 elevators
Morocco	Hotel Les Jardins d'Agdal, Marrakech	16 Schindler 5300 elevators
	Robinson Club, Agadir	13 Schindler 5300 elevators
	Asswak Assalam, commercial building, Marrakech	12 Schindler 5300 elevators and 4 Schindler 9500 moving walks
Poland	Arkady Wroclawskie, shopping mall, Wroclaw	16 elevators, including 6 Schindler 5400, 8 Schindler 2600, and 2 Schindler 2400
	Cuprum Arena, shopping mall, Lubin	8 Schindler 5400 elevators and 4 Schindler 2600 elevators
	Renoma, shopping mall, Wroclaw	31 Schindler 9300 AE escalators
	Belvedere Centrum, office building, Warsaw	4 Schindler 7000 elevators
	Platinum Tower, residential buildings, Warsaw	8 Schindler 7000 elevators

Eastern Europe, Middle East, India, and Africa

Romania	Tower Center International, office building, Bucharest	7 Schindler 7000 elevators, including 6 with Miconic 10 and Schindler ID
Russia	Northstar Tower, office building, Moscow	15 elevators, including 6 Schindler 7000 double-deck with Miconic 10 and Schindler ID, and 5 Schindler 7000 with Miconic 10 and Schindler ID
	Mirax Plaza, Tower 1 & 2, office building, Moscow	26 Schindler 7000 elevators
Serbia	Delta City Beograd, office buildings, Belgrade	11 Schindler 5400 elevators, 8 Schindler 9300 AE escalators, and 2 Schindler 9500 moving walks
	Palata Belgrade, office building, Belgrade	4 Schindler 7000 elevators
Slovakia	Eurovea International Trade Center, office and residential building, hotel and shopping mall, Bratislava	35 Schindler 5400 elevators, 2 Schindler 5300 elevators, 36 Schindler 9300 escalators, and 8 Schindler 9500 moving walks
	Lake Side, office building, Bratislava	5 Schindler 7000 elevators and 4 Schindler 5400 elevators
Slovenia	Supernova, shopping mall, Ljubljana	7 Schindler 5400 elevators, 1 Schindler 2400 elevator, and 10 Schindler 9300 AE escalators
	ETT Celje, shopping mall and commercial center, Celje	2 Schindler 3300 elevators, 1 Schindler 5400 elevator, and 2 Schindler 9300 AE escalators
Tunisia	Hotel El Mouradi, Tozeur	5 Schindler 5300 elevators
Turkey	Antares AVM, shopping mall and office building, Ankara	20 elevators, including 17 Schindler 5400, as well as 12 Schindler 9300 AE escalators and 12 Schindler 9500 moving walks
	Espark AVM, shopping mall, Eskişehir	12 elevators, including 11 Schindler 2600 and 1 Schindler 5300, as well as 26 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	A1 AVM, shopping mall, Ankara	7 Schindler 5400 AP elevators and 12 Schindler 9300 AE escalators
	Terespark AVM, shopping mall, Denizli	9 elevators, including 8 Schindler 5400 AP, as well as 10 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks

Sławy Browar II, shopping mall;
Poznań, Poland



Avenue Mall, shopping mall and
commercial building; Zagreb, Croatia



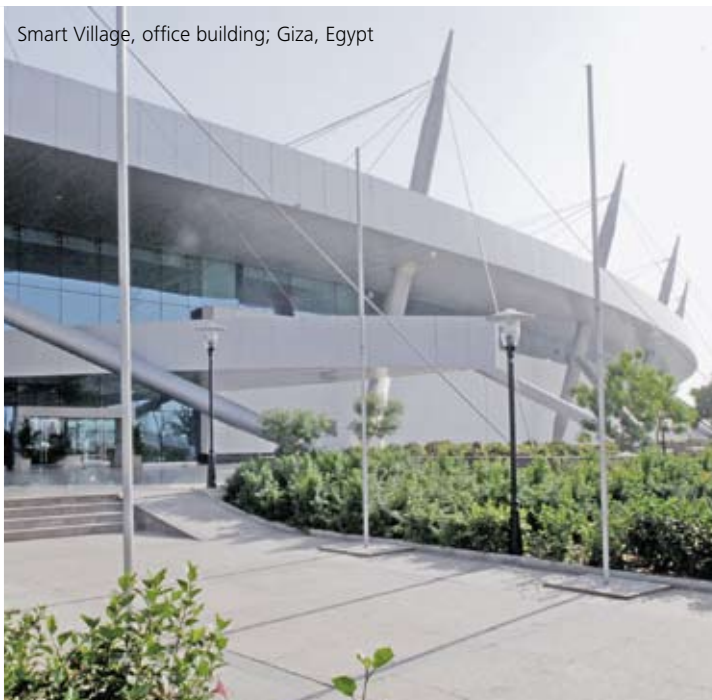
The Avenues, shopping mall; Kuwait



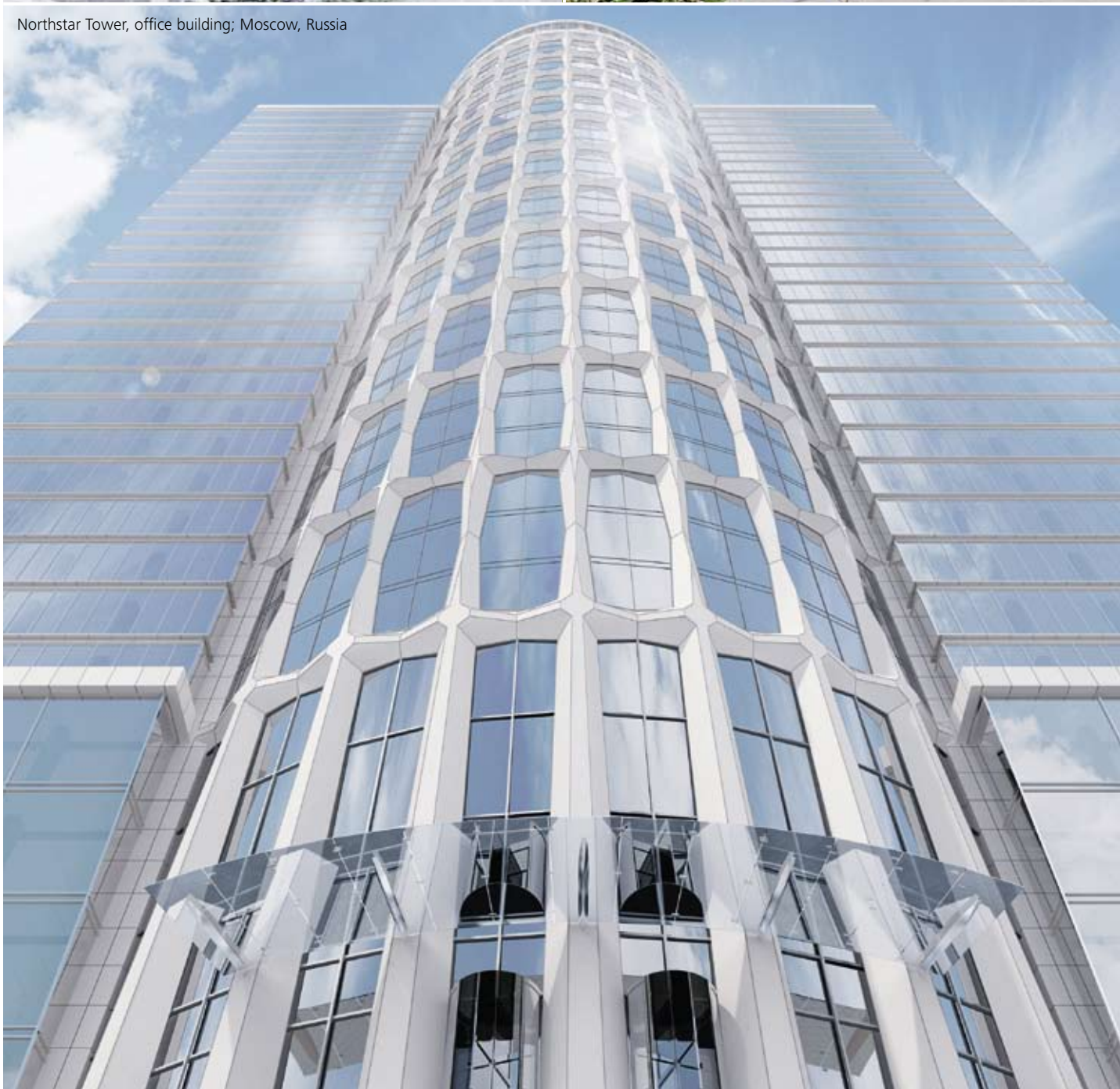
Residence Antilia; Mumbai, India



Smart Village, office building; Giza, Egypt



Northstar Tower, office building; Moscow, Russia





Numerous challenges. Unique solutions.

Schindler bears the load: From A to B, up and down. Schindler ensures your goods are transported swiftly and reliably.

ALSO Group

Net sales exceed CHF 5 billion for the first time – now No. 3 in Europe

The ALSO Group is a leading provider in the wholesale and logistics sector for information technology and consumer electronics (ICE). In 2007, it completed its first full financial year with GNT. ALSO – together with the Finnish company GNT Holding that it acquired on September 1, 2006 – ranked as the third largest ICE distributor in Europe in the reporting year. It is also the market leader in five of the nine countries in which it operates.

Net profit of CHF 15 million for 2007

The ALSO Group reported a 55% increase in net sales to CHF 5 083 million in the reporting year (2006: CHF 3 277 million), thus exceeding the CHF 5 billion mark for the first time. ALSO recorded an operating profit of CHF 54 million and a consolidated net profit of CHF 15 million. The equity ratio was 19%, reflecting the acquisition of GNT. As of December 31, 2007, the ALSO Group had 1 987 employees (previous year: 2 047).

ALSO excluding GNT

Best result in the history of the company

The IT sector in Switzerland and Germany benefited from positive economic trends. In terms of unit volumes, the demand for IT hardware and software products rose steadily following a relatively weak first quarter. Average prices declined less sharply, resulting in a slight increase in value in 2007. Against this backdrop, ALSO gained further market share in both Switzerland and Germany. ALSO (excluding GNT) increased its net sales by 18% to CHF 2 782 million compared to the previous year (2006: CHF 2 351 million) and reported an operating profit of CHF 41 million (2006: CHF 33 million). With a 17% rise in net profit after taxes to CHF 28 million compared to the previous year (2006: CHF 24 million), ALSO (excluding GNT) delivered the best result in its history in 2007. In Switzerland, ALSO achieved growth in the consumer electronics, high-end storage and IT consumables segments, which were defined as growth areas at an early stage. In the logistics services segment, ALSO not only strengthened its business with existing clients but also acquired new clients. In its core business portfolio, ALSO expanded its market share in Switzerland – where it is the preferred supplier – as a result of the consolidation of the distribution market. In Germany, ALSO reported growth of more than 20% for the fourth time in succession and strengthened its position with strategic manufacturers. It also secured a substantial share of the retail market. Compared to the previous year, ALSO generated a significantly higher operating profit in both countries.

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

GNT Group

Increased profitability

Since September 1, 2006, ALSO has held 50.1% of the shares of the Finnish company GNT Group, which operates in Scandinavia, the Baltic states, and Poland. GNT is the market leader in Finland, Estonia, Latvia, and Lithuania and is one of the largest ICE distributors in Sweden and Norway. It established a subsidiary in Poland at the start of 2004. After reporting a loss of CHF –19 million in the first six months of 2007, GNT achieved a net profit of CHF 6 million in the second half of the year following extensive restructuring measures. This resulted in a loss of CHF –13 million for the full year, representing a substantial improvement compared to the loss of CHF –22 million in 2006.

Outlook

ALSO Group

Economic growth in the euro zone should continue in 2008, although the financial crisis in the USA, the uncertain development of oil prices and the US dollar, and the strong euro may result in lower growth than in 2007. These uncertainties may also impact the IT sector, resulting in lower levels of demand than currently expected. This may be accompanied by a moderate decline in the average prices of IT and consumer electronics products. ALSO therefore expects to see only a marginal increase in value in the IT markets in Central and Northern Europe but anticipates that the IT markets in Eastern Europe will achieve sustained growth. ALSO is confident that it will be able to expand its strong position in Europe within this environment.

ALSO expects Group net sales to significantly exceed CHF 5 billion and – excluding the uncertainties referred to above – a net profit of approximately CHF 30 million in 2008. In the medium term, ALSO expects a further increase in net sales and a net profit of at least CHF 35–40 million.

Smoothing the ways. Pushing the limits.

The frequency controlled drive system guarantees high comfort during the start, motion, and landing phases, as well as high stopping precision. It's the kind of precision you appreciate in everyday life. For mobility at all levels – in all situations.



Wide-ranging corporate commitments

Each day, Schindler elevators and escalators across all continents transport over 700 million people, as well as a range of goods. The company's long-term business success depends to a significant extent on its ability to meet the need for safe, comfortable and efficient mobility solutions in a market-oriented and profitable manner. The more successfully Schindler can achieve this, the greater are the benefits for its customers, employees, shareholders and other key stakeholders. Schindler's corporate citizenship activities illustrate how the company assumes its role within society and fulfills its responsibilities towards various stakeholders and the environment.

A dedicated corporate citizenship website

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

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

Environment

Elevators and escalators are designed to have an average service life of 30 years. From a product ecology perspective, the main environmental impacts occur during the operation of the elevators due to their long service life – and not as a result of the actual manufacturing of the products. Our 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 10000 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 700 million passengers who use Schindler products each day, is the core element of our corporate responsibility. Consequently, our quality and safety standards are not restricted to our products: they apply to the entire company. A comprehensive internal and external risk and safety management system was therefore established at an early stage, since Schindler does not wish to – and cannot – make any compromises in the field of safety.

Employees

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

Values and social responsibility

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

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

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

“Green” elevators

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

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

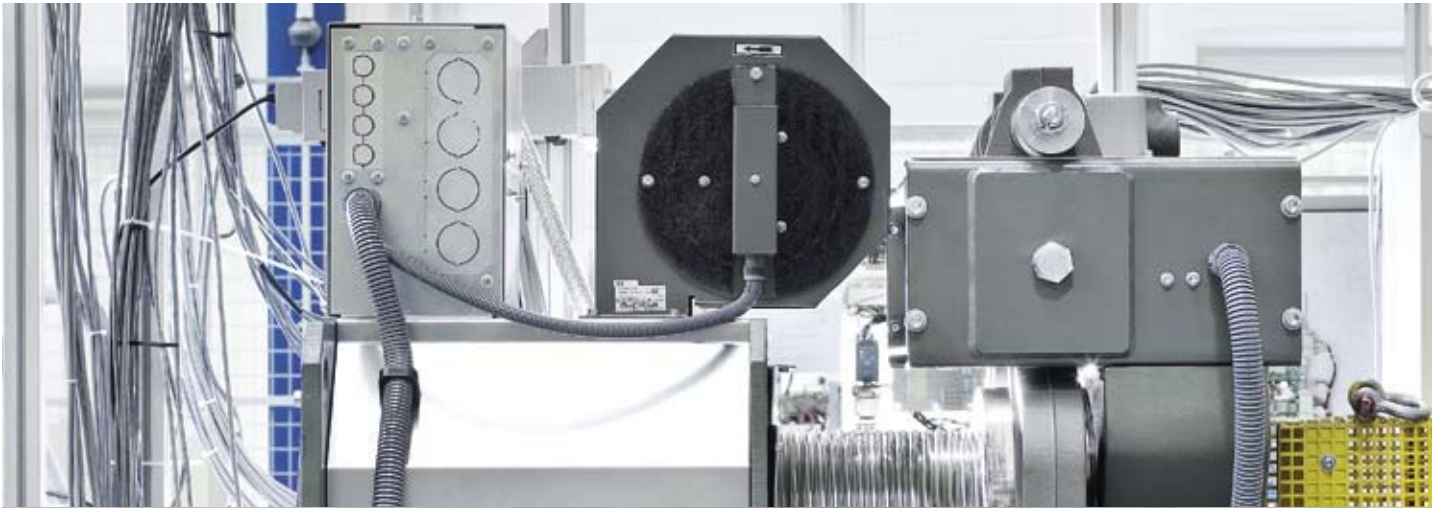
Environmentally friendly Schindler elevators

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

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

An environmental factsheet 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: <http://corpcit.schindler.com>



**Moving forward.
Recovering energy.**

Schindler elevators are green. Neither too large nor too small. Exactly the right size. Forward-looking, circumspect planning perceptibly reduces energy consumption in the manufacturing, delivery, and operating cycles. Schindler has now gone a step further: Schindler elevators even return drive energy when in motion. An ecologically sound approach.

Overview of financial results



Hard as nails.
Soft touch.

Schindler elevators are equipped with an array of infrared detection sensors – all along the door. High technology married with solid machinery ensures your safety. So nothing catches you by surprise.

Summary financial statements Group

1 2 3
4 5 **6**
7 8 9
0

Overview of
financial results

The figures for 2003 and 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

Profit and loss statement

In million CHF	2007	2006	2005	2004 ¹	2003
Operating revenue	13 835	11 106	8 870	8 254	7 725
Operating expenses	13 005	10 380	8 236	7 733	7 319
Operating profit	830	726	634	521	406
Antitrust fines	293				
Financing activities	-51	-25	-60	-43	-68
Investing activities	-	10	-2	4	6
Profit before taxes	486	711	572	482	344
Taxes	208	200	171	153	142
Net profit:	278	511	401	329	202
Schindler Holding shareholders	254	488	377	308	184
Minority interests	24	23	24	21	18

Balance sheet December 31

In million CHF	2007	2006	2005	2004 ¹	2003
Current assets	4 927	4 917	3 909	3 595	3 734
Non-current assets	2 236	2 359	2 140	1 741	1 486
Total assets	7 163	7 276	6 049	5 336	5 220
Current liabilities	3 827	3 744	3 004	2 468	2 433
Non-current liabilities	1 236	1 355	1 160	1 373	1 496
Total liabilities	5 063	5 099	4 164	3 841	3 929
Consolidated shareholders' equity:	2 100	2 177	1 885	1 495	1 291
Equity of Schindler Holding shareholders	1 975	2 060	1 749	1 376	1 165
Minority interests	125	117	136	119	126
Total liabilities and shareholders' equity	7 163	7 276	6 049	5 336	5 220

Cash flow statement

In million CHF	2007	2006	2005	2004 ¹	2003
Cash flow from operating activities	602	476	347	433	455
Cash flow from investing activities	-11	-288	11	-729	8
Cash flow from financing activities	-511	-319	-296	-123	-189
Translation exchange differences	-28	-3	35	-36	11
Change in cash on hand	52	-134	97	-455	285

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

Summary financial statements Schindler Holding Ltd.

Profit and loss statement

In million CHF	2007	2006	2005	2004	2003
Income from subsidiaries	398	325	270	224	211
Other revenue	546	26	30	15	31
Total revenue	944	351	300	239	242
Depreciation and adjustments	28	72	76	67	80
Other expenses	42	46	47	39	35
Total expenses	70	118	123	106	115
Net profit for the year	874	233	177	133	127

Balance sheet December 31

In million CHF	2007	2006	2005	2004	2003
Current assets	1 052	711	759	654	1 235
Non-current assets	1 615	1 274	1 328	1 394	802
Total assets	2 667	1 985	2 087	2 048	2 037
Debentures	300	300	600	600	600
Other liabilities	404	408	332	383	361
Total liabilities	704	708	932	983	961
Share capital	7	7	7	7	7
Bearer participation capital	5	5	5	5	6
Retained earnings	1 077	1 032	966	920	936
Net profit for the year	874	233	177	133	127
Shareholders' equity	1 963	1 277	1 155	1 065	1 076
Total liabilities and shareholders' equity	2 667	1 985	2 087	2 048	2 037

Dividend payment

In million CHF	2007	2006	2005	2004	2003
Registered shares	118 ¹	93	65	51	44
Bearer participation certificates	81 ¹	66	46	36	33
Total dividend payment	199¹	159	111	87	77

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 25%–35% of the consolidated net profit (excluding minority interests) (see also page 68).

Key figures Group

1 2 3
4 5 **6**
7 8 9
0

Overview of
financial results

The figures for 2003 and 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

Group					
In million CHF	2007	2006	2005	2004 ¹	2003
Orders received	14 116	11 720	9 445	8 428	7 866
Operating revenue	13 835	11 106	8 870	8 254	7 725
EBITDA ²	958	848	751	669	566
in %	6.9	7.6	8.5	8.1	7.3
EBITA ³	865	758	657	557	443
in %	6.3	6.8	7.4	6.7	5.7
EBIT ⁴	830	726	634	521	406
in %	6.0	6.5	7.1	6.3	5.3
Antitrust fines	293				
Net income from financing and investing activities	-51	-15	-62	-39	-62
Profit before taxes	486	711	572	482	344
Net profit	278	511	401	329	202
in %	2.0	4.6	4.5	4.0	2.6
Net profit before antitrust fines	571				
in %	4.1				
Net profit of Schindler Holding shareholders	254	488	377	308	184
Cash flow ⁵	391	623	490	442	368
Capital expenditure	103	112	98	82	81
Order backlog	6 752	6 024	5 005	3 723	3 712
Personnel at year-end (number)	45 208	43 679	40 385	39 443	39 617
Consolidated shareholders' equity	2 100	2 177	1 885	1 495	1 291
Equity ratio in %	29.3	29.9	31.2	28.0	24.7

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

² EBITDA: Operating profit plus depreciation/amortization

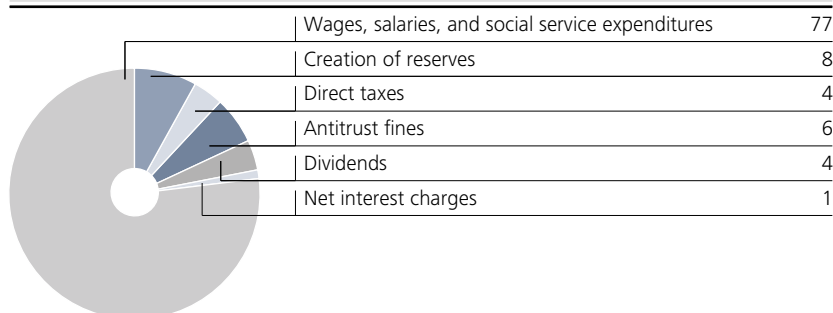
³ EBITA: Operating profit plus depreciation

⁴ EBIT: Operating profit

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

Allocation of the Group's net value added 2007

In %



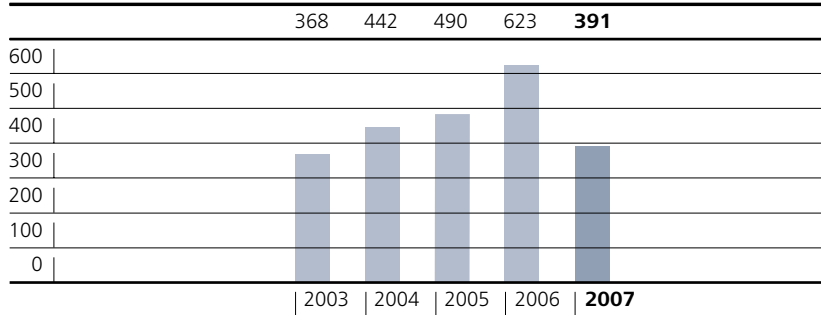
The Group's total value added is the increase in value achieved by the whole Group within a certain period of time.

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

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

Cash flow¹

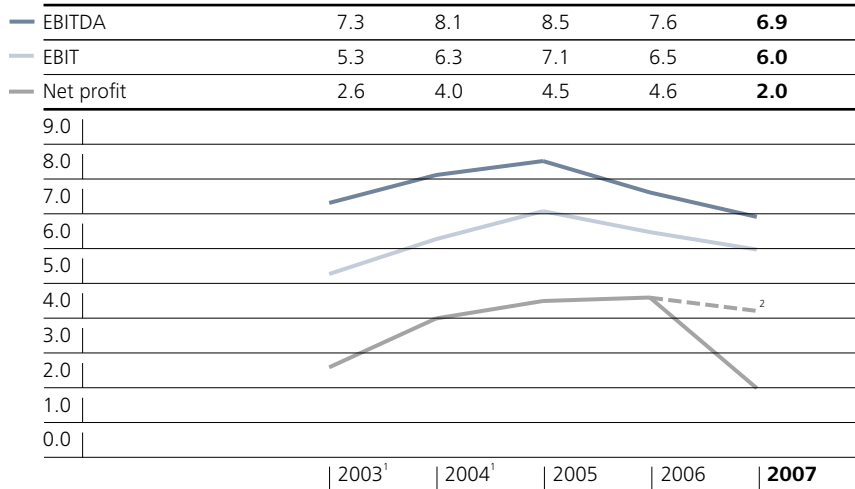
In million CHF



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

EBITDA, EBIT, net profit

As % of operating revenue

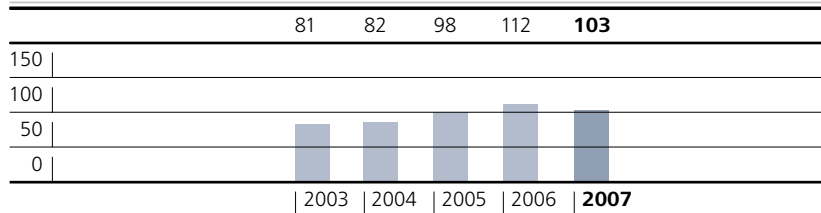


¹ After R03 project costs

² Before antitrust fines

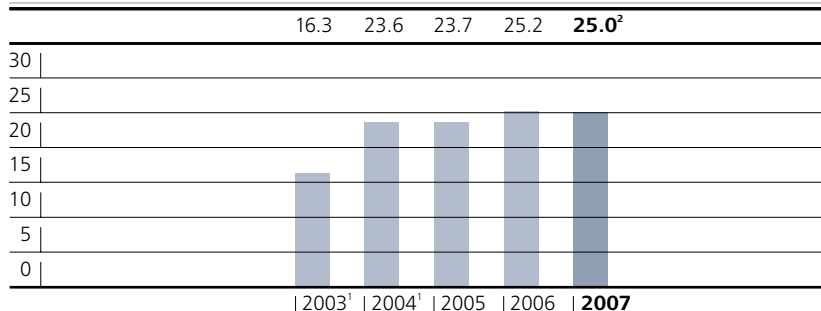
Capital expenditure

In million CHF



Return on equity (ROE)

In %

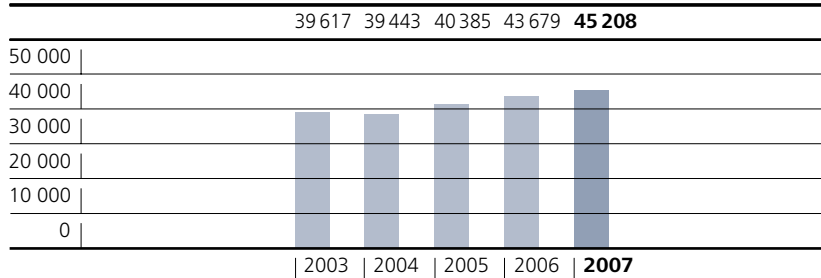


¹ The figures are significantly affected by costs of the R03 restructuring and efficiency improvement project.

² Before antitrust fines

Personnel at the end of year

Number



Key figures Elevators & Escalators

Overview of
financial results

Elevators & Escalators

In million CHF	2007	2006	2005	2004 ¹	2003
Orders received	9 023	8 417	7 447	6 546	6 246
Operating revenue	8 752	7 829	6 890	6 404	6 133
EBITDA ²	917	831	745	650	542
in %	10.5	10.6	10.8	10.1	8.8
EBITA ³	832	747	654	543	431
in %	9.5	9.5	9.5	8.5	7.0
EBIT ⁴	802	717	632	508	395
in %	9.2	9.2	9.2	7.9	6.4
Research and development	109	111	110	114	139
Personnel at year-end (number)	43 221	41 632	39 762	38 841	38 643

The figures for 2003 and 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

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

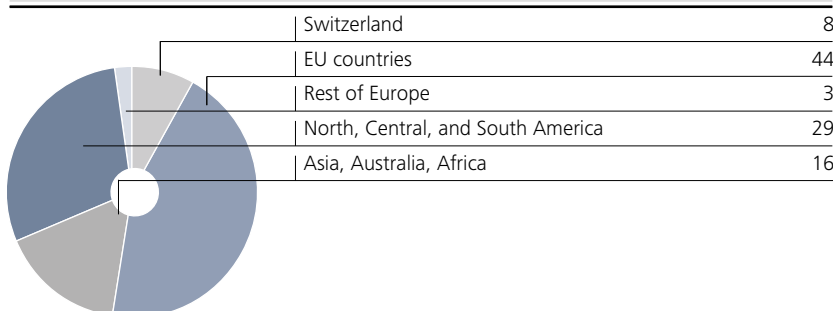
² EBITDA: Operating profit plus depreciation/amortization

³ EBITA: Operating profit plus depreciation

⁴ EBIT: Operating profit

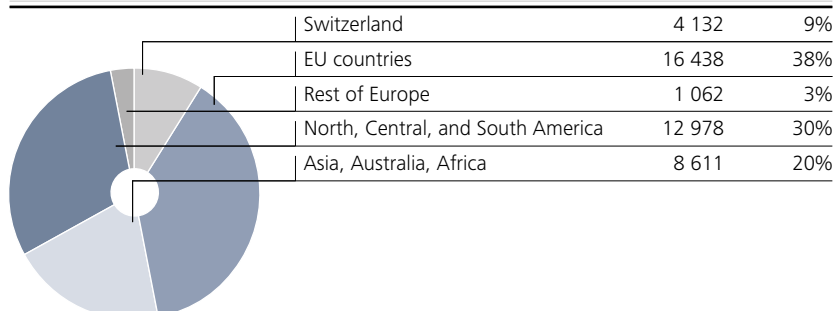
Invoiced sales 2007 by market

In %



Personnel 2007 by region

Total 43 221



Key figures ALSO

1 2 3
4 5 **6**
7 8 9
0

Overview of
financial results

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

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

ALSO

In million CHF	2007	2006	2005	2004 ¹	2003
Orders received	5 093	3 303	1 998	1 882	1 620
Operating revenue	5 083	3 277	1 980	1 852	1 598
EBITDA ²	66	37	27	37	29
in %	1.3	1.1	1.4	2.0	1.8
EBITA ³	58	31	24	32	17
in %	1.1	0.9	1.2	1.7	1.1
EBIT ⁴	54	29	23	31	16
in %	1.1	0.9	1.2	1.7	1.0
Personnel at year-end (number)	1 987	2 047	623	602	974

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

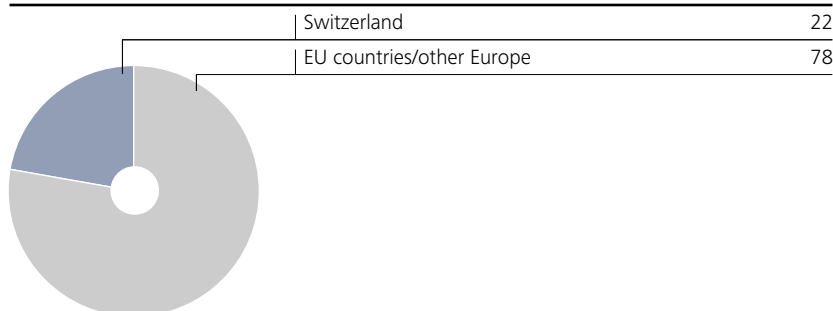
² EBITDA: Operating profit plus depreciation/amortization

³ EBITA: Operating profit plus depreciation

⁴ EBIT: Operating profit

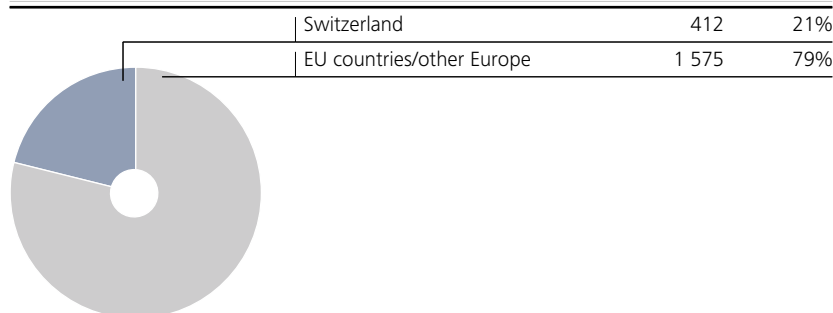
Invoiced sales 2007 by market

In %



Personnel 2007 by country

Total 1 987



Key figures Schindler Holding Ltd.

Overview of
 financial results

Schindler Holding Ltd.

In million CHF	2007	2006	2005	2004	2003
Share capital	7	7	7	7	7
Bearer participation capital	5	5	5	5	6
Shareholders' equity	1 963	1 277	1 155	1 065	1 076
Debentures	300	300	600	600	600
Net profit for the year	874	233	177	133	127
Dividend payment	199¹	159	111	87	77

¹ Proposal by the Board of Directors

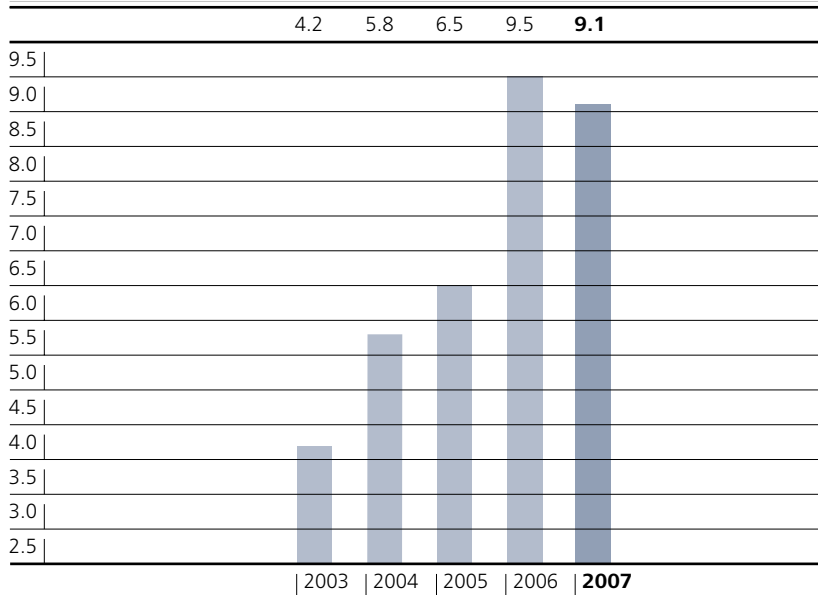
Key figures registered share/ participation certificate

1 2 3
4 5 **6**
7 8 9
0

Overview of
financial results

Market capitalization as of December 31

In billion CHF



Registered share

In CHF	2007	2006 ¹	2005	2004	2003
Number of registered shares outstanding	73 568 200	73 568 200	7 356 820	7 356 820	7 356 820
Thereof in treasury stock	1 799 250	829 123	102 222	79 941	81 805
Nominal value	0.10	0.10	1.00	1.00	1.00
Price high	84.50	76.00	530.00	475.00	345.00
Price low	65.50	52.00	425.00	338.00	176.00
Price year-end	73.00	76.00	519.50	475.00	343.00
P/E ratio December 31	35.8x	19.5x	17.2x	19.3x	24.0x

¹ After 10:1 split on March 27, 2006

Bearer participation certificate

In CHF	2007	2006 ¹	2005	2004	2003
Number of certificates outstanding	50 936 400	51 416 400	5 141 640	5 141 640	5 506 990
Thereof in treasury stock	1 633 177	1 153 433	52 956	59 108	441 850
Nominal value	0.10	0.10	1.00	1.00	1.00
Price high	85.85	77.80	526.00	455.25	305.00
Price low	66.00	52.10	423.00	298.00	167.25
Price year-end	73.00	76.65	521.00	451.00	302.00
P/E ratio December 31	35.8x	19.7x	17.3x	18.3x	21.1x

¹ After 10:1 split on March 27, 2006

Information per registered share and bearer participation certificate

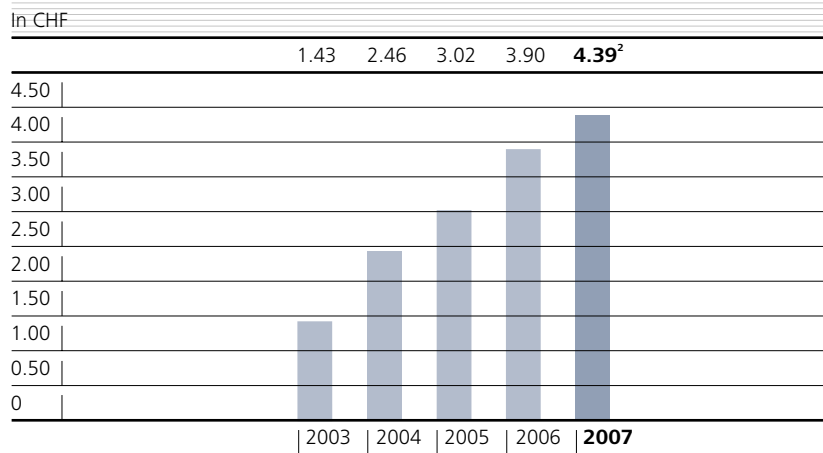
In CHF	2007	2006	2005	2004	2003
Net profit ¹	2.04	3.90	3.02	2.46	1.43
Cash flow ¹	3.14	4.98	3.92	3.43	2.86
Shareholders' equity at year-end ¹	16.31	16.75	14.17	11.13	9.44
Gross dividend ¹	1.60²	1.30	0.90	0.70	0.60
Pay-out ratio	% 36.4³	33.3	29.8	28.4	41.9
Market capitalization (in million)	9 089	9 532	6 501	5 813	4 187

¹ The figures for 2003 to 2005 are adjusted for the 10:1 split on March 27, 2006

² Proposal by the Board of Directors

³ Before antitrust fines

Net profit per registered share and bearer participation certificate¹



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

² Before antitrust fines

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

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

Significant shareholders

At the end of 2007, registered shares of Schindler Holding Ltd. were held by 4 066 shareholders (previous year: 3 617).

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 50 772 838 registered shares of Schindler Holding Ltd., corresponding to 69.0% of the voting rights of the share capital entered in the Register of Companies.

Financial calendar

Overview of
 financial results

Financial calendar		
	2008	2009
Annual results media conference	February 28	February 17
Ordinary General Meeting Schindler Holding Ltd.	March 26	March 16
Date of Schindler Holding Ltd. dividend payment	March 31 ¹	
Publication of Interim Report	August 19	August 18

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

Important addresses

1 2 3
4 5 6
7 8 9
0

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

Schindler

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

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

www.schindler.com

Corporate Communications

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

Investor Relations

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

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

Elevators & Escalators

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

USA and Canada

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

Latin America

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

Asia/Pacific

Schindler Management
Asia/Pacific Ltd.
40 Wenshui Road
Shanghai 2000 72
P. R. China
Telephone +86 21 5665 0991
Fax +86 21 6630 2791

ALSO

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

1 2 3
4 5 6
7 8 9
0

The Annual Report of the Schindler Group for 2007 consists of the Activity Report and the Financial Statements and Corporate Governance.

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

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zintzmeyer & Lux AG
Zurich, Switzerland

**Typesetting, prepress,
and printing**

NZZ Fretz AG
Schlieren, Switzerland

Image photography

Markus Bertschi, Switzerland



Engineering the detail,
moving the world.

Financial Statements and
Corporate Governance
2007



Schindler

1

Schindler in brief

2

To the shareholders

3

Elevators & Escalators

4

ALSO

5

Corporate Citizenship

6

Overview of financial results

7

Financial Statements Group

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

8

**Financial Statements
Schindler Holding Ltd.**

- 76 Profit and loss statement
- 77 Balance sheet before appropriation of profits
- 78 Notes to the financial statements
- 92 Appropriation of profits
- 93 Essential affiliated companies and unconsolidated subsidiaries
- 97 Report of the statutory auditors

9

Corporate Governance

As from page 99

0

Financial Statements Group



Easy access.
Sharp selection.

Schindler's access control system offers a broad range of options – from easy access control all the way up to strict admission for particular user groups at several security levels. Managing the demands of today simply.

Consolidated profit and loss statement

1 2 3
4 5 6
7 8 9
0

Financial Statements Group

In million CHF	Notes	2007	%	2006	%
Operating revenue	3	13 835	100.0	11 106	100.0
Material cost		7 564	54.7	5 481	49.4
Personnel cost	4	3 512	25.4	3 268	29.4
Other operating cost	5	1 816	13.1	1 519	13.7
Depreciation and amortization	16, 17, 18	128	0.9	122	1.1
Change of provision	26	-15	-0.1	-10	-0.1
Total operating cost		13 005	94.0	10 380	93.5
Operating profit		830	6.0	726	6.5
Antitrust fines	6	293	2.1		
Financial income	7	55	0.4	62	0.6
Financial expenses	8	106	0.8	87	0.8
Investing activities	9	-	-	10	0.1
Profit before taxes		486	3.5	711	6.4
Income taxes	10	208	1.5	200	1.8
Net profit		278	2.0	511	4.6
Of which:					
Schindler Holding shareholders		254	1.8	488	4.4
Minority interests		24	0.2	23	0.2
Net profit (earnings) per share and BPC in CHF					
Undiluted earnings per share and BPC	11	2.08		3.96	
Diluted earnings per share and BPC	11	2.07		3.95	

Consolidated balance sheet

Financial Statements Group

Assets					
In million CHF	Notes	31.12.2007	%	31.12.2006	%
Current assets					
Cash on hand		1 026	14.3	974	13.4
Securities	12	260	3.6	246	3.4
Accounts receivable	13	1 933	27.0	2 019	27.7
Taxes receivable		64	0.9	71	1.0
Net assets of production orders in progress	14	660	9.2	619	8.5
Inventories	15	789	11.0	810	11.1
Prepaid expenses and accrued income		190	2.7	172	2.4
Financial assets held for sale		5	0.1	6	0.1
Total current assets		4 927	68.8	4 917	67.6
Non-current assets					
Property, plant and equipment	16	502	7.0	512	7.0
Investment properties	17	29	0.4	29	0.4
Intangible assets	18	945	13.2	959 ¹	13.2
Investments in associates	19	233	3.3	249	3.4
Financial assets	20	258	3.6	342	4.7
Deferred taxes	21	154	2.1	181	2.5
Employee benefits	22	115	1.6	87	1.2
Total non-current assets		2 236	31.2	2 359	32.4
Total assets		7 163	100.0	7 276	100.0

¹ Previous year adjusted for a definite purchase price allocation (see Note 28)

Liabilities and shareholders' equity

In million CHF	Notes	31. 12. 2007	%	31. 12. 2006	%
Liabilities					
Current liabilities:					
Financial debts	25	375	5.2	428	5.9
Accounts payable	23	1 285	17.9	1 292	17.7
Taxes payable		91	1.3	106	1.4
Net liabilities of production orders in progress	14	637	8.9	537	7.4
Accrued expenses and deferred income	24	1 240	17.3	1 171	16.1
Provisions	26	199	2.8	210	2.9
Total current liabilities		3 827	53.4	3 744	51.4
Non-current liabilities:					
Financial debts	25	434	6.1	570	7.8
Provisions	26	213	3.0	223	3.1
Deferred taxes	21	229	3.2	212 ¹	3.0
Employee benefits	22	360	5.0	350	4.8
Total non-current liabilities		1 236	17.3	1 355	18.7
Total liabilities		5 063	70.7	5 099	70.1
Shareholders' equity					
Share capital and bearer participation certificate capital	27	12	0.2	12	0.1
Share premiums		54	0.8	77	1.1
Treasury stock		-228	-3.2	-94	-1.3
Fluctuations in value of financial instruments		2	0.0	-2	0.0
Translation exchange differences		-337	-4.7	-312	-4.3
Retained earnings		2 472	34.5	2 379	32.7
Total Schindler Holding shareholders		1 975	27.6	2 060	28.3
Minority interests		125	1.7	117	1.6
Consolidated shareholders' equity		2 100	29.3	2 177	29.9
Total liabilities and shareholders' equity		7 163	100.0	7 276	100.0

¹ Previous year adjusted for a definite purchase price allocation (see Note 28)

Consolidated cash flow statement

Financial Statements Group

In million CHF	Notes	2007	2006
Net profit		278	511
Depreciation and amortization		128	122
Change of provision		-15	-10
Other financial debt repaid		38	-5
Contributions to pension funds		-37	-22
Change of remaining net working capital		210	-120
Cash flow from operating activities		602	476
Additions to:			
Property, plant, and equipment		-96	-112
Investment properties		-7	-
Intangible assets		-21	-31
Investments in associates		-4	-200
Securities		-	-84
Financial assets		-23	-19
Disposals of:			
Property, plant, and equipment		33	82
Investment properties		8	21
Intangible assets		1	-
Securities		54	-
Financial assets		27	166
Non-current assets held for sale		14	-
Additions/disposals of investments in subsidiaries	28	6	-66
Additions minority interests		-3	-45
Cash flow from investing activities		-11	-288
Financial debt borrowed		83	202
Repayment 4½% debenture due 26. 10. 2006		-	-300
Other financial debt repaid		-253	-38
Additions treasury stock		-187	-76
Disposals treasury stock		20	24
Payment of dividends Schindler Holding Ltd.		-159	-111
Dividends paid to minority shareholders		-15	-20
Cash flow from financing activities		-511	-319
Translation exchange differences		-28	-3
Change in cash on hand		52	-134
Cash on hand at start of period		974	1 108
Cash on hand at end of period		1 026	974
Cash flow from operating activities includes:			
Income taxes paid		185	171
Interests paid		62	51
Interests received		41	39
Dividends received from associated companies		3	4

Statement of shareholders' equity

1 2 3
4 5 6
7 8 9
0

Financial Statements Group

In million CHF	Share and BPC capital	Share premiums	Treasury stock	Translation exchange differences	Changes in value of financial instruments	Retained earnings	Total Schindler Holding share- holders	Minority interests	Group
December 31, 2005	12	75	-43	-319	-3	2 027	1 749	136	1 885
Translation exchange differences				6			6	-1	5
Hedging transactions				1	3		4	-1	3
Financial instruments available for sale:									
not realized					-1		-1	-	-1
realized through the profit and loss statement					-1		-1	-	-1
Total of items recognized in shareholders' equity				7	1		8	-2	6
Net profit						488	488	23	511
Total profit and loss				7	1	488	496	21	517
Dividends						-111	-111	-20	-131
Additions/disposals treasury stock		-1	-51				-52	-	-52
Options for participation plan (fair value)		3					3	-	3
Change in minority interests						-25	-25	-20	-45
December 31, 2006	12	77	-94	-312	-2	2 379	2 060	117	2 177
Translation exchange differences				-24			-24	-1	-25
Hedging transactions				-1	2		1	1	2
Financial instruments available for sale:									
not realized					2		2	-	2
realized through the profit and loss statement							-	-	-
Total of items recognized in shareholders' equity				-25	4		-21	-	-21
Net profit						254	254	24	278
Total profit and loss				-25	4	254	233	24	257
Dividends						-159	-159	-15	-174
Elimination of own bearer participation certificates		-29	29				-	-	-
Additions/disposals treasury stock		3	-163				-160	-	-160
Options for participation plan (fair value)		3					3	-	3
Change in minority interests						-2	-2	-1	-3
December 31, 2007	12	54	-228	-337	2	2 472	1 975	125	2 100

Notes to the consolidated financial statements

1 Activities of the company

In its core business (63% of consolidated turnover), Schindler is the world's largest supplier of escalators and second largest supplier of elevators, with local companies for production, installation, maintenance, and modernization in the most important markets worldwide. In 2007, turnover in this segment was CHF 8.7 billion. Schindler owns 64% of ALSO Holding AG, which is listed on the SWX 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 nine European countries: under the name of ALSO in Switzerland and Germany, and under GNT in Finland, Norway, Sweden, Estonia, Latvia, Lithuania, and Poland. Net sales of the ALSO Group in 2007 were CHF 5.1 billion.

2 Principles of consolidation and valuation

2.1 General principles

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

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

2.2 Main changes to methods of recognition and valuation

The Group introduced certain new and revised International Financial Reporting Standards and Interpretations as from January 1, 2007, or retrospectively from January 1, 2006. The most important changes for the Group, and their effects on the consolidated financial statements, are described below:

- IFRS 7 – Financial Instruments: Disclosures. The new standard, which expands and partly replaces IAS 32 – Financial Instruments: Presentation, requires additional information in the consolidated financial statements 2007 about the financial instruments held by the Group.
- IAS 1 – Presentation of Financial Statements. The revised standard requires additional information in the consolidated financial statements 2007 about the objectives, guidelines, and methods for shareholders' equity management.
- IFRIC 7 – Applying the Restatement Approach under IAS 29. The Interpretation contains guidelines for the application of IAS 29 when hyperinflation is identified for the first time.

- IFRIC 8 – Scope of IFRS 2. According to the Interpretation, IFRS 2 also applies to transactions in which the company cannot unambiguously identify the service received.
- IFRIC 9 – Reassessment of Embedded Derivatives. The Interpretation defines rules for the measurement of embedded derivatives during their contract life.
- IFRIC 10 – Interim Financial Reporting and Impairment. This interpretation addresses the issue that impairments of goodwill and certain financial assets in interim financial statements may not be reversed in the financial statements for the full year.

2.3 Published standards, interpretations, and amendments not yet applied

- IFRS 2 – Share Based Payments – Vesting Conditions and Cancellations. The changes that apply as from January 1, 2009, introduce the term “non-vesting conditions” and explain the definition of “vesting conditions.” Rules are also stipulated for recognition when the share-based payment is canceled because a “non-vesting” condition was not fulfilled.
- IFRS 3 revised – Business Combinations. This standard will be applied for the first time as from January 1, 2010. With the revision of the standard, changes come into force in the application of the purchase method: these relate to the purchase of additional minority shares, handling of transaction costs, and other details.
- IFRS 8 – Operating Segments. The new standard, which replaces IAS 14 – Segment Reporting, requires companies to provide explanatory information about the operational segments, the products and services offered in the countries where they are active, as well as about important customers. IFRS 8 becomes binding for financial years starting on or after January 1, 2009.
- IAS 1 revised – Presentation of Financial Statements. The amended standard, which will be applied as from January 1, 2009, stipulates rules for presentation of annual financial statements, in particular for the presentation of transactions with shareholders and other transactions that are recognized directly in shareholders’ equity. Transactions that were recognized directly in shareholders’ equity but did not take place with shareholders must now be shown in the list of recognized income and expense items.
- IAS 23 – Borrowing Costs. According to the revised standard, costs of liabilities, and other costs associated with obtaining liabilities, that can be directly allocated to a qualified asset, should be capitalized as part of the purchase and conversion costs, and amortized in the residual carrying amount. According to the former accounting principles of the Group, these costs are reported as expense under Interest Expense.
- IAS 27 revised – Consolidated and Separate Financial Statements. This revised standard will apply for the first time as from January 1, 2010. The standard newly stipulates that changes in the inventory of minority shares without loss of control must be recognized as shareholders’ equity transactions.

- IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions. The Interpretation is concerned with the recognition of share-based payment agreements according to IFRS 2.
- IFRIC 12 – Service Concession Arrangements. This guideline is concerned with accounting for public infrastructure services that are provided by private companies.
- IFRIC 13 – Customer Loyalty Programs. The Interpretation is concerned with the accounting of companies that give credits to customers that they receive for the sale of other goods or services.
- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Interpretation contains general rules for determining the upper limit of the excess amount of a pension fund that can be recognized as an asset according to IAS 19.

Application of the standards and the interpretations is not expected to have any material effects on the capital, financial, income, or cash flow situation of Schindler.

2.4 Most important estimates

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

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

Provisions: Schindler creates provisions when there is an obligation to third parties which results from an event in the past, and the amount of the obligation can be reliably estimated. Provisions are created for a variety of possible events, and are explained in detail in Note 26. However, by definition, provisions contain a greater degree of estimate than other balance sheet items, since the estimated obligations can cause a greater or lesser cash drain depending on how the situation materializes.

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

2.5 Scope of consolidation

The consolidated financial statements include the annual financial statements of Schindler Holding Ltd., Hergiswil, Switzerland, and all subsidiaries in which Schindler Holding Ltd. directly or indirectly holds a majority of voting rights, or which Schindler Holding Ltd. otherwise controls. The main affiliated companies and unconsolidated subsidiaries, including the company name, headquarters address, and share held, are listed on pages 93 to 96.

In the reporting year, the scope of the consolidation was expanded by some relatively small local companies in Europe and North America. In addition, the holding in ZAO Schindler Moscow was increased by 15% to 100%. The effect of all first-time consolidations on operating revenue and operating profit was less than one percent.

The French company Etablissements Henri Peignen S.A., which was sold on June 1, 2007, has been removed from the scope of the consolidation. Its removal results in an operational loss of CHF 5 million. In addition, an existing purchase price agreement with a small company that was consolidated in December 2006 was reversed, and its assets and liabilities were derecognized.

2.6 Methods of consolidation

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

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

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

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

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

2.7 Acquisitions and goodwill

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

For all business combinations, the identifiable assets, liabilities, and contingent liabilities are revalued at fair value and integrated according to the purchase price allocation. In addition, assets that result from either a contractual or a legal right, or can be separated from the business and their fair value reliably determined, are deducted and carried separately as intangible assets. This applies mainly to maintenance contracts, customer lists, supplier relationships, licenses, patents, brand names, and similar rights. The remaining goodwill, as well as intangible assets with an indefinite life (brand names), is no longer amortized but subjected to an annual impairment test.

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

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

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

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

The goodwill and/or identifiable intangible assets of associated companies are recognized under "investments in associates." For such transactions, the rules of IFRS 3 Business Combinations apply analogously. Amortization and any impairment adjustments are recognized in the profit and loss statement under "investing activities."

2.8 Translation of foreign currency

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

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

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

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

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

			2007		2006	
			Year-end exchange rates	Average exchange rates	Year-end exchange rates	Average exchange rates
Eurozone	EUR	1	1.66	1.64	1.61	1.58
USA	USD	1	1.13	1.20	1.22	1.25
Great Britain	GBP	1	2.25	2.39	2.39	2.31
Brazil	BRL	100	63.20	61.56	57.15	57.48
China	CNY	100	15.42	15.75	15.63	15.72

2.9 Financial assets

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

Financial assets are classified into the following categories:

- Financial assets "at fair value through profit or loss": These include financial assets held for trading and derivatives. These are acquired principally for the purpose of generating a profit from short-term fluctuations in price ("held for trading"). In addition, certain financial instruments can be assigned voluntarily to fair value by designation (fair value option).
- Financial assets held to maturity: These are investments with a fixed term which the company has the positive intent and ability to hold to maturity.
- Financial assets originated or acquired by the company. These comprise loans and receivables created or acquired by the company.
- Financial instruments available for sale, which include all financial instruments not assignable to one of the above-mentioned categories.

Except for financial assets "at fair value through profit or loss," the first-time measurement of financial assets is at purchase cost including transaction costs. All purchases and sales are recognized on the date of the transaction.

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

2.9.1 Cash, cash equivalents, and securities

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

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

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

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

2.9.2 Accounts receivable

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

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

2.9.3 Original and derivative financial assets held for trading

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value. The fair values carried in the balance sheet are normally the market prices of the financial assets. Should these not be readily available, recognized measurement models are used for the calculation.

Also included in this category are derivative financial instruments that are not part of an effective hedging relationship according to IAS 39 and must therefore be classified as held for trading.

Also included are assets that are acquired principally for the purpose of generating a profit from short-term fluctuations in price, as well as assets that by designation are voluntarily valued at fair value.

Changes in value are reported as Financing Activities (Financial Income or Expense) for the respective reporting period.

2.9.4 Financial assets held to maturity

For certain financial assets it is not only intended, but also from the economic point of view reasonable to expect that they will be held to maturity. These financial assets are measured by the effective interest method with the amortized purchase costs.

2.9.5 Financial assets available for sale

The remaining financial assets are categorized as available for sale and recognized at fair value. Changes in value resulting from measurement at fair value are recognized in shareholders' equity without affecting income. This does not apply to permanent or material reductions in value reported as expenses under Net Financial Income/Expense for the current period. The accumulated profits and losses resulting from the measurement at fair value and recognized in shareholders' equity are only recognized as expenses on disposal of the financial assets. Should it not be possible to determine the fair value of unlisted shareholders' equity instruments with sufficient certainty, the shares are measured at purchase cost less any impairments.

2.9.6 Impairment of monetary assets

Annually or whenever indicated, the carrying amounts of monetary assets that are not valued 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.). Any impairment loss resulting from the difference between the carrying amount and fair value/ value in use is recognized as expense.

2.9.7 Hedge accounting

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

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

- a hedge of the payment streams 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 subsidiary.

Cash flow hedge

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

Fair value hedge

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

Net investment hedges

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

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

2.10 Financial liabilities

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

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

2.10.1 Financial liabilities “at fair value through profit or loss”

On first-time recognition, financial liabilities are measured at fair value. The transaction costs directly identifiable to the purchase of these liabilities are not recognized. Derivatives are assigned to this category by definition.

2.10.2 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.

2.11 Construction contracts, inventories

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

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

2.12 Turnover and profit realization, interest income

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

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

Provisions are made immediately for foreseeable losses on customer orders (see also Note 26).

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

2.13 Non-current assets held for sale and associated liabilities

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

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

2.14 Property, plant and equipment/investment properties

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

Depreciation takes place according to the linear method in systematically planned manner over the useful life of the property. Land is not depreciated. Impairment losses (Notes 16 and 17) are recognized as amortization and reported separately.

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

The market value of the investment properties reported separately in Note 17 is based on estimates or assumptions (external valuations, discounted cash flow calculations, comparison with values of similar properties, etc.).

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

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

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

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

2.15 Intangible assets

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

Intangible assets (except goodwill and brand names) are amortized linearly over their expected useful life, which is normally no longer than five to ten years. Goodwill and brand names are tested annually for their recoverability in an impairment test.

Except for goodwill and a brand name, no intangible assets with an unlimited useful life are capitalized.

Impairment losses (Note 18) are recognized as amortization and reported separately.

2.16 Provisions

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

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

2.17 Employee benefits

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

For defined contribution plans, as well as for multiemployer plans for which the costs associated with the defined benefit plan are not known, the net periodic costs to be recognized in the profit and loss statement are the agreed contributions of the employer.

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

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

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

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

2.18 Capital participation plans

A capital participation plan for the top management employees of the Group has been in existence since 2000. The duration is six years and was extended for a further six years in 2006. The specific features of the plan, and who should benefit, are decided each year by the Board of Directors. The present capital participation plan currently applies to about 400 employees of the Group.

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

There is also a share purchase program for the employees of the ALSO Group. This program offers all employees of the ALSO Group the possibility to purchase shares of ALSO Holding AG at preferential conditions of 50% of the market price. The shares are valued at market value, and any discount is recognized as expense.

In addition, the Board of Directors can decide on an annual basis whether, and to what extent, the group of employees mentioned above shall be awarded additional option rights for the purchase of shares or bearer participation certificates of Schindler Holding Ltd. or ALSO Holding AG at a predetermined price. The option rights can only be exercised after a waiting period of three years.

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

The fair value of the option premium from the capital participation plan as calculated by the Hull-White method (see Note 34) is recognized as expense and charged to personnel cost over the vesting period of three years.

2.19 Deferred taxes

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

Deferred tax liabilities are calculated on all taxable temporary differences.

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

2.20 Shareholders' equity

The capital reserves consist of amounts paid in by shareholders and holders of bearer participation certificates. They therefore comprise the share premium account of Schindler Holding Ltd., reduced by the amount greater than the nominal value resulting from the elimination of own shares and bearer participation certificates. Also recognized in the capital reserves are realized gains and losses on the sale of own shares and participation certificates, as well as the fair value at the time they are allocated of options from the participation plans over the vesting period of three years.

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

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

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

2.21 Leasing

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

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

2.22 Impairment

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

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

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

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

2.23 Research and development

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

2.24 Segment reporting

The segment reporting reflects the structure of the Schindler Group.

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

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

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

3 Operating revenue		
In million CHF	2007	2006
Billings	13 352	10 712
Sundry operating revenue	58	56
Change in balance of work in progress	423	336
Capitalized own production of property, plant, and equipment	2	2
Total operating revenue	13 835	11 106

CHF 4 646 million (previous year: CHF 3 923 million) of the operating revenue were calculated according to the percentage of completion method.

4 Personnel cost and headcount

4.1 Personnel cost

In million CHF	2007	2006
Salaries and wages	2 767	2 551
Social charges	745	717
Total personnel cost	3 512	3 268

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

Schindler remunerates its employees according to usual market standards and regularly conducts salary comparisons to ensure competitive and correct positioning.

4.2 Headcount

Number	2007	2006
Average headcount	44 550	42 755
Headcount at year-end	45 208	43 679

5 Other operating cost

In million CHF	2007	2006
Special cost	616	501
Employee-related expenses	302	265
Rent, leasing	194	160
Maintenance and repairs	90	80
Energy supply, consumables, and packing material	165	145
Insurance, fees, and capital taxes	93	85
General administration and advertising	267	253
Other operating expenses	151	123
Other income	-62	-93
Total other operating cost	1 816	1 519

Research and development costs of CHF 109 million (previous year: CHF 111 million) have been charged to the profit and loss statement.

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

6 Antitrust fines

This item contains the fine of EUR 143.7 million (CHF 236 million) imposed in February 2007 by the European Commission and paid in the reporting year, as well as the fine of EUR 34.7 million (CHF 57 million) declared by the antitrust court in Vienna in December 2007 and reported in the balance sheet as a liability of EUR 34.7 million (CHF 57 million). See also Note 29.

7 Financial income

In million CHF	2007	2006
Interest from financial instruments of the measurement categories:		
At fair value through profit or loss	24	18
Loans and receivables	3	2
Available for sale	11	12
Other interest	8	8
Other financial income	9	22
Total income from financial operations	55	62

In “other financial income,” income from interest hedge transactions and realized profits on sales of securities are lower than in the previous year.

8 Financial expenses

In million CHF	2007	2006
Interests	67	50
Foreign currency transactions	17	15
Value adjustments "available for sale"	–	3
Other financial expenses	22	19
Total financial expenses	106	87

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

9 Investing activities

In million CHF	2007	2006
Income from investments in associates	3	12
Amortization of intangible assets	–3	–2
Total investing activities	–	10

10 Income taxes

In million CHF	2007	2006
Current income taxes of the reporting period	173	160
Current income taxes of previous period	3	–7
Deferred income taxes	32	47
Total income taxes	208	200

Reconciliation of income taxes

In million CHF	2007	%	2006	%
Net profit before taxes	486		711	
Weighted average income tax rate in % of profit before taxes		26		30
Expected income tax expense	126		212	
Setup/use of unrecognized tax loss carryforwards	46		–17	
New inclusion of deferred taxes	–		4	
Non-tax-deductible antitrust fines	44		–	
Other	–8		1	
Effective income taxes	208		200	
Effective income taxes in % of profit before taxes		43		28

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

The increase in the tax rate from 28% to 43% results mainly from the anti-trust fines not being tax-deductible.

11 Earnings per share and bearer participation certificate

In CHF	2007	2006
Net profit (share of Schindler Holding shareholders)	254 000 000	488 000 000
Outstanding number of shares and BPC	124 504 600	124 984 600
Less number of treasury stock (weighted average)	-2 367 006	-1 825 343
Outstanding number of shares and BPC (weighted average) for calculation	122 137 594	123 159 257
Basic earnings per share and BPC	2.08	3.96
Diluted net profit	254 000 000	487 996 876
Diluted number of shares and BPC	122 499 259	123 598 569
Diluted earnings per share and BPC	2.07	3.95

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

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

12 Securities

In million CHF	2007	2006
Securities	249	179
Time deposits	11	67
Total	260	246

“Securities” are classified as “at fair value through profit or loss.” The financial assets that are assigned to this category per designation are monitored and reported internally on the basis of fair value.

13 Accounts receivable

In million CHF	2007	2006
Supplies and services, gross	1 921	2 029
Allowance for doubtful account	-126	-130
Supplies and services, net	1 795	1 899
Associates and other related parties	14	23
Other accounts receivable	124	97
Total accounts receivable	1 933	2 019

Sold accounts receivable of CHF 194 million (previous year: CHF 380 million) have not been derecognized because the collection risk remains within the Group. See also Note 25.1.

14 Production orders in progress

In million CHF	2007	2006
Work in progress	1 350	1 145
Down payments from customers	-690	-526
Net assets of production orders in progress	660	619
Work in progress	819	653
Down payments from customers	-1 456	-1 190
Net liabilities of production orders in progress	-637	-537

15 Inventories

In million CHF	2007	2006
Raw material and trading material	676	693
Semifinished and finished goods	99	107
Downpayments to suppliers	14	10
Total inventories	789	810

Write-downs totaling CHF 122 million (previous year: CHF 121 million) were recognized for slow-moving and technically obsolete items.

16 Property, plant, and equipment (PPE)

In million CHF	Operational land	Operational buildings	Equipment and machines	Other PPE	Total
Net book values 2007					
December 31, 2006	43	194	164	111	512
Additions	–	12	41	46	99 ¹
Disposals	–2	–7	–1	–3	–13
Amortization	–	–13	–40	–39	–92
Change scope of consolidation	–	–	–9	–	–9
Translation exchange differences	1	2	2	–	5
December 31, 2007	42	188	157	115	502
Of which lease	1	5	12	4	22
Fire insurance value					1 887

Overview as of January 1, 2007

Acquisition costs	55	447	623	471	1 596
Accumulated amortization and impairment losses	–12	–253	–459	–360	–1 084
Net book values	43	194	164	111	512

Overview as of December 31, 2007

Acquisition costs	54	429	622	479	1 584
Accumulated amortization and impairment losses	–12	–241	–465	–364	–1 082
Net book values	42	188	157	115	502

¹ Of which finance lease

3

Other PPE include EDP equipment, furniture, vehicles, and assets currently under construction. Assets under construction amounted to CHF 22 million in the year under review (previous year: CHF 18 million).

Gains and losses from the sale of assets are recognized as "other income." In the reporting year, a gain of CHF 20 million (previous year: CHF 73 million) was realized.

In million CHF	Operational land	Operational buildings	Equipment and machines	Other PPE	Total
Net book values 2006					
December 31, 2005	40	166	137	112	455
Additions	1	27	44	42	114 ¹
Disposals	–	–1	–5	–3	–9
Reclassifications	–	1	1	–1	1
Amortization	–	–12	–36	–40	–88
Change scope of consolidation	3	13	23	3	42
Translation exchange differences	–1	–	–	–2	–3
December 31, 2006	43	194	164	111	512
Of which lease	1	6	16	6	29
Fire insurance value					1 967
Overview as of January 1, 2006					
Acquisition costs	53	415	597	480	1 545
Accumulated amortization and impairment losses	–13	–249	–460	–368	–1 090
Net book values	40	166	137	112	455
Overview as of December 31, 2006					
Acquisition costs	55	447	623	471	1 596
Accumulated amortization and impairment losses	–12	–253	–459	–360	–1 084
Net book values	43	194	164	111	512
¹ Of which finance lease					2

17 Investment properties		
In million CHF	2007	2006
Net book values		
January 1	29	53
Additions	7	–
Disposals	–2	–15
Amortization	–1	–1
Impairment	–	–1
Reclassifications to “Financial assets held for sale”	–5	–6
Translation exchange differences	1	–1
December 31	29	29
Overview as of January 1		
Acquisition costs	146	181
Accumulated amortization and impairment losses	–117	–128
Net book values	29	53
Overview as of December 31		
Acquisition costs	139	146
Accumulated amortization and impairment losses	–110	–117
Net book values	29	29
Fire insurance value	186	224
Net book value of property, plant, and equipment under finance lease	–	–
Market value	107	100
Rental income	8	8
Operating expenses:		
Real estate with rental income	5	6
Real estate without rental income	1	1

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

18 Intangible assets

In million CHF	Goodwill	Brand names	Other intangible assets	Total
Net book values 2007				
December 31, 2006	653 ¹	16 ¹	290	959 ¹
Additions	–	–	21	21
Disposals	–	–	–1	–1
Amortization	–	–	–35	–35
Change scope of consolidation	–2	–	–9	–11
Translation exchange differences	42	1	1	44
Purchase price adjustment ²	–32	–	–	–32
December 31, 2007	661	17	267	945
Overview as of January 1, 2007				
Gross carrying amount	653 ¹	16 ¹	490	1 159 ¹
Accumulated amortization and impairment losses	–	–	–200	–200
Net book values	653	16	290	959
Overview as of December 31, 2007				
Gross carrying amount	661	17	502	1 180
Accumulated amortization and impairment losses	–	–	–235	–235
Net book values	661	17	267	945
Net book values 2006				
December 31, 2005	546	–	214	760
Additions	–	–	31	31
Amortization	–	–	–32	–32
Change scope of consolidation	101 ¹	16 ¹	79	196 ¹
Translation exchange differences	6	–	–2	4
December 31, 2006	653	16	290	959
Overview as of January 1, 2006				
Gross carrying amount	546	–	382	928
Accumulated amortization and impairment losses	–	–	–168	–168
Net book values	546	–	214	760
Overview as of December 31, 2006				
Gross carrying amount	653 ¹	16 ¹	490	1 159 ¹
Accumulated amortization and impairment losses	–	–	–200	–200
Net book values	653	16	290	959

¹ Previous year adjusted for a definite purchase price allocation (see Note 28)

² See Note 28

The impairment test on goodwill was performed in the third quarter of the reporting year on the basis of the figures forecast by the cash-generating units for 2007 and their plan data for 2008 and 2009. Starting from historical values, the valuations are based on forecast growth rates for items including sales and operating profit. The growth strategy and development in the respective markets are also taken into account. The value of the perpetual annuity at the end of the planning period is discounted to the date of the valuation (terminal value). Based on the enterprise values calculated by the DCF method, no value adjustments are required.

The assumptions used in the calculation reflect the average long-term expected growth rate of the operational business in the respective region. The critical factors for the impairment test are turnover growth and operating revenue.

The following assumptions were used in the calculations:

Goodwill 2007				
In million CHF	Book value at 31.12.2007	Base data used		
		Interest rate	Growth rate (real)	Inflation rate
C. Haushahn GmbH & Co.	182	11.3%	1.0%	1.5%
Elevadores Atlas Schindler S.A.	350	14.9%	1.8%	5.0%
Schindler (China) Elevator Co. Ltd.	11	11.4%	4.5%	3.5%
ELETEC Vytahy s.r.o.	15	11.7%	3.0%	3.0%
Mercury Ascensore Ltd.	19	11.2%	-0.3%	0.3%
GNT Group	72	11.0%	4.7%	2.5%
Miscellaneous	12			
Total	661			

Even with significant changes in the basis data that was used, the values in use exceed the reported carrying amounts.

Goodwill 2006				
In million CHF	Book value at 31.12.2006	Base data used		
		Interest rate	Growth rate (real)	Inflation rate
C. Haushahn GmbH & Co.	175	11.0%	0.5%	2.0%
Elevadores Atlas Schindler S.A.	316	16.1%	2.5%	4.5%
Schindler (China) Elevator Co. Ltd.	12	9.6%	3.0%	3.0%
ELETEC Vytahy s.r.o.	14	10.7%	3.0%	3.0%
Mercury Ascensore Ltd.	20	9.5%	-0.5%	0.5%
GNT Group ¹	101 ²			
Miscellaneous	15			
Total	653			

¹ Addition September 2006

² Previous year adjusted for a definite purchase price allocation (see Note 28)

19 Investments in associates

In million CHF	Share in equity	Goodwill	Intangible assets	Total investments in associated companies
Net book values				
December 31, 2005	40	–	15	55
Additions	129	50	21	200
Amortization	–	–	–2	–2
First-time consolidation	–12	–	–1	–13
Share of net profit	12	–	–	12
Dividends received	–4	–	–	–4
Value fluctuations recognized directly in shareholders' equity	4	–	–	4
Translation exchange differences	–1	–1	–1	–3
December 31, 2006	168	49	32	249
Additions	2	–	2	4
Amortization	–	–	–3	–3
Share of net profit	3	–	–	3
Dividends received	–3	–	–	–3
Translation exchange differences	–11	–4	–2	–17
December 31, 2007	159	45	29	233

Cumulative values of the associated companies		
In million CHF	2007	2006
Share of operating revenue	259	242
Share of net profit	3	12
Balance sheet values:		
Current assets	151	126
Non-current assets	168	168
Current liabilities	96	112
Non-current liabilities	64	14
Shareholders' equity	159	168

The values of associated companies mainly comprise the shares of Hyundai Elevator Co. Ltd., South Korea, that were acquired in March 2006, and are based on the financial statements and last available forecast figures of this company. In all companies, the closing date is December 31. Should there be material differences, the values of the local financial statements are adapted to the measurement principles of the Group.

The data used for Hyundai are based on the figures published by the company and adapted to IFRS. The carrying amount of the investment of December 31, 2007, is CHF 194 million. The market value of the Hyundai shares at the end of 2007 was CHF 295 million (previous year: CHF 158 million). This value is based on a share price of KRW 135 000 (previous year: KRW 66 800).

20 Financial assets

In million CHF	2007	2006
Loans to associates and other related parties	6	5
Securities	201	275
Other financial assets	51	62
Total financial assets	258	342

The securities consisted mainly of bonds. These are classified as "available for sale" and at December 31, 2007, comprised the following:

Currency	Effective interest rate	In million CHF		
		2009	Maturity 2010 to 2012	Total
EUR	up to 5.0%	10	–	10
GBP	up to 5.0%	–	53	53
GBP	up to 6.0%	55	18	73
GBP	up to 7.0%	9	27	36
Total		74	98	172

21 Deferred taxes

21.1 Net book values

In million CHF	2007	2006
Deferred taxes on account of temporary differences:		
Current assets	53	52
Property, plant, and equipment	–8	–9
Provisions	95	67
Employee benefits	–1	23
Intangible assets	–148	–134 ¹
Tax loss carryforwards	9	4
Other temporary differences	–75	–34
Total net book value	–75	–31
Thereof recognized in the balance sheet as deferred tax liabilities	–229	–212
Thereof recognized in the balance sheet as deferred tax assets	154	181

¹ Previous year adjusted for a definite purchase price allocation (see Note 28)

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

The consolidated financial statements include deferred tax assets of CHF 80 million (previous year: CHF 104 million) whose recoverability depends partly on tax-planning measures of the Group.

21.2 Statement of changes in net deferred tax assets and liabilities

In million CHF	2007	2006
January 1	-31	36
Setup and reversal of temporary differences	-32	-45 ¹
Change scope of consolidation	-	-15
Translation exchange differences	-12	-7
December 31	-75	-31

¹ Previous year adjusted for a definite purchase price allocation (see Note 28)

21.3 Unrecognized deferred tax assets

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

Deferred tax assets on timing differences (temporary differences between the balance sheet values according to IFRS and the taxable balance sheet values) that were not capitalized amount to CHF 74 million (previous year: CHF 34 million).

21.4 Tax loss carryforwards

In million CHF	2007	2006
Total tax loss carryforwards	479	378
Includes tax loss carryforwards in deferred taxes of	30	13
Total unused tax loss carryforwards	449	365
Of which expiring:		
Within one year	7	5
In two to five years	32	25
In more than five years	410	335
Tax effect of unused tax loss carryforwards	138	122

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

22 Employee benefit plans

22.1 Defined benefit plans 2007

In million CHF	Funded	Unfunded	Others	Total
Net assets at market value	2 114			2 114
Present value of defined benefit obligation	-2 025	-246	-135	-2 406
Financial surplus/shortfall	89	-246	-135	-292
Unrecognized actuarial loss	74	14	9	97
Assets not shown in the balance sheet	-50			-50
Total net book value 2007	113	-232	-126	-245
Amount reported as employee benefits:				
under assets				115
under liabilities				-360

22.2 Defined benefit plans 2006

In million CHF	Funded	Unfunded	Others	Total
Net assets at market value	2 050			2 050
Present value of defined benefit obligation	-2 056	-244	-135	-2 435
Financial surplus/shortfall	-6	-244	-135	-385
Unrecognized actuarial loss	119	17	14	150
Assets not shown in the balance sheet	-28			-28
Total net book value 2006	85	-227	-121	-263
Amount reported as employee benefits:				
under assets				87
under liabilities				-350

Some surpluses have not been capitalized because the criteria for capitalization are not fulfilled.

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

22.3 Periodic pension cost for defined benefit plans

In million CHF	2007	2006
Current service cost	55	56
Interest cost on present value of defined benefit obligation	95	99
Expected return on plans assets	-102	-94
Actuarial gains/losses	7	6
Effect of the asset ceiling (IAS 19.58b)	22	9
Periodic pension cost	77	76
Actual return on plan assets	4.5%	6.8%

22.4 Change of net assets at market value

In million CHF	2007	Funded 2006
January 1	2 050	1 868
Expected return	102	94
Actuarial gains/losses	-28	85
Employee contributions	25	27
Employer contributions	76	64
Benefits paid	-83	-78
Translation exchange differences	-28	-10
December 31	2 114	2 050

As at the date of this report, and based on current expert actuarial opinion, we expect only a slight increase in employee contributions in 2008.

22.5 Change in present value of defined benefit obligation

In million CHF	2007				2006			
	Funded	Unfunded	Other	Total	Funded	Unfunded	Other	Total
January 1	-2 056	-244	-135	-2 435	-1 970	-198	-146	-2 314
Current service cost	-46	-4	-5	-55	-49	-5	-2	-56
Interest cost	-79	-11	-5	-95	-83	-11	-5	-99
Employee contributions	-25	-	-	-25	-27	-	-	-27
Actuarial gains/losses	68	-1	-5	62	-12	-32	5	-39
Benefits paid	83	12	9	104	78	11	9	98
Change scope of consolidation	-	-	-	-	-3	-	-	-3
Translation exchange differences	30	2	6	38	10	-9	4	5
December 31	-2 025	-246	-135	-2 406	-2 056	-244	-135	-2 435

22.6 Multiyear comparison

In million CHF	2007	2006	2005	2004	2003
Net assets at market value	2 114	2 050	1 868	1 687	1 665
Present value of defined benefit obligation	2 406	2 435	2 314	2 057	2 034
Financial over-/undercoverage	-292	-385	-446	-370	-369
Experience adjustments on plan assets	-28	85			
Experience adjustments on plan liabilities	60	-54			

22.7 Health care plans

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

Given the assumed cost trend rates, as of December 31, 2007, the future expected payments for post-employment health care are as follows:

Assumed health care cost trend rates

	2007	2006
Growth rate in health costs	9.0%	10.0%
Rate to which the cost trend rate is assumed to decline	5.0%	5.0%
Year in which the rate reaches the ultimate trend rate	2012	2011

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

In million CHF	2007		2006	
	1% increase	1% decrease	1% increase	1% decrease
Effect on total of service cost and interest cost components	0.27	-0.24	0.31	-0.26
Effect on post-employment benefit obligations	4.1	-3.6	3.9	-3.3

22.8 Asset allocation of investments as of December 31

Weighted average in %	2007	2006
Equity	34.1	28.9
Bonds	35.1	34.0
Real estate	18.3	20.1
Cash	3.6	6.1
Other	8.9	10.9
Total	100.0	100.0

22.9 Basis of actuarial calculations

Weighted average in %	2007	2006
Technical interest rate	3.5	3.5
Expected return on assets	4.5	4.5
Increase in salaries/wages	2.0	2.0
Increase in pensions	0.5	0.5
Fluctuation rate	7.5	5.3

The expected return on assets from investments is based on long-term market expectations and expert actuarial opinions, but current developments are carefully observed and monitored. Given the long-term nature of the various categories of investment, a continuing expected return on assets of 4.5% can be expected.

23 Accounts payable

In million CHF	2007	2006
Supplies and services	902	957
Associates and other related parties	18	33
Social security institutions	61	55
Indirect taxes and capital taxes	140	123
Other accounts payable	164	124
Total accounts payable	1 285	1 292

24 Accrued expenses and deferred income

In million CHF	2007	2006
Personnel cost	415	383
Late cost	76	68
Invoiced service contracts	331	288
Other accrued expenses and deferred income	418	432
Total accrued expenses and deferred income	1 240	1 171

25 Financial debts

25.1 Current financial debts

In million CHF	2007	2006
Bank overdrafts	57	30
ALSO program for sale of receivables	194	380
Current portion of non-current financial debts:		
Of bank loans	50	12
Of financial leases	7	6
Current portion purchase price obligation on minority interests (GNT)	67	–
Total current financial debts	375	428

25.2 Non-current financial debts

In million CHF	2007	2006
3½% debenture 1999–2009, nominal value CHF 300 million	301	299
Bank loans and private placements	18	57
Purchase price obligation on minorities (GNT)	17	107
Finance leases	15	24
Other non-current financial debts	83	83
Total non-current financial debts	434	570
Thereof CHF portion	78%	64%

In the previous year, the debenture with nominal value CHF 300 million was converted by means of an interest rate swap (IRS) into a variable interest obligation. The market value of the IRS of CHF –2 million (previous year: CHF –1 million) compensated the fluctuation in value of the discounted debenture (see Note 31).

Certain financial liabilities are subject to covenant clauses, which means that specific financial targets have to be met. One company of the ALSO Group failed to achieve the minimum balance sheet equity ratio required for a credit facility under the receivables selling program. The outstanding credit line is CHF 15 million of which CHF 9 million was in use on 31 December 2007.

The bank therefore has the right to demand premature repayment of the loan. As soon as it seemed probable that the terms of the covenant would be breached, Management opened negotiations with the bank. The bank has waived the terms of the covenant and confirmed that no early repayment is requested. It is expected that a new credit agreement will be signed in 2008.

The other Group companies are in compliance with all "debt covenants."

25.3 Synopsis of maturity and average interest rate on financial debt

In million CHF	2007		2006	
	Book value	Effective interest rate in %	Book value	Effective interest rate in %
Within one year	375	4.0	428	3.8
Within two to five years	361	4.4	494	4.3
Greater than five years	73	13.4	76	13.7
Total financial debts	809	5.5	998	4.8

26 Provisions

In million CHF	Loss jobs	Guarantees	Structure adaptation cost	Product liabilities	Other provisions	Total
Current provisions	28	32	38	55	46	199
Non-current provisions	8	25	5	118	57	213
Total provisions	36	57	43	173	103	412

Statement of changes

December 31, 2006	53	67	56	158	99	433
Statement of profit and loss:						
Setup	22	11	7	58	33	131
Usage	-40	-13	-17	-30	-26	-126
Reversal	-	-10	-1	-4	-4	-19
Reclassifications	-	1	-	-	-	1
Translation exchange differences	1	1	-2	-9	1	-8
December 31, 2007	36	57	43	173	103	412

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

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

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

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

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

27 Shareholders' equity

27.1 Share capital

	31.12.2007	31.12.2006
Number of shares	73 568 200	73 568 200
Nominal value in CHF	0.10	0.10
Share capital in CHF	7 356 820.00	7 356 820.00

27.2 Bearer participation certificates capital

	31.12.2007	31.12.2006
Number of bearer participation certificates	50 936 400	51 416 400
Nominal value in CHF	0.10	0.10
Bearer participation certificates capital in CHF	5 093 640.00	5 141 640.00

27.3 Own shares and bearer participation certificates

In million CHF	Registered shares		Bearer participation certificates	
	Number	Value	Number	Value
December 31, 2005	102 222	29	52 956	14
Exercise of options from the capital participation plan	-8 406	-2	-91	-
Subtotal before 10:1 split	93 816	27	52 865	14
Subtotal after 10:1 split	938 160	27	528 650	14
Withdrawals for employee stock plan	-125 453	-5	-150	-
Exercise of options from the capital participation plan	-403 043	-10	-7 600	-
Acquisition	419 459	28	732 216	48
Sales	-	-	-99 683	-7
December 31, 2006	829 123	40	1 153 433	54
Elimination	-	-	-480 000	-29
Withdrawals for employee stock plan	-92 659	-7	-	-
Exercise of options from the capital participation plan	-160 306	-4	-128 373	-4
Acquisition	1 224 316	92	1 240 500	95
Sales	-1 224	-	-152 383	-12
December 31, 2007	1 799 250	122	1 633 177	106
Number of shares and BPC reserved for capital participation plan	964 490		392 677	
Already committed on December 31, 2007	462 354		392 677	

27.4 Change in value of financial instruments

In million CHF	available for sale	Hedges
December 31, 2005	1	-4
Addition	-1	-2
Realized through the profit and loss statement	-1	4
Realized as translation exchange differences in shareholders' equity	-	1
December 31, 2006	-1	-1
Addition	2	1
Realized as translation exchange differences in shareholders' equity	-	1
December 31, 2007	1	1

28 Additional information concerning the consolidated cash flow statement

Additions/disposals of subsidiaries

In the reporting year, the companies stated in Note 2.5 were acquired or sold.

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

2007

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

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

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

The operating revenue and operating profit of the newly consolidated companies since the date of acquisition amount in total to CHF 19 million and CHF 1 million.

If the acquisition of these companies had already been completed on January 1, 2007, this would have resulted in additional operating revenue of CHF 3 million and additional operating profit of less than CHF 1 million (unaudited).

In million CHF	GNT Group		Others		Total	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash on hand and securities	21	21	1	1	22	22
Accounts receivable and prepaid expenses	258	258	13	13	271	271
Net balance of uncompleted contracts and inventories	126	126	5	4	131	130
Fixed assets	28	33	1	1	29	34
Intangible assets (excluding goodwill)	1	57 ¹	2	38	3	95
Other non-current assets	1	1	–	–	1	1
Current liabilities	–392	–392	–17	–16	–409	–408
Non-current liabilities	–24	–41 ¹	–	–1	–24	–42
Acquisition/disposal net assets	19	63	5	40	24	103
Goodwill		99		2		101
Depreciation and amortization		162		42		204
Total acquisition/disposal		–21		–1		–22
Purchase price receivable		–106		–		–106
Other purchase price obligations		–		–10		–10
Cash received		35		31		66

¹ In reporting year 2006, the purchase price allocation of the GNT acquisition was provisional because the conditions stipulated in the purchase contract made it impossible to fully complete the measurement. In 2007, ALSO tested the measurement of the purchase price allocation. Based on this analysis, the brand name GNT was reduced by CHF 11 million and deferred taxes by CHF 2 million. This change caused goodwill to increase by a total of CHF 9 million. The previous year's figures have been adjusted for comparability.

The adjustment of the deferred conditional purchase price liability for GNT causes in the reporting year a reduction in the goodwill of CHF 32 million and a reduction in the present value of the liability of CHF 29 million.

29 Off-balance sheet transactions

29.1 Contingent liabilities

In million CHF	2007	2006
Total value of guarantees, pledges, and guarantee obligations in favor of third parties	26	27

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

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

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

On February 21, 2007, the European Commission reached its decision in the antitrust proceedings against European elevator companies. Monetary fines were imposed on subsidiaries of the Schindler Group in Germany and the Benelux countries for anti-competitive practices. The fines imposed on the Schindler companies amounted to EUR 143.7 million (CHF 236 million). The fines were paid at the end of May 2007 and recognized as expense (see Note 6). On May 4, 2007, the Schindler companies filed an action for annulment of the decision of the European Commission with the Court of First Instance of the European Communities. The decision of the Court of First Instance is expected in 2009/2010.

As also already announced, following the investigations of the European Commission, in 2004 class-action lawsuits were filed in the USA, which were rejected by the responsible judge in New York due to lack of evidence. In July 2005, a group of the previous plaintiffs filed a new class-action lawsuit which once again collectively accused the international elevator industry of practices that violated antitrust legislation. This lawsuit was also rejected. The plaintiffs referred the decision to the responsible US Federal Court of Appeals, which on September 4, 2007, confirmed the decision of the lower level court. No legal action was taken against this decision by the stipulated deadline.

On February 2, 2007, the Austrian federal competition authorities submitted to the antitrust court in Vienna a request for imposition of monetary fines on elevator companies operating in Austria which also included local Schindler companies. On December 14, 2007, the antitrust court in Vienna announced fines totaling EUR 34.7 million (CHF 57 million) on Schindler companies in Austria for anti-competitive practices. The affected companies lodged appeals with the Austrian Supreme Court. The fines have been recognized as liabilities, but they will only become due for payment when the decision of the antitrust court takes legal effect (see Note 6).

The anti-competitive practices in the past which are the subject of the ongoing proceedings in the EU and Austria could result in claims by customers. However, the nature of the alleged infringements leads Schindler to believe that the practices in question did not have any significant effect on prices. Schindler therefore maintains that no damages have been caused. There is therefore no quantifiable risk attached to such possible damage claims and, accordingly, no general provisions have been made.

29.2 Other commitments

In million CHF	2007	2006
Irrevocable payment commitments resulting from contracts not to be shown in the balance sheet	122	106

29.3 Synopsis of maturity of rental and lease payments 2007

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

29.4 Synopsis of maturity of rental and lease payments 2006

In million CHF	Rental contracts	Operating leases	Finance leases
Within one year	25	85	8
Within two to five years	71	134	19
Greater than five years	32	88	7
Total payments	128	307	34
Less interests			-4
Total finance lease borrowings 2006			30

30 Financial risk management

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

30.1 Principles for risk management

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

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

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

30.2 Organization of risk management

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

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

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

30.3 Capital management

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

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

30.4 Types of financial risk

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

30.5 Credit risk

The credit risk contains the danger of a financial loss that arises through one counterparty being unable or unwilling to fulfill its contractual payment obligations. The credit risk thus contains not only the immediate risk of default but also the risk of an impaired credit rating along with the risk of a concentration of individual risks. The maximum credit risk is reported as the carrying amount of the monetary values (including derivative financial instruments) and the guarantees (see Note 29.1).

30.5.1 Liquid assets

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

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

30.5.2 Securities and financial assets

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

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

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

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

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

	Rating								Total in million CHF
	AAA		AA		A		<A		
	in million CHF	%	in million CHF	%	in million CHF	%	in million CHF	%	
Liquid assets	103	10%	592	58%	254	24%	77	8%	1 026
Securities	58	22%	93	36%	54	21%	55	21%	260
Financial assets	100	39%	32	12%	41	16%	85	33%	258
Total	261	17%	717	46%	349	23%	217	14%	1 544

	Rating								Total in million CHF
	AAA		AA		A		<A		
	in million CHF	%	in million CHF	%	in million CHF	%	in million CHF	%	
Liquid assets	44	5%	620	64%	278	28%	32	3%	974
Securities	58	24%	131	53%	32	13%	25	10%	246
Financial assets	136	40%	45	13%	62	18%	99	29%	342
Total	238	15%	796	51%	372	24%	156	10%	1 562

30.5.3 Trade accounts receivable

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

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

Value adjustments on receivables		
In million CHF	2007	2006
January 1	-130	-121
Creation	-14	-16
Utilization	11	7
Release	9	4
Changed scope of consolidation	-	-3
Exchange differences	-2	-1
December 31	-126	-130
Expenses for the complete derecognition of trade accounts receivable	15	12
Income from the inclusion of derecognized trade accounts receivable	-	-

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

Aging analysis of receivables 2007

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

Aging analysis of receivables 2006

In million CHF	Total carrying amount 31.12.2006	Of which not yet overdue	Of which overdue				
			<30 days	30 to 90 days	91 to 180 days	181 to 360 days	>360 days
Trade accounts receivable gross	2 029	989	476	190	136	115	123
Allowance for doubtful accounts	-130	-15	-2	-3	-4	-28	-78
Associated companies and other related parties	23	17	2	3	1	-	-
Other receivables	97	80	8	2	2	4	1
Total receivables net	2 019	1 071	484	192	135	91	46

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

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

30.6 Liquidity risks

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

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

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

As of December 31, 2007, and 2006 respectively, the financial liabilities of the Group display the following maturities. The information is calculated on the basis of the maturity dates in the balance sheet and the contractually agreed interest and amortization payments.

Financial liabilities 2007: Carrying amounts and cash drains

In million CHF	Carrying amounts		Cash drains		
	31.12.2007	Total	Up to 1 year	2 to 5 years	More than 5 years
Trade accounts payable	-1 056	-1 285	-1 285	-	-
Liabilities to banks	-319	-336	-315	-11	-10
Issued borrowing instruments	-301	-318	-11	-307	-
Finance lease liabilities	-22	-26	-9	-15	-2
Currency and interest instruments	-28	-28	-23	-5	-
Other financial liabilities	-916	-948	-836	-27	-85
Total	-2 642	-2 941	-2 479	-365	-97

Financial liabilities 2006: Carrying amounts and cash drains

In million CHF	Carrying amounts		Cash drains		
	31.12.2006	Total	Up to 1 year	2 to 5 years	More than 5 years
Trade accounts payable	-1 086	-1 086	-1 086	-	-
Liabilities to banks	-479	-502	-439	-47	-16
Issued borrowing instruments	-299	-327	-11	-316	-
Finance lease liabilities	-30	-34	-6	-17	-11
Currency and interest instruments	-28	-28	-27	-1	-
Other financial liabilities	-898	-911	-818	-60	-33
Total	-2 820	-2 888	-2 387	-441	-60

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

- All instruments are included that were in inventory on December 31, 2007, and 2006 respectively, and for which payments were already contractually agreed. Plan figures for future new liabilities are not included.
- Foreign currency amounts are translated at balance sheet rates.
- Variable interest payments from the financial instruments are based on the last interest rates fixed on December 31, 2007, and 2006 respectively.
- Repayable financial liabilities are always assigned to the earliest maturity date.
- Derivative financial instruments, which at Schindler are insignificant, comprise derivatives with negative as well as positive fair values. This takes account of the fact that all derivative financial instruments, and not only those with a negative fair value, can have influence on individual timeframes. The net outpayments are shown in detail. The gross outflows are shown in Note 31.2.

30.7 Market risks

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

In managing these risks, the objective is to take advantage of opportunities that present themselves through the sale of goods and services in international markets, at the same time as proactively calculating and limiting the associated risks. Primarily, Schindler endeavors to measure, monitor, and limit these risks as part of its normal business conduct. If necessary, the risks are managed by the use of derivative financial instruments such as foreign currency contracts or interest rate swaps. Further information about financial instruments and derivatives is contained in Note 31 to the consolidated financial statements. Economic analyses, market information, and industry information flow continuously into the risk management process.

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

The Group's assets and liabilities associated with pension plans are not included in the following quantitative and qualitative information. Further information about Schindler's pension plans is contained in Note 22 to the consolidated financial statements.

30.8 Risk management

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

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

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

30.8.1 Interest rate risks

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

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

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

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

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

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

If the level of market interest rates on December 31, 2007, had been 100 base points higher (lower), net financial income would have been CHF 2.4 million higher (lower) (2006: CHF 6.0 million).

30.8.2 Exchange rate risks

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

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

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

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

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

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

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

The following table shows the unhedged net exposures in CHF of the Group in its CHF, EUR, and USD positions at December 31, 2007, and 2006 respectively. The unhedged net exposures at the end of the year are also representative of the risks during the year.

In million CHF	CHF	EUR	USD
31. 12. 2007	1	-3	13
31. 12. 2006	1	-3	32

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

If, on December 31, 2007, the Swiss franc had been 5% stronger against the euro (US dollar) and all other variables had remained unchanged, the net profit for the year would have been CHF 11 million (CHF 3 million) higher.

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

As of December 31, 2006, net profit would have been CHF 6 million (CHF 2 million) higher or lower respectively.

30.8.3 Share price risks

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

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

31 Financial instruments

The following overview shows the significance of the financial instruments for the capital and income situation. The classification is the same as in the balance sheet.

31.1 Market value of the financial instruments

Financial assets 2007

In million CHF	Liquid assets	Securities	Accounts receivable/ Prepaid expenses	Financial assets	Total carrying amounts	Total market values
Cash reserve	1 026	–	–	–	1 026	1 026
Financial assets at fair value through profit or loss	–	249	28	–	277	277
Receivables and loans	–	11	2 095	57	2 163	2 163
Available for sale	–	–	–	201	201	201
Total financial assets	1 026	260	2 123	258	3 667	3 667
Of which in:						
CHF	472	1	714	19	1 206	
EUR	155	177	841	43	1 216	
GBP	8	33	49	163	253	
USD	150	3	185	6	344	
CNY	83	12	96	–	191	
Other	158	34	238	27	457	
Total	1 026	260	2 123	258	3 667	

Financial assets 2006

In million CHF	Liquid assets	Securities	Accounts receivable/ Prepaid expenses	Financial assets	Total carrying amounts	Total market values
Cash reserve	974	–	–	–	974	974
Financial assets at fair value through profit or loss	–	179	10	–	189	189
Receivables and loans	–	67	2 181	67	2 315	2 315
Available for sale	–	–	–	275	275	275
Total financial assets	974	246	2 191	342	3 753	3 753
Of which in:						
CHF	395	107	947	21	1 470	
EUR	239	117	727	69	1 152	
GBP	8	–	32	207	247	
USD	116	2	198	7	323	
CNY	105	7	90	–	202	
Other	111	13	197	38	359	
Total	974	246	2 191	342	3 753	

Financial liabilities

at amortized acquisition costs

In million CHF	Financial debts	Other liabilities	Total carrying amounts	Total market values
2007	809	1 833	2 642	2 644
2006	998	1 822	2 830	2 826

The difference between the carrying amount and the market value on the liabilities side results from recognition of the debenture according to the effective interest method.

31.2 Open derivative financial instruments

In million CHF	2007			2006		
	Contract value	Positive market value	Negative market value	Contract value	Positive market value	Negative market value
Currency instruments						
Forward currency contracts	1 696	27	26	2 477	10	27
Currency options (OTC)	50	1	–	9	–	–
Total currency instruments	1 746	28	26	2 486	10	27
Interest instruments						
Interest rate swaps	302	–	2	314	–	1
Forward rate agreements	–	–	–	224	–	–
Interest rate options	–	–	–	371	–	–
Total interest instruments	302	–	2	909	–	1
Other derivative financial instruments	1	–	–	1	–	–
Total	2 049	28	28	3 396	10	28
Total derivative financial instruments						
contained in the receivables/payables						
and/or transitory assets/liabilities						
		28	28		10	28

31.3 Maturity dates of the derivative financial instruments 2007

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

31.4 Maturity dates of the derivative financial instruments 2006

In million CHF	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Currency instruments					
Forward currency contracts	1 126	862	489	–	2 477
Currency options (OTC)	–	9	–	–	9
Total currency instruments	1 126	871	489	–	2 486
Interest instruments					
Interest rate swaps	–	13	300	1	314
Forward rate agreements	–	–	224	–	224
Interest rate options	–	371	–	–	371
Total interest instruments	–	384	524	1	909
Other derivative financial instruments	1	–	–	–	1
Total	1 127	1 255	1 013	1	3 396

31.5 Hedging transactions 2007

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

31.6 Hedging transactions 2006

In million CHF	Market value	Purchase cost	Risk	Hedging instrument	Positive replacement value	Negative replacement value
Hedged items						
Fair value hedges	111	111	Foreign currency	Forward exchange transaction	1	1
Cash flow	–184	–186	Foreign currency	Forward exchange transaction	–	2
Cash flow	22	22	Interest rate	Interest rate swap	–	–
Non-current financial debts	–299	–300	Market value	Interest rate swap	–	1

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

In million CHF	2007	2006
Securities	5	17
Accounts receivable	238	438
Inventories	99	119
Property, plant, and equipment	104	97
Total pledged assets	446	671

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

33 Segment reporting

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

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

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

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

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

33.1 Segment information 2007

In million CHF	Europe	North, Central, and South America	Asia, Australia, Africa	Services/ Eliminations E & E	Elevators & Escalators	ALSO	Finance/ Eliminations	Group
Operating revenue third parties	4 717	2 643	1 392	–	8 752	5 083	–	13 835
Intercompany sales	1 858	90	332	–2 280	–	–	–	–
Total operating revenue	6 575	2 733	1 724	–2 280	8 752	5 083	–	13 835
Operating profit					802	54	–26	830
Assets	2 911	1 260	881	89	5 141	1 144	878	7 163
Investments in associated companies	23	–	210	–	233	–	–	233
Liabilities	2 125	823	548	214	3 710	929	424	5 063
Additions of property, plant, and equipment and intangible assets	55	33	19	6	113	11	–	124
Depreciation and amortization	63	26	19	7	115	12	1	128
of which impairment	–	–	–	–	–	–	–	–
Share in profits of associated companies					–	–	–	–
Personnel at year-end (number)	21 237	12 978	8 611	395	43 221	1 987	–	45 208

33.2 Segment information 2006

In million CHF	Europe	North, Central, and South America	Asia, Australia, Africa	Services/ Eliminations E & E	Elevators & Escalators	ALSO	Finance/ Eliminations	Group
Operating revenue third parties	4 148	2 399	1 282	–	7 829	3 277	–	11 106
Intercompany sales	1 562	91	317	–1 970	–	–	–	–
Total operating revenue	5 710	2 490	1 599	–1 970	7 829	3 277	–	11 106
Operating profit					717	29	–20	726
Assets	2 761	1 211	840	81	4 893	1 416	969	7 278
Investments in associated companies	28	–	221	–	249	–	–	249
Liabilities	1 997	785	518	175	3 475	1 214	412	5 101
Additions of property, plant, and equipment and intangible assets	66	31	27	11	135	8	–	143
Depreciation and amortization	63	27	21	3	114	8	–	122
of which impairment	1	–	–	–	1	–	–	1
Share in profits of associated companies					10	–	–	10
Personnel at year-end (number)	20 561	12 612	8 105	354	41 632	2 047	–	43 679

34 Capital participation plans

34.1 Share plan of Schindler Holding Ltd.

For the participation plan relating to the result for 2006, 92 659 registered shares (previous year: 125 453) were removed from treasury at the time when they were awarded (April 2007).

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

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

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

Year of issue	2007	2006	2005	2004	2003	2002
Options awarded	159 994	138 376	263 060	279 670	645 360	131 900
Options exercised	-558	-7 821	-19 140	-119 073	-443 660	-123 700
Options redeemed/expired	-	-47	-4 630	-6 680	-33 890	-3 600
Balance on 31. 12. 2007	159 436	130 508	239 290	153 917	167 810	4 600
Entitles to purchase of	Shares	Shares	BPC	BPC	Shares	Shares
Exercise price	56.20	48.80	32.90	28.70	25.50	27.10
Vesting period ends	30.04.2010	30.04.2009	30.04.2008	30.04.2007	30.04.2006	30.04.2005
Exercise period ends	30.04.2013	30.04.2012	30.04.2011	30.04.2010	30.04.2009	30.04.2008
Assignment ratio options : shares/BPC	1:1	1:1	1:1	1:1	1:1	1:1
Weighted stock-exchange price on exercise in 2006	-	66.45	65.80	67.15	70.35	66.20
Weighted stock-exchange price on exercise in 2007	73.60	76.30	76.55	78.35	76.00	77.80

34.3 Option conditions on shares ALSO Holding AG

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

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

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

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

34.4 Valuation of the options

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

34.4.1 Schindler Holding Ltd.

Registered shares	2007	2006
Price in CHF	74.00	70.00
Strike in CHF	56.20	48.80
Volatility	22.0%	23.3%
Risk-free interest rate	2.8%	2.5%
Dividend rate	1.7%	1.7%
Exit rate	5%	5%
Fair value of the option in CHF	24.29	25.55
Life of the option in years	4.5	4.5

34.4.2 ALSO Holding AG

Registered shares	2007	2006
Price in CHF	67.35	58.00
Strike in CHF	43.96	35.68
Volatility	27.0%	37.6%
Risk-free interest rate	2.8%	2.7%
Dividend rate	1.1%	1.6%
Exit rate	5%	5%

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

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

34.5 Allocation to Board of Directors and Management Committees

Year of issue	2007	2006
Registered shares Schindler Holding Ltd.	26 573	36 734
Options on registered shares Schindler Holding Ltd.	38 833	34 323
Shares ALSO Holding AG	1 751	2 466
Options on shares ALSO Holding AG	2 345	1 975

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

35 Related parties

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

On December 31, 2007, the Schindler and Bonnard families, together with parties related to these families, held within a shareholders' agreement 50772838 registered shares of Schindler Holding Ltd., corresponding to 69.0% of the voting rights of the share capital entered in the Register of Companies.

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

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

In million CHF	2007	2006
Invoicing	55	42
Material and operating expenses	4	4

In million CHF	2007	2006
Receivables and loans	20	28
Liabilities	18	33

36 Compensation of key management

The members of the Board of Directors collectively receive for their activities total fees and expenses of CHF 1.7 million (previous year: CHF 1.7 million). In addition, the executive members of the Board of Directors and the members of the Management Committees receive a fixed salary plus performance-related compensation customary for the industry (see also Compensation Report, pages 119 to 130).

In million CHF	2007	2006
Short-term employee benefits	24	25
Post-employment benefits	4	3
Other long-term benefits	–	–
Termination benefits	–	–
Share-based payment	3	3
Total	31	31

The legally required disclosure of compensation and participation plans is contained in the annual financial statements of Schindler Holding Ltd., pages 86 to 91.

37 Proposal of the Board of Directors

The Board of Directors proposes to the General Meeting a dividend for the financial year 2007 of CHF 1.60 (previous year: CHF 1.30) per registered share and bearer participation certificate. This represents a total dividend payment of CHF 199 million (previous year: CHF 159 million).

38 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 19, 2008, and presented for approval by the General Meeting of March 26, 2008.

39 Events after balance sheet date and outlook

No significant events occurred after the date of the balance sheet.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

As auditors of the Group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of shareholders' equity, and notes, pages 3 to 73) of Schindler Holding Ltd. for the year ended December 31, 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with the Swiss Auditing Standards and the International Standards on Auditing (ISA), which require that an audit be so planned and performed as to obtain reasonable assurance regarding whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations, the changes in equity, and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

Berne, February 20, 2008

ERNST & YOUNG AG

Roland Ruprecht
 Certified accountant
 (In charge of the audit)

Manuel Trösch
 Certified accountant

Financial Statements Schindler Holding Ltd.

1	2	3
4	5	6
7	8	9
	0	



**One team.
Double power.**

Space is becoming an expensive commodity. Double-deck elevators are Schindler's answer. Because of their two similar cars they can transport twice as many people in high-rise buildings, in just one shaft. Eliminating the need to waste time waiting in tomorrow's metropolitan environments.

Profit and loss statement

Revenue			
In 1000 CHF	Notes	2007	2006
Income from subsidiaries	1	397 963	325 242
Extraordinary income	2	524 926	198
Income from financial operations	3	21 575	25 415
Total revenue		944 464	350 855

Expenses			
In 1000 CHF	Notes	2007	2006
Financial expenses	4	17 699	27 081
Depreciation and adjustments	5	28 463	71 617
Administration expenses and taxes	6	24 097	19 264
Total expenses		70 259	117 962
Net profit for the year		874 205	232 893

Balance sheet before appropriation of profits

1 2 3
4 5 6
7 **8** 9
0

Financial Statements
Schindler Holding Ltd.

Assets					
In 1000 CHF	Notes	31. 12. 2007	%	31. 12. 2006	%
Current assets					
Cash and cash equivalents	7	373 306		369 068	
Securities	7	229 118		94 059	
Accounts receivable from subsidiaries	8	440 756		242 978	
Accounts receivable from third parties	9	1 256		3 305	
Prepaid expenses and accrued income	10	7 429		1 263	
Total current assets		1 051 865	39.4	710 673	35.8
Non-current assets					
Investments in subsidiaries	11	1 600 000		1 259 000	
Loans to subsidiaries	12	12 000		12 000	
Financial assets	13	3 577		3 576	
Total non-current assets		1 615 577	60.6	1 274 576	64.2
Total assets		2 667 442	100.0	1 985 249	100.0

Liabilities and shareholders' equity					
In 1000 CHF	Notes	31. 12. 2007	%	31. 12. 2006	%
Liabilities					
Accounts payable to subsidiaries	14	333 229		331 897	
Accounts payable to third parties	15	6 514		10 948	
Debentures	16	300 000		300 000	
Provisions	17	55 493		55 242	
Accrued expenses and deferred income	18	9 303		10 400	
Total liabilities		704 539	26.4	708 487	35.7
Shareholders' equity					
Share capital	19, 20	7 357		7 357	
Bearer participation capital	19, 20	5 094		5 142	
Statutory reserves	20	317 121		317 121	
Reserves for treasury stock	20	227 838		94 059	
Other reserves	20	519 945		613 185	
Brought forward from previous year	20	11 343		7 005	
Net profit for the year	20	874 205		232 893	
Total shareholders' equity		1 962 903	73.6	1 276 762	64.3
Total liabilities and shareholders' equity		2 667 442	100.0	1 985 249	100.0

Notes to the financial statements

Principles of valuation

The financial statements as at December 31, 2007, comply with Swiss corporation law. Regarding the inclusion of Schindler Holding Ltd. in the consolidated financial statements, the accounting and reporting principles described in the notes to the consolidated financial statements apply.

Notes and explanations

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

1 Income from subsidiaries

Income from subsidiaries, totaling CHF 398.0 million (previous year: CHF 325.2 million), comprises the ordinary dividends of the subsidiaries and affiliated companies as well as contractually agreed payments for services rendered by Schindler Holding Ltd.

2 Extraordinary income

Extraordinary income in the reporting year mainly comprises income from intercompany transactions of subsidiaries (see also Note 11 "Investments in subsidiaries").

3 Income from financial operations

Income from financial operations, consisting of interest on investments in third parties and subsidiaries, together with income received from other financial investments, amounts to CHF 21.6 million (previous year: CHF 25.4 million). While interest income in the reporting year was higher than in the previous year, market gains on securities were lower.

4 Financial expenses

The sharply lower financial expenses of CHF 17.7 million (previous year: CHF 27.1 million) comprise interest payments to subsidiaries for current account loans, interest on long-term liabilities in the form of an outstanding debenture, and revaluations of financial assets. The higher expense in the previous year still contains the interest expense for the debenture that was repaid in October 2006 (debenture amount CHF 300 million) and no revaluations of financial assets were undertaken in the reporting year.

5 Depreciation and adjustments

Depreciation and adjustments on investments in subsidiaries and loans amounted to CHF 28.5 million in the year under review, by comparison with CHF 71.6 million in the previous year. This expense item takes into account the prudent assessment of economic and currency risks associated with the investments in subsidiaries.

6 Administration expenses and taxes

The main items included under this heading, which amounts in total to CHF 24.1 million (previous year: CHF 19.3 million), are personnel costs, general business expenses, and taxes. The increased expense is mainly attributable to additional intercompany charges.

7 Cash, cash equivalents, and securities

Cash, cash equivalents, and securities amount to CHF 373.3 million. On December 31, 2006, the comparable value was CHF 369.1 million. The cash drain for the intercompany acquisition of shares in subsidiaries, purchase of own shares, dividend payment, and increased cash requirements of the finance companies is compensated by a sharply higher cash flow, with the net effect that cash, cash equivalents, and securities still increased slightly by CHF 4.2 million.

The inventory of securities (CHF 229.1 million) includes own shares and bearer participation certificates totaling CHF 227.8 million. The previous year's amount (CHF 94.1 million) consists entirely of own shares and bearer participation certificates.

7.1 Repurchase program

In December 2006 the Board of Directors of Schindler Holding Ltd. decided that there should be a repurchase program. This program entitles Schindler Holding Ltd. to repurchase up to a maximum of 10% of its own shares and a maximum of 10% of its own bearer participation certificates corresponding to 10% of the registered share capital and 10% of the participation 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 bearer participation capital. However, the total repurchases must not exceed 10% of the nominal capital of Schindler Holding Ltd. Schindler Holding Ltd. will terminate the repurchase program as soon as 10% of the nominal capital has been repurchased. The repurchase program began on January 3, 2007, and is scheduled to run until December 31, 2008.

For the repurchase program of Schindler Holding Ltd., separate second trading lines have been set up in the main segment of the SWX Swiss Exchange for the registered shares and bearer participation certificates of Schindler Holding Ltd. respectively. These two trading lines are exclusively reserved for Schindler Holding Ltd. as purchaser to purchase registered shares and bearer participation certificates of Schindler Holding Ltd.

The development of the registered share capital and participation capital since December 31, 2004, is shown in Note 20.

On the date of the balance sheet, Schindler Holding Ltd. held 1 799 250 own registered shares (previous year: 829 123) and 1 633 177 own bearer participation certificates (previous year: 1 153 433). Of these, 462 354 registered shares and 392 677 bearer participation certificates are reserved for the stock plan and stock option plan for the senior management of the Group (around 400 employees).

All items in treasury are valued at the lower of purchase cost or market value.

The treasury stock of registered shares and bearer participation certificates, and the respective movements, are shown in the notes to the consolidated financial statements (Note 27).

8 Accounts receivable from subsidiaries

Accounts receivable from subsidiaries and affiliated companies amount to CHF 440.8 million, which is CHF 197.8 million higher than the previous year's amount (CHF 243.0 million). The increase is mainly attributable to the financing of intercompany transactions (see Note 11).

9 Accounts receivable from third parties

Accounts receivable from third parties, including tax credits for withholding taxes, closed at CHF 1.3 million (previous year: CHF 3.3 million).

10 Prepaid expenses and accrued income

Prepaid expenses amounting to CHF 7.4 million (previous year: CHF 1.3 million) consist mainly of accrued interest, which was sharply higher than the previous year.

11 Investments in subsidiaries

At the end of the reporting year, the balance sheet value of investments in subsidiaries was CHF 1 600.0 million. This is a net increase of CHF 341.0 million on the previous year's value of CHF 1 259.0 million. In the reporting year, Schindler S.A., Spain, was transferred from Schinac Verwaltungs AG, Vienna, to Schindler Holding Ltd. Subsequently, the subsidiaries in Latin America held by Schindler Holding Ltd. were transferred to this Spanish subsidiary. These intercompany transactions and reclassifications of subsidiaries resulted in extraordinary income of CHF 522.6 million and a net increase in the carrying amount of subsidiaries of CHF 306.1 million. Additional formations, capital increases, and payments into the reserves of subsidiaries totaling CHF 61.2 million, along with amortization of CHF 26.3 million, resulted in the reported value for investments in subsidiaries.

The companies in which Schindler Holding Ltd. has a direct or indirect interest are listed on pages 93 to 96.

12 Loans to subsidiaries

Loans to subsidiaries and affiliated companies remained unchanged in the reporting year, and on the date of the balance sheet amounted to CHF 12.0 million.

13 Financial assets

The financial assets of CHF 3.6 million (previous year: CHF 3.6 million) comprise holdings of less than 10% in subsidiaries.

14 Accounts payable to subsidiaries

Accounts payable to subsidiaries, including associated companies, amount to CHF 333.2 million, which is CHF 1.3 million above the previous year's value of CHF 331.9 million.

15 Accounts payable to third parties

Liabilities to third parties in the previous year amounted to CHF 10.9 million. The decrease of CHF 4.4 million to CHF 6.5 million results from payment of a liability that was still included in the previous year in connection with the purchase of shares in subsidiaries.

16 Debentures

In 1000 CHF	2007	2006
3½% debenture 1999–2009, due 2. 6. 2009	300 000	300 000

In the previous year, the 3½% debenture was converted into a liability with variable interest expense. The resulting net interest income is offset against the corresponding interest expense.

17 Provisions

The existing provisions to cover financial risks in conjunction with international business commitments amount to CHF 55.5 million (previous year: CHF 55.2 million). They consist mainly of provisions for guarantees, bad debts, and currency risks, as well as provisions to cover commitments entered into.

18 Accrued expenses and deferred income

Accrued liabilities amount to CHF 9.3 million (previous year: CHF 10.4 million) and comprise accrued interest for the outstanding debenture as at December 31, 2007, as well as negative replacement values of derivative financial instruments.

19 Share capital/participation certificate capital

19.1 Share capital

	Number	Nominal value	in CHF Share capital
December 31, 2004	7 356 820	1.00	7 356 820
December 31, 2005	7 356 820	1.00	7 356 820
March 27, 2006, split 10:1	73 568 200	0.10	7 356 820
December 31, 2006	73 568 200	0.10	7 356 820
December 31, 2007	73 568 200	0.10	7 356 820

19.2 Bearer participation certificate capital

	Number	Nominal value	in CHF Participation certificate capital
December 31, 2004	5 141 640	1.00	5 141 640
December 31, 2005	5 141 640	1.00	5 141 640
March 27, 2006, split 10:1	51 416 400	0.10	5 141 640
December 31, 2006	51 416 400	0.10	5 141 640
Legally binding reduction (as of May 24, 2007)	-480 000		-48 000
December 31, 2007	50 936 400	0.10	5 093 640

20 Shareholders' equity

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

In 1000 CHF	Share capital	Participation certificate capital	Statutory reserves	Reserves for treasury stock	Other reserves	Profits as per balance sheet	Total shareholders' equity
December 31, 2004	7 357	5 142	317 121	31 189	565 055	138 833	1 064 697
Dividend						-86 506	-86 506
Appropriation to other reserves					46 000	-46 000	
Change in reserves for treasury stock				11 862	-11 862		
Net profit 2005						176 844	176 844
December 31, 2005	7 357	5 142	317 121	43 051	599 193	183 171	1 155 035
Dividend						-111 166	-111 166
Appropriation to other reserves					65 000	-65 000	
Change in reserves for treasury stock				51 008	-51 008		
Net profit 2006						232 893	232 893
December 31, 2006	7 357	5 142	317 121	94 059	613 185	239 898	1 276 762
Dividend						-158 555	-158 555
Appropriation to other reserves					70 000	-70 000	
Legally binding reduction (as of May 24, 2007)		-48		-29 509	48		-29 509
Change in reserves for treasury stock				163 288	-163 288		
Net profit 2007						874 205	874 205
December 31, 2007	7 357	5 094	317 121	227 838	519 945	885 548	1 962 903
Of which share premiums (unchanged)			311 321				

21 Contingent liabilities

In 1000 CHF	2007	2006
Total contingent liabilities in favor of affiliated companies		
for bank guarantees, loans, and supply contracts	529 700	476 300

The contingent liabilities of Schindler Holding Ltd. cover conditional obligations for bank guarantees, loans, and supply contracts in favor of subsidiaries and affiliated companies. Utilized credits and incurred obligations are reported in the consolidated balance sheet as accounts payable or – if necessary – covered by provisions and recognized in the balance sheet.

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

Contingent liabilities in favor of unconsolidated subsidiaries and a distributor of Schindler elevators and escalators amount to CHF 31.5 million (previous year: CHF 32.3 million).

22 Liabilities to retirement benefit plans

In 1000 CHF	2007	2006
Total liabilities	1 222	1 376

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

23 Treasury stock

Information concerning the shares and bearer participation certificates held in treasury by Schindler Holding Ltd., together with details of the purchases and redemptions made, is contained in the notes to the consolidated financial statements on page 47.

24 Significant shareholders

Regarding the existence of a shareholders' agreement, see Note 35 to the consolidated financial statements, page 72.

25 Compensation disclosed

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

In the reporting year, no severance payments were made, nor securities (guarantees etc.) granted, to members of the Board of Directors or of the Management Committee Elevators & Escalators. The company has not waived any liabilities due from members of the Board of Directors or of the Management Committee Elevators & Escalators.

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

The detailed description of the composition of the fixed and variable compensation of the members of the Board of Directors and of the Management Committee Elevators & Escalators is contained in the Compensation Report on pages 119 to 130.

The composition of the compensation relating to the reporting year 2007 is as follows:

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

25.1.1 Total Compensation 2007

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

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

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

⁵ For the purpose of inclusion in the total compensation, the registered shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.–.

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

The non-executive members of the Board of Directors do not receive any success-related compensation. In accordance with their own wish, they are also not included in the capital participation plans.

25.1.2 Number of registered shares and options on registered shares awarded

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

¹ Executive member

² This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31.3.2008 is less than CHF 52.40, the employees have the option of receiving the corresponding part of their bonus in cash instead of shares.

25.2 Members of the Management Committee Elevators & Escalators

25.2.1 Total Compensation 2007

In 1000 CHF	Fixed compensation		Variable compensation		Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	Bonus cash (gross)	Registered shares ¹	Options ²			
Total Management Committee Elevators & Escalators ³	5 192	3 698	1 214	581	289	1 889	12 863
Highest single compensation: Roland W. Hess ⁴	923	1 069	188	90	–	312	2 582

¹ For the purpose of inclusion in the total compensation, the registered shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.–.

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

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

⁴ Roland W. Hess relinquished his position as President of the Management Committee Elevators & Escalators on July 31, 2007. The compensation received by him since August 1, 2007, is as nominated member of the Executive Committee of the Board. The disclosed compensation relates to the full year 2007 (see Corporate Governance, page 134, Note 10).

25.2.2 Number of registered shares and options on registered shares awarded

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

¹ This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31.3.2008 is less than CHF 52.40, the employees have the option of receiving the corresponding part of their bonus in cash instead of shares.

26 Former members of governing bodies

In the reporting year, no remuneration was paid to former members of the Board of Directors or of the Management Committee Elevators & Escalators.

27 Related parties

Schindler Holding Ltd. pays pensions to three widows of former executive members of the Board of Directors. In the reporting year, these amounted to CHF 237 600. The actuarially determined cash value is recalculated annually, and on December 31, 2007, was CHF 1.9 million. This amount is reported by Schindler Holding Ltd. as a provision.

28 Loans and borrowing facilities

28.1 Present and past members of governing bodies

No loans were granted by Schindler Holding Ltd. or any other Group company to any present or past members of the governing bodies, and no such loans were outstanding as of December 31, 2007.

The Chairman of the Board of Directors has been granted borrowing rights. As of December 31, 2007, the unutilized credit limit was CHF 25 million, which was secured by shares of Schindler Holding Ltd. owned by the Chairman with a value of more than CHF 200 million.

28.2 Related parties

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

29 Participations, option rights, and conversion rights

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

29.1 Members of the Board of Directors

	Number		Number of options definitely purchased	
	Registered shares	Bearer participation certificates	Registered shares	Bearer participation certificates
As at 31.12.2007				
Alfred N. Schindler, Chairman ^{1,2}	4	10 760	–	7 560 ⁶
Luc Bonnard, Vice Chairman ^{1,2}	4	5 010	–	–
Alfred Spörri ^{1,2}	11 709	5 010	–	7 560 ⁶
Prof. Dr. Karl Hofstetter ²	22 150	10 760	27 000 ⁵	7 560 ⁶
Prof. Pius Baschera ³	3 000	–	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–	–
Lord Charles Powell ³	5 000	–	–	–
Dr. Alexander Schaub ³	–	–	–	–
Dr. Jenö C. A. Staehelin ³	4	–	–	–
Robert Studer ³	5 000	5 000	–	–

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, Dr. Jenö C. A. Staehelin, and parties related to these persons hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As of 31.12.2007, these comprised 50 772 838 registered shares, corresponding to 69.0% of the voting rights of the share capital entered in the Register of Companies.

⁵ All options of the option plan awards 2003

⁶ All options of the option plan awards 2004

29.2 Members of the Management Committee Elevators & Escalators

	Number		Number of options definitely purchased	
	Registered shares	Bearer participation certificates	Registered shares	Bearer participation certificates
As at 31.12.2007				
Jürgen Tinggren, Chairman ¹	17 899	4 650	18 760 ⁴	6 090 ⁶
Roland W. Hess ²	20 349	10 090	16 990 ⁴	7 560 ⁶
Miguel A. Rodríguez, Vice Chairman	14 075	10 120	21 010 ⁴	–
Emmanuel Altmayer	7 351	4 400	9 440 ⁵	2 940 ⁶
Erich Ammann	5 715	9 090	–	–
Dr. Rudolf W. Fischer	25 209	9 100	–	6 110 ⁶
Michael Füllemann ³	–	–	–	–
Dr. Christoph Lindenmeyer	9 378	6 280	–	–
Jakob Züger	4 997	5 030	–	1 110 ⁶

¹ President as from August 1, 2007

² President until July 31, 2007, nominated member of the Executive Committee of the Board

³ Member since August 1, 2007

⁴ All options of the option plan awards 2003

⁵ Option plan allocation 2002: 1 100 options. Option plan allocation 2003: 8 340 options

⁶ All options of the option plan awards 2004

Regarding option conditions, see Note 34 to the consolidated financial statements, page 70.

Appropriation of profits

Financial Statements
Schindler Holding Ltd.

Proposals to the General Meeting

In 1000 CHF	31. 12. 2007	31. 12. 2006
Total available profit		
Net profit for the year	874 205	232 893
Brought forward from previous year	11 343	7 005
Profits as per balance sheet	885 548	239 898

Appropriation of net profit

Gross dividends proposed:			
per registered share	CHF 1.60 (previous year: CHF 1.30)	117 709¹	93 149 ²
per bearer participation certificate	CHF 1.60 (previous year: CHF 1.30)	81 498¹	65 406 ²
Total dividend		199 207	158 555
Appropriation to other reserves		675 000	70 000
Total appropriation of net profit		874 207	228 555
Balance carried forward to new account		11 341	11 343

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

² Distribution excluding dividends on treasury stock (see also notes to consolidated financial statements, page 47)

Essential affiliated companies and unconsolidated subsidiaries

1 2 3
4 5 6
7 8 9
0

Financial Statements
Schindler Holding Ltd.

Status December 31, 2007

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
Europe						
Austria	Ternitz	Ternitz Druckguss GmbH	100	291 EUR	●	●
		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	20 HRK	●	
Czech Republic	Olomouc	Schindler Moravia, s.r.o.	100	2 000 CZK	●	
	Prague	Schindler CZ a.s.	100	101 000 CZK	●	
Denmark	Herlev	Schindler Elevatorer A/S	100	1 000 DKK	●	
Estonia	Tallinn	GNT Eesti AS ²	50.1	3 000 EEK		○
		OÜ ServiceNet EE ²	50.1	41 EEK		○
Finland	Helsinki	ALSO Nordic Holding Oy ¹	100	10 000 EUR		○
		Schindler Oy	100	100 EUR	●	
	Tampere	GNT Finland Oy ²	50.1	841 EUR		○
France	Illzach	Elevator Car System	99.9	2 416 EUR	●	●
	Vélizy-Villacoublay	Schindler	99.9	7 500 EUR	●	
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100	9 715 EUR	●	
		Schindler Deutschland Holding GmbH	100	51 129 EUR		○
	Straubing	ALSO Deutschland GmbH ¹	100	103 EUR		○
	Stuttgart	C. Haushahn Aufzüge GmbH & Co. KG	100	2 000 EUR	●	
		C. Haushahn GmbH & Co.	100	6 947 EUR	●	
Great Britain	Sunbury on Thames	Schindler Ltd.	100	0.1 GBP	●	
		Schinvest Ltd.	100	2 005 GBP		○
Greece	Athens	Schindler Hellas S.A.	100	2 833 EUR	●	
Hungary	Budapest	Schindler Hungária Lift és Mozgólépcső KFT	100	460 000 HUF	●	
Iceland	Reykjavík	HÉDINN Schindler Lyftur hf.	51	10 000 ISK	●	
Ireland	Dublin	Schindler Ltd.	100	25 EUR	●	
Italy	Concorezzo	Schindler S.p.A.	100	8 400 EUR	●	
Jersey	St. Helier	Schinvest (Jersey) Ltd.	100	95 GBP		○
Latvia	Marupe	GNT LATVIA SIA ²	50.1	842 LVL		○
		GNT Nekustamie Ipasumi SIA ²	50.1	50 LVL		○
	Riga	A.S. Latvijas Lifts Schindler	100	123 LVL	●	
		Service Net LV SIA ²	50.1	53 LVL		○
Liechtenstein	Vaduz	Reassur AG	100	20 000 CHF		○

● Production

● Sales, installation, maintenance

○ Other services

¹ Participations of ALSO Holding AG

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

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)			
Lithuania	Kaunas	GNT Turto Valdymas ²	50.1	10	LTL	○	
		UAB GNT Lietuva ²	50.1	6 500	LTL	○	
		UAB Servicenet ²	50.1	10	LTL	○	
	Vilnius	UAB Schindler Liftas	100	1 365	LTL	●	
Luxembourg	Luxembourg	Schindler S.à r.l.	100	175	EUR	●	
Malta	Msida	Schindler Ltd.	70	50	MTL	●	
Monaco	Fontvieille	Schindler Monaco	98	150	EUR	●	
Netherlands	The Hague	Schindler Liften B.V.	100	565	EUR	●	
Norway	Bergen	Schindler Stahl Heiser A/S	100	550	NOK	●	
		Sandefjord	GNT Norway AS ²	50.1	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. ²	50.1	3 000	PLN	○
Portugal	Carnaxide	Schindler S.A.	100	4 000	EUR	●	
Romania	Bucharest	Schindler Romania S.R.L.	100	1 250 000	LEI	●	
Russia	Moscow	ZAO Schindler	100	21	RUR	●	
Slovakia	Bratislava	Schindler Výťahy a Eskalátory a.s.	100	29 000	SKK	●	
		Dunajská	Schindler Eskalátory s.r.o.	100	37 244	SKK	●
Slovenia	Ljubljana	Schindler Slovenija d.o.o.	100	73 012	SIT	●	
Spain	Madrid	Schindler S.A.	99.5	18 028	EUR	● ●	
		Saragossa	Schindler Ibérica Management, S.A.	100	4 420	EUR	○
Sweden	Stockholm	Schindler Hiss AB	100	9 440	SEK	●	
		Schindler Scandinavian Holding AB	100	500	SEK	○	
		Upplands Väsby	GNT Sweden AB ²	50.1	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	○	
		Schindler Repro AG	52	150	CHF	○	
		Emmen	ALSO Schweiz AG ¹	100	100	CHF	○
		Hergiswil	ALSO Comedia-Verlags AG ¹	100	100	CHF	○
			ALSO Holding AG	64	6 038	CHF	○
			European Wholesale Group GmbH ¹	36.7	196	CHF	○
			Inventio AG	100	11 000	CHF	○
			Schindler Pars International Ltd.	100	5 000	CHF	○
			Locarno	Schindler Elettronica S.A.	100	2 000	CHF
	Pratteln	Schindler Technik AG	100	1 000	CHF	○	
	Wettswil	AS Aufzüge AG	100	7 000	CHF	●	
Turkey	Istanbul	Schindler Türkelı Asansör san. a.s.	100	3 600	YTL	●	
Ukraine	Kiev	Schindler Ukraine	100	21	UAH	●	

- Production
- Sales, installation, maintenance
- Other services

¹ Participations of ALSO Holding AG

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

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
North, Central, and South America						
Argentina	Buenos Aires	Ascensores Schindler S.A.	90	1 372	ARS	● ●
Brazil	São Paulo	Elevadores Atlas Schindler S.A.	100	195 479	BRL	●
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50	100	USD	○
Canada	Scarborough	Schindler Elevator Corporation	100	31 364	CAD	●
Cayman Islands	George Town	Schindler Finance (Cayman Islands) Ltd.	100	1	CHF	○
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	99.7	1 001 614	CLP	●
Colombia	Bogotá	Ascensores Schindler de Colombia S.A.	100	317 477	COP	●
Costa Rica	San José	Elevadores Schindler S.A.	60	200 000	CRC	●
Guatemala	Guatemala	Elevadores Schindler S.A.	100	600	GTQ	●
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100	32 073	MXP	●
Peru	Lima	Ascensores Schindler del Perú S.A.	100	2 371	PEN	●
Uruguay	Montevideo	Ascensores Schindler S.A.	100	698	UYU	●
USA	Gantano	Schindler Corp. of Puerto Rico	100	4 039	USD	●
	Morristown	Schindler Elevator Corporation	100	557 670	USD	● ●
	Mountainside	Slade Industries, Inc.	100	100	USD	●
	Niles	Adams Elevator Equipment Company	100	6 625	USD	● ●
	Wilmington	Schindler Enterprises, Inc.	100	568 434	USD	○
Venezuela	Caracas	Ascensores Schindler de Venezuela S.A.	100	40 000	VEB	●
Africa						
Botswana	Gaborone	Schindler Lifts (Botswana) (PTY) Ltd.	100	0.1	BWP	●
Egypt	Kairo	Schindler Ltd.	100	2 500	EGP	●
Ghana	Accra	Elesca Engineering Ltd.	20	28 000	GHC	●
Kenya	Nairobi	Schindler Ltd.	100	5 000	KES	●
Marocco	Casablanca	Schindler Maroc S.A.	100	10 000	MAD	●
Namibia	Windhoek	Schindler Lifts (Namibia) (PTY) Ltd.	100	0.001	ZAR	●
South Africa	Johannesburg	Schindler (S.A.) (PTY) Ltd.	100	4 250	ZAR	●
Zimbabwe	Harare	Schindler Lifts (Zimbabwe) (PVT) Ltd.	100	4	ZWD	●

- Production
- Sales, installation, maintenance
- Other services

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)	
Asia/Australia					
Australia	Sydney	Deve Hydraulic Lifts Pty. Ltd.	100	2 AUD	●
		Schindler Lifts Australia Pty. Ltd.	100	22 950 AUD	●
Bahrain	Manama	Jalal Schindler Lifts & Escalator W.L.L.	49	20 BHD	●
Brunei	Bandar Seri Begawan	Schindler Liftec Sdn. Bhd. ¹	50	500 B\$	●
Cambodia	Phnom Penh	Jardine Schindler (Cambodia) Ltd. ¹	100	21 USD	●
China	Hong Kong SAR	Holake Hong Kong Lifts Limited ¹	100	300 HKD	●
		Schindler Lifts (Hong Kong) Ltd. ¹	100	25 000 HKD	●
	Macau SAR	Jardine Schindler Lifts (Macao) Ltd. ¹	100	25 MOP	●
	Shanghai	Schindler (China) Elevator Co. Ltd.	96.4	564 602 RMB	● ●
		Shanghai Schindler Elevator Technology Service Co. Ltd.	100	99 427 RMB	○
Suzhou	Schindler Electronics (Suzhou) Co. Ltd.	100	71 426 RMB	●	
	Suzhou Esca Step Co. Ltd.	100	38 914 RMB	●	
	Suzhou Schindler Elevator Co. Ltd.	92	155 713 RMB	● ●	
India	Mumbai	Schindler India PVT Ltd.	100	1 191 879 INR	●
Indonesia	Jakarta	PT Berca Schindler Lifts	50	6 745 000 IDR	●
Israel	Kfar Yona	Schindler Nechushtan Elevators Ltd.	100	7 045 ILS	● ●
Japan	Kagoshima	Mercury Ascensore Ltd.	100	25 000 JPY	●
	Tokio	Schindler Elevator K.K.	99.6	1 500 000 JPY	●
Lebanon	Antelias/Beirut	Schindler Lebanon S.A.L.	70	600 000 LBP	●
Malaysia	Ipoh	Schindler Manufacturing (Malaysia) Sdn. Bhd.	50	78 245 MYR	●
	Kuala Lumpur	Antah Schindler Sdn. Bhd. ¹	70	10 450 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	●
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd. ¹	100	16 714 SGD	●
South Korea	Kyungki-do	Hyundai Elevators Co. Ltd.	25.5	35 662 565 KPW	● ● ○
	Seoul	Schindler Elevator Company Ltd. ¹	70	2 202 000 KPW	● ●
Taiwan	Taipeh	Jardine Schindler Lifts Ltd. ¹	100	200 000 TWD	●
Thailand	Bangkok	Jardine Schindler (Thai) Ltd. ¹	100	90 268 THB	●
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd. ¹	100	20 818 485 VND	● ●

● Production

● Sales, installation, maintenance

○ Other services

¹ Participations of Jardine Holdings Ltd., BVI

Report of the statutory auditors

1 2 3
4 5 6
7 **8** 9
0

Financial Statements
Schindler Holding Ltd.

To the General Meeting of Schindler Holding Ltd., Hergiswil

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, profit and loss statement, and notes) of Schindler Holding Ltd., Hergiswil, for the year ended December 31, 2007.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Switzerland, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made, and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements, as well as the proposed appropriation of available earnings, comply with Swiss law and the company's articles of incorporation.

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

Berne, February 20, 2008

ERNST & YOUNG AG

Roland Ruprecht
Certified accountant
(In charge of the audit)

Manuel Trösch
Certified accountant

Corporate Governance

Explorations ahead. Safely backed up.

The new Schindler elevators come standard-equipped with an automatic evacuation system. This means that in case of failure, the elevator is brought to the next landing. Finally, safety is never compromised, even during a standstill situation.



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 that was valid on December 31, 2007.

Any material changes to the following corporate governance report that occurred shortly before printing are reported under Note 10.

1 Structure of the Group and its shareholders

1.1 Operational structure of the Group

Board of Directors of Schindler Holding Ltd.

Status as at 31.12.2007

Alfred N. Schindler ¹	Chairman, executive member
Luc Bonnard ¹	Vice Chairman, executive member
Alfred Spörri ¹	Executive member
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 ²	Non-executive member
Dr. Jenő C. A. Staehelin	Non-executive member
Robert Studer	Non-executive member

¹ Member of the Executive Committee of the Board

² As from July 2007, Dr. A. Schaub was no longer an active member of the Board of Directors since the European Commission did not accept his membership of the Board of Directors of Schindler Holding Ltd. as long as the appeal of Schindler Holding Ltd. against the EU antitrust fine of February 21, 2007, was pending. In a letter from the European Commission dated November 20, 2007, this restriction was lifted with immediate effect.

Management Committees

Status as at 31.12.2007

Elevators & Escalators

Jürgen Tinggren, President
Miguel A. Rodríguez, Deputy President
Emmanuel Altmayer
Erich Ammann
Dr. Rudolf W. Fischer
Michael Fülleemann
Dr. Christoph Lindenmeyer
Jakob Züger

ALSO

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

The operational structure of the Group corresponds to the segment reporting presented on page 69 of the Financial Statements. Essential affiliated companies and unconsolidated subsidiaries are listed on pages 93 to 96 of the Financial Statements.

ALSO Holding AG, Hergiswil/Switzerland, 64.0% of whose shares were held by Schindler Holding Ltd. at the end of 2007, has been listed on the SWX Swiss Exchange (securities number 2 459 027) since 1986 and publishes its own annual report. That annual report also fulfills the requirements of the IFRS standards. On 31. 12. 2007, the market capitalization of ALSO was CHF 417 million. In view of the extent of the required information, ALSO's comments on its own corporate governance as well as disclosure of its compensation (Code of Obligations, Art. 663b^{bis}) and participations (Code of Obligations, Art. 663c) are not repeated here, since they are available in the ALSO annual report as well as in the permanent information source at www.also.com.

1.2 Shareholders

At the end of 2007, shares were held by 4 066 shareholders (previous year: 3 617).

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 50 772 838 registered shares of Schindler Holding Ltd., corresponding to 69.0% of the voting rights of the share capital entered in the Register of Companies.

1.3 Cross-shareholdings

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

2 Capital structure

2.1 Capital

As at 31. 12. 2007, the share capital of Schindler Holding Ltd. is CHF 7 356 820.– and the participation capital CHF 5 093 640.–.

2.2 Authorized and conditional capital

On 31. 12. 2007, Schindler Holding Ltd. did not own any authorized or conditional capital.

2.3 Changes in capital

Details of how capital of Schindler Holding Ltd. has changed in the last three reporting years are presented on pages 83 and 84 of the Financial Statements.

2.4 Shares and bearer participation certificates

The share capital on 31. 12. 2007 was CHF 7 356 820.–. This is divided into 73 568 200 fully paid shares registered by name, each with a nominal value of CHF 0.10 (10 cents). Subject to Article 13 of the Articles of Association, each share carries the right to one vote, as well as the right to a share in the profits reported in the balance sheet, and in the proceeds of liquidation, corresponding to its nominal value.

The bearer participation capital on 31. 12. 2007 was CHF 5 093 640.–. This is divided into 50 936 400 fully paid bearer participation certificates, each with a nominal value of CHF 0.10 (10 cents). 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.

2.5 Bonus certificates

No bonus certificates have been issued.

2.6 Limitations on share transferability and nominee registrations

2.6.1 Registration of shares

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

- if the applicant has not purchased the share(s) in his/her own name and on his/her own account, or
- registration would result in the applicant holding more than 3% of the voting rights. The voting rights of associated shareholders shall be accumulated. This does not apply to 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 by relative majority, at least half of the shares registered in the Register of Companies being required for a decision to be legally binding. 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 2007.

2.6.2 Nominee registrations

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

2.7 Convertible bonds and options

2.7.1 Convertible bonds and debentures

Schindler Holding Ltd. has no outstanding convertible bonds.

Details of the outstanding debenture of Schindler Holding Ltd., with its amount, interest rate, and expiration date, are presented on page 82 of the Financial Statements.

2.7.2 Employee options

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

	Options awarded (number)	Exercise price in CHF	Barred period ends	Exercise period ends	Number as at 31. 12. 2007		
					Expired	Exercised	Outstanding
2002	131 900 ¹	27.10	30.04.05	30.04.08	-3 600	-123 700	4600
2003	645 360 ¹	25.50	30.04.06	30.04.09	-33 890	-443 660	167 810
2004	279 670 ²	28.70	30.04.07	30.04.10	-6 680	-119 073	153 917
2005	263 060 ²	32.90	30.04.08	30.04.11	-4 630	-19 140	239 290
2006	138 376 ¹	48.80	30.04.09	30.04.12	-47	-7 821	130 508
2007	159 994 ¹	56.20	30.04.10	30.04.13	-	-558	159 436

¹ Each option gives entitlement to purchase one registered share

² Each option gives entitlement to purchase one bearer participation certificate

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

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

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

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

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

3.1 Board of Directors of Schindler Holding Ltd.

Status as at 31.12.2007			Term of office expires ¹
Alfred N. Schindler, Chairman	Hergiswil, Switzerland	Executive member ²	2008
Luc Bonnard, Vice Chairman	Hergiswil, Switzerland	Executive member ²	2008
Alfred Spörri	Zug, Switzerland	Executive member ²	2008
Prof. Dr. Karl Hofstetter	Wilten (Sarnen), Switzerland	Executive member	2009
Prof. Dr. Pius Baschera	Zurich, Switzerland	Non-executive member	2008
Dr. Hubertus von Grünberg	Hannover, Germany	Non-executive member	2008
Charles Powell (Lord Powell of Bayswater KCMG)	London, UK	Non-executive member	2009
Dr. Alexander Schaub ³	Brussels, Belgium	Non-executive member	2010
Dr. Jenö C.A. Staehelin	Hergiswil, Switzerland	Non-executive member	2008
Robert Studer	Schönenberg, Switzerland	Non-executive member	2008

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

² Member of the Executive Committee of the Board

³ As from July 2007, Dr. A. Schaub was no longer an active member of the Board of Directors since the European Commission did not accept his membership of the Board of Directors of Schindler Holding Ltd. as long as the appeal of Schindler Holding Ltd. against the EU antitrust fine of February 21, 2007, was pending. In a letter from the European Commission dated November 20, 2007, this restriction was lifted with immediate effect.

3.2 Activities and vested interests

Alfred N. Schindler (1949, Switzerland)

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

Luc Bonnard (1946, Switzerland)

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

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 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. He is chairman of the board of directors of Tehag Freizeit AG in Meierskappel and a member of the board of directors of Art Bowling, also in 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. Karl Hofstetter (1956, Switzerland)

was elected to the Board of Directors at the Annual General Meeting of 2006 and as an executive member has been active since then as Group General Counsel. Karl Hofstetter has worked for Schindler since 1990. Until the Annual General Meeting of 2006 Karl Hofstetter was a member of the Executive Committee Elevators & Escalators. Karl Hofstetter is a member of the Board of Directors of ALSO Holding AG, and of Venture Incubator AG, Zug. He is also a member of the governing council of the University of Lucerne, of the Commission of Experts on Disclosure of Shareholdings of the SWX Swiss Exchange, and of the Arbitration Commission of the Central Swiss Chamber of Commerce. Karl Hofstetter studied at the universities of Zurich, Stanford, UCLA, and Harvard. He is a licensed attorney in Zurich and New York, as well as a professor of private and business law at the University of Zurich. For one month in November 2007 he was a visiting professor at Fudan University, Shanghai, China.

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

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

Dr. Hubertus von Grünberg (1942, Germany)

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

Lord Powell of Bayswater KCMG (1941, UK)

Charles Powell was elected to the Board of Directors in March 2003. From 1963 to 1982 he was a member of the British Diplomatic Service. From 1983 to 1991 he was private secretary and advisor on foreign affairs and defense to Prime Ministers Margaret Thatcher and John Major. Since 1992, Lord Powell has been an international businessman. He is chairman of Safinvest, London, and Magna Holdings 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; Matheson & Co Ltd., London; Financière Agache, Paris; 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; Barrick Gold, Toronto; Thales, Paris; GEMS, Hong Kong, and ACE, Bermuda. He is chairman of the trustees of the Oxford University Business School Foundation, chairman of the China-Britain Business Council, chairman of the Atlantic Partnership, London, as well as a trustee of the British Museum, London, and of the Aspen Institute, USA. Lord Powell is an independent member of the House of Lords. Lord Powell gained a master of arts degree with first-class honors in history at Oxford University.

Dr. Alexander Schaub (1941, Germany)

was elected to membership of the Board of Directors in March 2007. He has been a member of the Audit Committee of the Schindler Group since September 2006. Since February 2007, Alexander Schaub has also been an Of Counsel member of the international law firm Freshfields Bruckhaus Deringer at its Brussels office. Alexander Schaub began his career at the European Commission in Brussels in 1973 in the office of Ralf Dahrendorf, and subsequently worked as deputy office head to Guido Brunner, Etienne Davignon, and commission president Gaston Thorn, as well as office head to Willy De Clercq. In 1989 he transferred to the Directorate General for External Relations and Trade Policy as director for trade. From 1995 to 2002 he was director general for competition with commission members Karel van Miert and Mario Monti. He then worked under the political responsibility of commission members Frits Bolkestein and Charlie McCreevy as director general internal market and services until he retired in mid-2006. Alexander Schaub studied law and economics at the universities of Freiburg im Breisgau and Bonn, Germany; Lausanne, Switzerland; and the College of Europe, Bruges, Belgium.

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

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

Robert Studer (1938, Switzerland)

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

3.3 Election and term of office

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

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

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

3.4 Internal organization and regulation of authorities

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

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

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

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

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

3.4.1 Committees

The committees designated by the Board of Directors are governed by 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.

3.4.2 Executive Committee of the Board

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

Members	
as at 31.12.2007	
Alfred N. Schindler	Chairman
Luc Bonnard	Vice Chairman
Alfred Spörri	Member

3.4.2.1 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. The Executive Committee of the Board reviews and approves the Annual Financial Statements for presentation to the Board of Directors.

3.4.2.2 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.

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.

3.4.3 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.

3.4.4 Compensation Committee

Members

as at 31.12.2007

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

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

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

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



Engineering the detail,
moving the world.

Financial Statements and
Corporate Governance
2007



Schindler

3.4.5 Audit Committee

Members		
as at 31.12.2007		
Dr. Alexander Schaub	Independent member of the Board of Directors	Chairman as from 1. 7. 2008
Alfred Spörri	Executive member of the Board of Directors	Chairman until 30. 6. 2008
Luc Bonnard	Vice Chairman, executive member of the Board of Directors	Member

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

The Audit Committee is particularly responsible for the following:

- Review and determination of audit programs
- Discussion of all reports issued by the auditing bodies as well as status reports on implementation
- Issuance of recommendations and instructions regarding organization, employees, 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 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 maintains contact with the external auditors. It is also assisted by an Audit Expert Group.

Audit Expert Group		
as at 31.12.2007		
Dr. Alexander Schaub	Independent member of the Board of Directors	Chairman as from 1. 7. 2008
Alfred Spörri	Executive member of the Board of Directors	Chairman until 30. 6. 2008
Walter G. Frehner	External, not a member of the Board of Directors	Member
Prof. Dr. Oliver Gassmann	External, not a member of the Board of Directors	Member
Prof. Dr. Karl Hofstetter	Executive member of the Board of Directors	Member

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

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

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

which are coordinated by Corporate Group Assurance.

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

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

The Schindler Group strives for corruption-free business conditions and has therefore signed the Partnering Against Corruption Initiative (PACI) of the World Economic Forum and Transparency International to obtain “level playing field” conditions.

3.4.6 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. In the reporting year, seven days of meetings were held.

The Executive Committee of the Board holds whole-day meetings usually at least once every two weeks. In the reporting year, 24 meetings were held.

The other committees meet for half or whole days according to need, the Audit Committee usually twice yearly. In the reporting year, two meetings were held.

The Compensation Committee met once, no external advisors were consulted.

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

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

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

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

Forecast, budget, semiannual, and annual financial statements of Schindler Holding Ltd., and of the entire 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.

3.6 Board of Directors of ALSO Holding AG

as at 31. 12. 2007

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

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

4 Management Committees

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

4.1 Management Committee Elevators & Escalators

as at 31. 12. 2007

Jürgen Tinggren President (from 1. 8. 2007)¹
Technology and Strategic Procurement (until 31. 7. 2008)

Miguel A. Rodríguez Deputy President (from 1. 8. 2007)
Europe

Emmanuel Altmayer
Asia/Pacific

Erich Ammann
Chief Financial Officer (CFO)

Dr. Rudolf W. Fischer
Human Resources and Training

Michael Füllemann
Global Business (from 1. 8. 2007)

Dr. Christoph Lindenmeyer
Eastern Europe/Middle East/India/Africa (EMIA)

Jakob Züger
North, Central, and South America

¹ Until 31. 7. 2007 the President of the Management Committee was Roland W. Hess



4.1.1 Personnel changes in the Management Committee Elevators & Escalators

On August 1, 2007, Roland W. Hess was succeeded as President of the Management Committee Elevators & Escalators by Jürgen Tinggren, formerly member of the Management Committee Elevators & Escalators responsible for Technology and Strategic Procurement.

Also on August 1, 2007, the Management Committee Elevators & Escalators was expanded by the new function Global Business. The purpose of this function is to strengthen the global product lines business and accelerate the introduction of global products. To fulfill the function, the Board of Directors has appointed Michael Füllemann, who was formerly senior partner and managing director of The Boston Consulting Group AG (Switzerland).

4.2 Activities and vested interests

Jürgen Tinggren (1958, Sweden)

has been President of the Management Committee since August 1, 2007. He joined the Management Committee on April 1, 1997, initially with responsibility for Europe 1. In 1999 he took over responsibility for the Asia/Pacific region. On May 1, 2005, Jürgen Tinggren was appointed Deputy to the President of the Management Committee and took over responsibility for Technology and Strategic Procurement. From 1985 to 1997 he worked for the Sika Group, ultimately as a member of the management committee with responsibility for North America. Jürgen Tinggren holds a joint MBA from the Stockholm School of Economics and New York University Business School.

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. From March 1, 2003, until July 31, 2007, Roland W. Hess was President of the Management Committee Elevators & Escalators. Before Roland W. Hess was appointed a member of the Management Committee, he was President and Chief Operating Officer of Schindler Elevator Corporation in 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 and attended the Advanced Management Program (AMP) at Harvard Business School.

Miguel A. Rodríguez (1953, Spain)

has been a member of the Management Committee since December 1, 1998, with responsibility initially for Europe South West, and since November 1, 2001, for all of Europe. Since August 1, 2007, Miguel A. Rodríguez has additionally been Deputy to the President of the Management Committee. 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.

Emmanuel Altmayer (1956, France)

has been a member of the Management Committee with responsibility for the Asia/Pacific region since January 1, 2006. In July 1999 he joined Schindler France, initially as Head of New Installations. In 2000 he became overall head of Schindler France. From 1995 to 1999 Emmanuel Altmayer was CEO of Danto-Rogeat, Lyon, a subsidiary of Gaz de France. Prior to that, he held various management positions in the French construction industry. Emmanuel Altmayer graduated in engineering from the Ecole Centrale at Lyon, France, and subsequently earned a master of science in mechanical engineering at the University of California, Berkeley, 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 Area Controller for North America. Prior to that, he was a treasurer with Intershop Holding, and before that an auditor with Schweizerische Treuhandgesellschaft (STG) in Geneva. He obtained a degree in economics and business administration from St. Gallen University of Applied Sciences, Switzerland, and in 1994 gained an executive MBA from the Wharton School, University of Pennsylvania, USA.

Dr. Rudolf W. Fischer (1952, Schweiz)

has been a member of the Management Committee since January 1, 1996, with responsibility for Human Resources and Training as well as Corporate Safety & Health. From 1994 to 1995 he was a partner in Dr. Björn Johansson Associates, an executive search company in Zurich. From 1991 to 1994 he was CEO of Jockey/Vollmöller AG in Uster, and subsequently of Hanro AG in Liestal. Previously, for almost nine years, he held various managerial positions in human resources and trade marketing with Jacobs Suchard in Switzerland and Belgium. He is a member of the board of directors of Vetropack Holding AG, Bülach. Rudolf W. Fischer completed his studies in 1979 with a doctorate in economics at the University of Zurich.

Michael Füllemann (1967, Switzerland)

joined the Management Committee on August 1, 2007, and took over responsibility for the newly created Global Business function. From 1993 until 2007 Michael Füllemann worked for the Boston Consulting Group (BCG) in Germany, the United States, and finally as senior partner and managing director in Switzerland. At BCG he was responsible for the Global Competence Center Industrial After Sales and the Swiss business with industrial goods companies. Michael Füllemann graduated from St. Gallen University with a master's degree in economics in 1992.

Dr. Christoph Lindenmeyer (1953, Switzerland)

became a member of the Management Committee on March 1, 2003, with responsibility for the EMIA region (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.

Jakob Züger (1952, Switzerland)

has been a member of the Management Committee since July 1, 2006, with responsibility for North, Central, and South America. He joined Schindler in March 1995. In 2003 he became Chief Executive Officer of Schindler Switzerland. From 1990 to 1995 Jakob Züger was chief executive officer of Saurer Embroidery Systems Ltd., a subsidiary of the Saurer Group. Before that, he worked for several machine tool and textile machine manufacturers. Jakob Züger studied at the Swiss Federal Institute of Technology (ETH), Zurich, and graduated with a master of mechanical engineering degree in 1978 and completed additional studies in management science.

4.3 Management Committee ALSO

as at 31.12.2007

Thomas C. Weissmann	Chairman of the Board of Directors and President of the Management Committee
Marc Schnyder	Deputy to the President of the Management Committee Managing Director ALSO Schweiz AG, Emmen, Switzerland
Michael Dressen	Managing Director ALSO Deutschland GmbH, Straubing, Germany
Hans Wyss	Chief Financial Officer
Peter Zurbrugg	Chief Information Officer

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

4.4 Management contracts

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

5 Compensation report

5.1 Principles

The success of the Schindler Group depends on the quality and commitment of its employees. The objective of the compensation policy is to attract qualified employees, motivate them, and bind them to the company. Performance-related compensation has the further objective of promoting entrepreneurial thought and action.

The most important principles are:

- Performance-related compensation consistent with the market
- Participation in the company's success
- Fairness and transparency in compensation decisions
- A balance between short-term and long-term compensation.

5.2 Responsibilities and determination process

According to the management bylaws, the Board of Directors convenes a Compensation Committee composed of two independent members of the Board of Directors.

Membership

As at 31.12.2007

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

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

The Board of Directors approves the proposal of the Chairman for the fee of the non-executive members of the Board of Directors.

The compensation of the member of the Management Committee for Corporate Human Resources is determined by the Chairman of the Board of Directors; the compensation of the member of the Management Committee for Corporate Finance is determined by the member of the Executive Committee of the Board responsible at the time, currently Alfred Spörri.

The Chairman of the Board of Directors approves the proposals of the President of the Management Committee Elevators & Escalators for the compensation of the remaining members of the Management Committee.

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

The Compensation Committee exercises its responsibilities without the involvement of external consultants.

5.3 Compensation system

5.3.1 Board of Directors

5.3.1.1 Non-executive members of the Board of Directors

For their activities, the non-executive members of the Board of Directors receive a fixed fee and a flat-rate reimbursement of expenses but no performance-related compensation. In accordance with their own wish, they are not included in the capital participation plans. The independent member of the Board of Directors on 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 compensation as members of the Board of Directors, the executive members of the Board of Directors also receive a fixed and a performance-related variable compensation.

The fixed compensation comprises a monthly salary, thirteenth month's salary, and flat-rate reimbursement of representation and car costs. A fixed savings contribution is also made to the Schindler Foundation (retirement plan for managerial employees). In addition, the compensation also includes fringe benefits, which are reported if they exceed CHF 500 in any individual case and a total of CHF 20 000 in any one financial year.

The variable compensation of members of the Executive Committee of the Board comprises a cash bonus, shares or bearer participation certificates of Schindler Holding Ltd., and options on shares or bearer participation certificates of Schindler Holding Ltd., which depend on the cash flow from operations as well as personal qualitative goals.

The composition of the variable compensation of the remaining executive members of the Board of Directors is similar to that of the members of the Management Committee without responsibility for results.

5.3.2 Management Committee Elevators & Escalators

The fixed compensation of the members of the Management Committee Elevators & Escalators comprises a monthly salary, thirteenth month's salary, and flat-rate reimbursement of representation and car costs. A fixed savings contribution is also made to the Schindler Foundation (retirement plan for managerial employees). The compensation also includes fringe benefits, which are reported if they exceed CHF 500 in any individual case and a total of CHF 20 000 in any one financial year.

The variable compensation comprises a cash bonus and shares or bearer participation certificates as well as options on shares or bearer participation certificates of Schindler Holding Ltd. amounting in total to approximately 60% of the fixed annual compensation. The variable compensation can amount to between 0% and 150% of the target bonus. The target bonus for the respective reporting year is determined at the beginning of that year.

The variable compensation of the members of the Management Committee with responsibility for results depends to 20% on the EBIT attainment of the Elevators & Escalators business, 40% on the business unit for which the member is responsible, and 40% on the personal qualitative goals.

For members of the Management Committee who have no responsibility for results (Dr. R. W. Fischer, E. Ammann, and M. Füllemann), the qualitative and personal goals have a weighting of 80%.

5.3.3 Capital participation plan

A capital participation plan comprising a share plan and an options plan has been in existence for top-level managerial employees of the Group since 2000. The duration is six years and was extended for a further six years in 2006. The specific features of the plan, and who should benefit, are decided each year by the Board of Directors.

Under the terms of the share plan, the shares and bearer participation certificates that are awarded pass into the ownership of the respective employees and carry all associated rights, but are subject to a restriction period of three years during which they may not be sold. The award price for the shares and bearer participation certificates is determined by the full Board of Directors at its meeting in March of the respective financial year. The award value for the shares and bearer participation certificates is determined from the average market value of the shares and bearer participation certificates in December of the previous year, less a discount that is defined by the Board of Directors.

Under the option plan, the exercise price for the options is determined by the full Board of Directors at its meeting in March of the respective financial year based on the average market price of the share and bearer participation certificate in December of the previous year plus a premium that is defined by the Board of Directors. On expiration of the restriction period of three years, one option carries entitlement to purchase one registered share or one bearer participation certificate of Schindler Holding Ltd. The exercise period after expiration of the restriction period is three years.

Thirty percent of the bonus up to a maximum of CHF 135 000 is paid to the executive members of the Board of Directors and the members of the Management Committee in the form of shares or BPC of Schindler Holding Ltd. at a price that is determined in advance by the Board of Directors. In addition, they receive options on shares or BPC of Schindler Holding Ltd. for a maximum value of CHF 90 000. For calculation of the number of options awarded, use is made of the economic value of the option (Black Scholes formula) on the date on which the exercise price is determined by the Board of Directors.

The award of options with a restriction period of three years contributes to aligning the medium- and long-term interests of the top-level of management with those of the shareholders.

5.3.4 Employment contracts and special agreements

Employment contracts with a renewable duration of three years in each case exist for Alfred N. Schindler, executive member and Chairman of the Board of Directors, and Luc Bonnard, executive member and Vice Chairman of the Board of Directors. There are no other employment contracts with notice periods of more than twelve months.

The employment contracts with the executive members of the Board of Directors and members of the Management Committee Elevators & Escalators do not contain any severance payments.

5.4 Compensation in the reporting year

In March 2007, the full Board of Directors determined the award value for the shares and the exercise price for the options. The registered shares (share plan) were valued at CHF 66.20 (average market price of the shares in December 2006 of CHF 73.55 less the discount of 10% defined by the Board of Directors to account for the three-year restriction period). In view of the stock market fluctuations, in January 2008 the award value was set at CHF 52.40. If the closing stock exchange price on 31. 3. 2008 is less than CHF 52.40, the employees have the option of receiving the corresponding part of their bonus in cash instead of shares. The registered shares were valued at CHF 80.90 (average market price of the shares in December 2006 of CHF 73.55 plus the premium of 10% defined by the Board of Directors). The value of one option according to the Black Scholes formula is CHF 13.04.

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

- The award and payment of the variable compensation always takes place after preparation of the financial statements in the following year. The reported variable compensation elements relate to the completed reporting year.
- New entrants to the Board of Directors or Management Committee Elevators & Escalators are included 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 individual cases in the Management Committee Elevators & Escalators, depending on the country in which the member of the Management Committee lives, a company car is provided, and in this case no flat-rate car expenses are paid. Additional compensation is paid for assignments abroad (expatriates). This compensation is reported under Fringe Benefits.
- All contributions to retirement plans, premiums for managerial insurances, or benefits in the form of reduced premiums for insurances are reported under Expenses for Post-employment Benefit Plans. No increases in contributions to post-employment benefit plans took place in the reporting year.
- 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 subsidiaries within the Group. If the respective subsidiaries pay a board of directors fee for this function, the compensation is not paid to the individual board member but to the company by which the member is normally compensated.
- In the reporting year, no severance payments were made, or securities granted, to members of the Board of Directors or of the Management Committee Elevators & Escalators. The company has not waived any liabilities due from members of the Board of Directors or of the Management Committee Elevators & Escalators.
- In the reporting year, no members of the Board of Directors or Management Committee Elevators & Escalators received fees or other compensation for additional work for Schindler Holding Ltd. or any other subsidiary or affiliated company.

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

Total Compensation 2007

in 1000 CHF	Fixed compensation		Variable compensation		Fringe benefits	Expenses for post-employment benefits	Total
	Cash (gross)	Bonus cash (gross)	Registered shares ⁵	Options ⁶			
Alfred N. Schindler, Chairman ^{1,2}	3 000	1 890	188	90	–	511	5 679⁷
Luc Bonnard, Vice Chairman ^{1,2}	1 500	1 080	188	90	–	356	3 214
Alfred Spörri ^{1,2}	1 223	1 202	188	90	–	286	2 989
Prof. Dr. Karl Hofstetter ²	707	374	181	86	–	236	1 584
Prof. Dr. Pius Baschera ³	160	–	–	–	–	9	169
Dr. Hubertus von Grünberg ³	160	–	–	–	–	8	168
Lord Charles Powell ³	160	–	–	–	–	7	167
Dr. Alexander Schaub ^{3,4}	110	–	–	–	–	–	110
Dr. Jenö C. A. Staehelin ³	160	–	–	–	–	–	160
Robert Studer ³	160	–	–	–	–	7	167
Total compensation	7 340	4 546	745	356	–	1 420	14 407

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

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

⁵ For the purpose of inclusion in the total compensation, the registered shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.–.

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

⁷ Voluntarily foregone CHF 400 000. Taxes paid by Alfred N. Schindler in Switzerland CHF 7 760 000 and donations to charities CHF 600 000.

The non-executive members of the Board of Directors do not receive any success-related compensation. In accordance with their own wish, they are also not included in the capital participation plans.

Number of registered shares and options on registered shares awarded

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

¹ Executive member

² This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31.3.2008 is less than CHF 52.40, the employees have the option of receiving the corresponding part of their bonus in cash instead of shares.

In the reporting year, the variable part of the compensation for the executive members of the Board of Directors was 72% of the fixed compensation. Of this, an average of 81% was paid in cash, 13% in the form of shares/BPC, and 6% in the form of options.

Since calculation of the variable compensation of members of the Executive Committee of the Board depends on the cash flow from operations, the variable compensation in the reporting year is much lower due to the anti-trust fines imposed by the EU. Should the fine imposed by the EU Commission be reduced, the Board of Directors reserves the right to take account of the reimbursed amount in the calculation of the variable compensation at that time.

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

5.4.2 Members of the Management Committee Elevators & Escalators

Total Compensation 2007

In 1000 CHF	Fixed compensation		Variable compensation			Expenses for post-employment benefits	Total
	Cash (gross)	Bonus cash (gross)	Registered shares ¹	Options ²	Fringe benefits		
Total Management Committee Elevators & Escalators ³	5 192	3 698	1 214	581	289	1 889	12 863
Highest single compensation: Roland W. Hess ⁴	923	1 069	188	90	–	312	2 582

¹ For the purpose of inclusion in the total compensation, the registered shares of Schindler Holding Ltd. are valued at the stock exchange price at the end of December 2007 of CHF 73.–.

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

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

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

Number of registered shares and options on registered shares awarded

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

¹ This number is based on the award value of CHF 52.40. If the closing stock exchange price on 31. 3. 2008 is less than CHF 52.40, the employees have the option of receiving the corresponding part of their bonus in cash instead of shares.

In the reporting year, the variable component of the compensation for the members of the Management Committee Elevators & Escalators was 75% of the fixed compensation. Of this, an average of 67% was paid in cash, 22% in the form of shares/BPC, and 11% in the form of options.

5.4.3 Former members of governing bodies

In the reporting year, no remuneration was paid to former members of the Board of Directors or of the Management Committee Elevators & Escalators.

5.4.4 Related parties

Schindler Holding Ltd. pays pensions to three widows of former executive members of the Board of Directors. In the reporting year, these amounted to CHF 237 600. The actuarially determined cash value is recalculated annually, and on December 31, 2007, was CHF 1.9 million. This amount is reported by Schindler Holding Ltd. as a provision.

5.5 Loans and borrowing facilities

5.5.1 Present and past members of governing bodies

No loans were granted by Schindler Holding Ltd. or any other Group company to any present or past members of the governing bodies, and no such loans were outstanding as of December 31, 2007.

The Chairman of the Board of Directors has been granted borrowing rights. As of December 31, 2007, the unutilized credit limit was CHF 25 million, which was secured by shares of Schindler Holding Ltd. owned by the Chairman with a value of more than CHF 200 million.

5.5.2 Related parties

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

5.6 Participations, option rights, and conversion rights

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

5.6.1 Members of the Board of Directors

	Number		Number of options definitely purchased	
	Registered shares	Bearer participation certificates	Registered shares	Bearer participation certificates
As at 31.12.2007				
Alfred N. Schindler, Chairman ^{1,2}	4	10 760	–	7 560 ⁶
Luc Bonnard, Vice Chairman ^{1,2}	4	5 010	–	–
Alfred Spörri ^{1,2}	11 709	5 010	–	7 560 ⁶
Prof. Dr. Karl Hofstetter ²	22 150	10 760	27 000 ⁵	7 560 ⁶
Prof. Pius Baschera ³	3 000	–	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–	–
Lord Charles Powell ³	5 000	–	–	–
Dr. Alexander Schaub ³	–	–	–	–
Dr. Jenö C. A. Staehelin ³	4	–	–	–
Robert Studer ³	5 000	5 000	–	–

¹ Member of the Executive Committee of the Board

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, Dr. Jenö C. A. Staehelin, and parties related to these persons hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As of 31.12.2007, these comprised 50 772 838 registered shares, corresponding to 69.0% of the voting rights of the share capital entered in the Register of Companies.

⁵ All options of the option plan awards 2003

⁶ All options of the option plan awards 2004

5.6.2 Members of the Management Committee Elevators & Escalators

	Number		Number of options definitely purchased	
	Registered shares	Bearer participation certificates	Registered shares	Bearer participation certificates
As at 31.12.2007				
Jürgen Tinggren, Chairman ¹	17 899	4 650	18 760 ⁴	6 090 ⁶
Roland W. Hess ²	20 349	10 090	16 990 ⁴	7 560 ⁶
Miguel A. Rodríguez, Vice Chairman	14 075	10 120	21 010 ⁴	–
Emmanuel Altmayer	7 351	4 400	9 440 ⁵	2 940 ⁶
Erich Ammann	5 715	9 090	–	–
Dr. Rudolf W. Fischer	25 209	9 100	–	6 110 ⁶
Michael Füllemann ³	–	–	–	–
Dr. Christoph Lindenmeyer	9 378	6 280	–	–
Jakob Züger	4 997	5 030	–	1 110 ⁶

¹ President as from August 1, 2007

² President until July 31, 2007, nominated member of the Executive Committee of the Board

³ Member since August 1, 2007

⁴ All options of the option plan awards 2003

⁵ Option plan allocation 2002: 1 100 options. Option plan allocation 2003: 8 340 options

⁶ All options of the option plan awards 2004

Regarding option conditions, see Note 34 to the consolidated financial statements, page 70.

6 Shareholders' rights of participation

6.1 Restrictions on voting rights

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

6.2 Right of participation at the General Meeting

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

6.3 Quorum

Article 19 of the Articles of Association stipulates that for the resolutions of the General Meeting of Shareholders stated below, the presence of shareholders representing at least half of the share capital recorded in the 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.

6.4 Decision-making majority

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

According to the Articles of Association, the following resolutions require the agreement of at least two-thirds of the voting rights represented at the meeting, and of the absolute majority of the nominal value of shares represented at the meeting:

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

6.5 Notification of General Meetings of Shareholders

Notification of General Meetings of Shareholders is given by nonregistered letter to the address of registered shareholders recorded in the share register, and by publication once only in the Swiss Official Gazette of Commerce. Although not required by statute, it is also customary to publish notification in selected Swiss daily newspapers. The period of notification is 20 days.

6.6 Agenda

According to Article 17 of the Articles of Association, shareholders who represent together 5% of the share capital may submit matters to be placed on the agenda.

6.7 Closing date for entry in the share register

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

7 Change of control and defensive measures

7.1 Duty to submit an offer

According to Article 33 of the Articles of Association, the obligation to submit a public 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").

7.2 "Change of control" clauses

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

8 Auditors

8.1 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.

8.2 Audit and other fees

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

In 1000 CHF	2007	2006
Audit fees (audit of the consolidated financial statements, the financial statements of Schindler Holding Ltd., and the financial statements of the subsidiaries in Switzerland and abroad)	5 136	4 855
Additional fees (corporate, legal and taxation advice, and special projects)	2 227	1 909

Including other auditors, the total audit fees incurred by the Group in the reporting year amounted to CHF 5.8 million (previous year: CHF 5.5 million).

8.3 Supervision and control of the auditors

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

The statutory auditors provided the Audit Expert Group with information about their activities once in 2007. Starting in 2008, the statutory auditors will present a report once yearly to the Audit Committee. In addition, there are regular contacts with members of the Executive Committee of the Board and the Chief Financial Officer.

Corporate Group Assurance reports four to six times to the Audit Expert Group, twice yearly to the Audit Committee, and once yearly to the Board of Directors.

9 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

The exact dates for the current year and the next two years are available at www.schindler.com under Investors – Financial Calendar.

10 Changes shortly before printing

Roland W. Hess, until July 31, 2007, President of the Management Committee Elevators & Escalators, and nominated member of the Board of Directors, has been proposed as chairman of the board of directors of another Swiss listed company. In view of the time demands of the two positions, Roland W. Hess cannot succeed to full-time membership of the Executive Committee of the Board as planned. Roland W. Hess will continue to be available to Schindler for strategic projects and as a member of the boards of directors of a number of important subsidiaries.

Emmanuel Altmayer, member of the Management Committee Elevators & Escalators and responsible for the Asia/Pacific region, will take over a different function in the Schindler Group during the first quarter of 2008. Silvio Napoli, formerly CEO of the Jardine Schindler Group, Hong Kong, has been designated successor to Emmanuel Altmayer.

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

In addition, every ad hoc announcement is published on the web site simultaneously with its distribution and can be called up for at least two years. Anyone who is interested can also have information that is potentially relevant to the share/BPC price sent to them directly from Schindler by e-mail immediately and at no cost. This service is offered on the web site under Press – News Subscription.

Interested persons from the financial markets, or members of the public, may also communicate with the Group directly through the following contacts:

Corporate Communications

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

Investor Relations

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

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

1 2 3
4 5 6
7 8 9
0

The Annual Report of the Schindler Group for 2007 consists of the Activity Report and the Financial Statements and Corporate Governance.

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

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zintzmeyer & Lux AG
Zurich, Switzerland

**Typesetting, prepress,
and printing**

NZZ Fretz AG
Schlieren, Switzerland

Image photography

Markus Bertschi, Switzerland