



Ladies and Gentlemen

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

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

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

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

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

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

Alfred N. Schindler

¹ 61% after offsetting structural costs (R03)