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Illustration concept
The full-page illustrations highlight Schindler's latest products and innovations, while the smaller pictures in the text document noteworthy installations made during the 2001 reporting year.

The back cover of the annual report is devoted to the work of young artists whose creativity enlivens our business premises.
Activity Report 2001
of the Board of Directors of
Schindler Holding Ltd.
CH-6052 Hergiswil NW, Schweiz,
to the Ordinary General Meeting
of March 26, 2002

74th Financial Year
Key figures 2001

<table>
<thead>
<tr>
<th>Group</th>
<th>2000</th>
<th>2001</th>
<th>Δ % local currency</th>
<th>Δ % local currency</th>
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<tr>
<td>Operating revenue</td>
<td>8 530</td>
<td>8 327</td>
<td>-2.4</td>
<td>+0.6</td>
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<tr>
<td>EBITDA* Group</td>
<td>624</td>
<td>680</td>
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<td></td>
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<tr>
<td>EBITDA Elevators and Escalators in %</td>
<td>9.2</td>
<td>9.9</td>
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<td>EBITDA ALSO in %</td>
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<td>Profit before taxes</td>
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<td>443</td>
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<tr>
<td>Net profit</td>
<td>299</td>
<td>379***</td>
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<td>Cash flow**</td>
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<td>555***</td>
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<tr>
<td>Orders received Elevators and Escalators</td>
<td>6 852</td>
<td>6 658</td>
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<td>Orders received ALSO</td>
<td>1 898</td>
<td>1 768</td>
<td>-6.8</td>
<td>-5.6</td>
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<tr>
<td>Shareholders’ equity</td>
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<td>1 329</td>
<td>+0.9</td>
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<tr>
<td>Personnel at year-end</td>
<td>43 334</td>
<td>41 524</td>
<td>-4.2</td>
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</tbody>
</table>

* EBITDA: Operating profit and depreciation/amortization
** Cash flow: Net profit before minorities and depreciation/amortization +/- change of provisions
*** See Financial Statements, page 28, note 22, effect of deferred taxes

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

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
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<tr>
<td>Registered share</td>
<td>CHF 50.–</td>
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<td>Bearer participation certificate</td>
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You will find further key figures starting on page 54

Orders received

<table>
<thead>
<tr>
<th>In million CHF</th>
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<tr>
<td>6362 6604 7695 8750 8426</td>
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Return on equity ROE

<table>
<thead>
<tr>
<th>In %</th>
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<tr>
<td>25</td>
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<td>20</td>
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<td>15</td>
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<td>10</td>
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<td>10</td>
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</tbody>
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Schindler uses the telecommunications tower of Deutsche Telekom in Frankfurt for testing the Schindler 700 high-speed elevator. The market launch is planned for the fall of 2002. Speeds up to 10 meters per second are standard for Schindler 700 elevators; Germany

* 1998: IAS-Restatement
Statement of the Board of Directors

Good result despite complex environment

End of a long phase of growth
The reporting year saw the end of a period of euphoric investment with rapidly rising expenditure which had lasted for several years. Many nations and companies are deeply in debt. Demand has been falling since the end of 2000, and disillusionment is steadily spreading. The recessionary tendencies were already present, have intensified in the fourth quarter and are weighing on the psychology of the financial markets. For the first time in the postwar period, practically all early economic indicators are pointing down simultaneously all over the world. China may be one of the few exceptions. Global overcapacity is becoming visible, especially in a number of highly exposed industries such as aircraft, IT, and telecommunications. This macroeconomic environment will only affect Schindler with a certain delay.

Higher net profit
Our intensive efforts in both business areas yielded a substantially improved result in the reporting year. Consolidated net profit before taxes reached CHF 443 million, which was 18% more than the previous year. The increase in consolidated net profit after taxes, and in the cash flow, was even better but was entirely attributable to the change in deferred taxes (see also page 28 of the financial statements).

Operational progress, modest growth
Relative to 31.12.2000 the scope of consolidation was expanded to include Schindler India Pvt Ltd., India, and Schindler Electronics (Suzhou) Co. Ltd., China. The effect of these first-time consolidations on Group operating revenue and Group operating profit was less than one percent.

In China, there was success in transforming the China-Schindler Elevator Co. (CSE) joint venture into a wholly owned subsidiary company with headquarters in Shanghai. Schindler now has four wholly owned subsidiaries in China, and one with a majority interest of 55%.

Consolidated operating revenue fell in the reporting year by 2.4% from CHF 8 530 million to CHF 8 327 million. In local currencies, there was modest growth of 0.6%.

Consolidated operating profit before interest, taxes, and depreciation/amortization (EBITDA) increased 9% from CHF 624 million to CHF 680 million. In the future, Schindler will use
EBITDA as the benchmark and comment on it, since this figure is also published by competing companies and allows more meaningful comparisons to be made. However, EBIT will also still be published in the Financial Report.

Since the end of 2000 the number of employees went down by 1 810, or 4.2%, to 41 524. In the elevator and escalator business, the number employed fell by 1 594, or 3.8%, roughly half of which was attributable to adjustments in China. At ALSO there was an overall decline in the workforce of 216 employees, or 13.7%, due to restructuring in the systems business.

Consolidated order intake fell by 3.7% from CHF 8 750 million to CHF 8 426 million. Expressed in local currencies, orders were 0.5% below the previous year’s value. The consolidated order backlog at the end of 2001 was 8.8% above the previous year’s value (9.9% in local currencies) at CHF 4 039 million.

**Operational improvements in the elevators and escalators business**

Operating revenue in the elevators and escalators business fell by 1.0% from CHF 6 669 million to CHF 6 601 million, although in local currencies it increased by 2.5%. Negative effects of currency exchange rates caused a fall in the reported operating revenue of around CHF 240 million. However, expressed in local currencies, operating revenue rose by 4.4% in North and South America, 2.1% in Asia, and 1.1% in Europe.

EBITDA improved by 6.9% from CHF 612 million to CHF 654 million, and the EBITDA margin rose from 9.2% to 9.9%. EBIT changed by 11.6% from CHF 422 million to CHF 471 million, and the EBIT margin from 6.3% to 7.1%. The operational improvement is proceeding steadily, but not as rapidly as hoped. Although the proportion of orders comprising new products with a more favorable cost structure has increased sharply, this is not yet reflected in the operating revenue due to the long throughput time of the related construction projects. For example, orders for the Schindler EuroLift, which was launched in the reporting year, will only start being executed in 2002. Also in relation to the processes, some of the present best practices can only be enforced within the scope of the reorganization described later in this report. And in China, the delay in obtaining approval for 100% ownership of CSE caused the structural optimization there to fall behind schedule.

Order bookings for elevators and escalators closed at CHF 6 658 million, which was 2.8% less than the preceding year, although in local currenices they rose by 0.9%. The proportion of new products in the orders increased to 70%. The new Schindler EuroLift line of elevators met with a very good reception in the European market. In North America, order bookings increased thanks to the newly launched Schindler 330 A hydraulic elevator. Schindler also took a successful step toward re-entering the American high-performance segment with...
operational handover of the first elevator installations at the 5 Times Square building in New York. In Asia, there was an overall falloff in orders due to economic factors. However, this did not reduce the strong demand for the new Schindler 500 P elevator line for tall residential buildings, nor for the Schindler 100 C elevator destined for the Chinese residential segment. In the escalators business, Schindler maintained its position as world leader.

In Europe in the years 1999, 2000, and 2001 Schindler sold a cumulative total of more than 32,400 machine room-less elevators, which makes it currently Europe's number one in this most important market segment. To meet the strong demand for on-time delivery of economically priced standardized elevators which are also harmless to the environment, Schindler introduced a new logistics concept and for this innovative process was awarded both the Swiss and the European Logistics Prize for 2001.

Organizational redesign of the Management Committee
Organizational changes at the Management Committee level of the elevators and escalators business, especially affecting Europe, were put into effect on November 1, 2001. They reflect the need to adapt to tougher global competition by greater commitment to continental products and the determination to enforce standardized core processes. The organizational redesign is the precondition for increasing operational efficiency and realizing further cost savings.

The country-based group companies in Europe will be managerially realigned to focus more strongly on the two areas of New Installations & Modernization and Maintenance & Repairs. The objective is a radical reduction in complexity as well as tight standardization of processes in line with best practice. A further objective is to reduce overhead costs in the downstream financial administration and IT areas by using shared services.

For this purpose, at the Management Committee level, the European market has been placed under the single management of Miguel A. Rodríguez instead of being managerially split in two as it was formerly. Miguel A. Rodríguez now also has reporting to him the three functional areas of New Installations & Modernization, Maintenance & Repairs, and Production Europe, which will strengthen and standardize the business processes throughout Europe. The functions of Shared Financial Services Europe and Chief Information Technology Officer Europe each report to a specifically responsible member of the Management Committee.

1 In Chiswell Street glass dominates not only the new office building: the three panorama elevators also seem to be made entirely of glass; London, England

2 Complex elevator design for the Seehotel Überfahrt. The floor of the elevator recalls navigation compasses used by mariners. 10 elevators are installed in the hotel; Rottach Egern, Germany
Heikki Poutanen, Member of the Management Committee formerly responsible for Europe Central, took over management of the new market area of EMIA comprising IMEA (India, Middle East, and Africa) and Eastern Europe. Former IMEA Executive Vice President Richard Maiocchi left the Management Committee to concentrate on special assignments within the Group.

Because information technology increasingly affects the real core business, the new position of Chief Information Technology Officer (CIO) was created at Management Committee level, and Brent Glendening, who is an American citizen and until July 31, 2000, was Head of IT at Schindler USA, was appointed to this position on September 1, 2001. Erich Ammann, formerly Head of Area Controlling, and before that CFO of Schindler USA, became Group CFO as successor to Ernst Bärtschi on January 1, 2002.

All other areas of the Management Committee, with Peter J. Zbinden as President, David J. Bauhs as Executive Vice President Americas, Jürgen Tinggren as Executive Vice President Asia/Pacific, Rudolf W. Fischer as Chief Corporate Human Resources Officer, and Jörgen Svenningsson as Chief Technology and Supply Officer, remain unchanged.

**ALSO: significant operational improvement**
The reporting year brought a contraction in the PC market. In this environment, the revenue of ALSO dropped by 7.3% to CHF 1726 million. However, by comparison with the previous year, operating profit increased from CHF 6 million to CHF 20 million.

The main focus in the Distribution Division was on improving profitability. By concentrating on leading brands, and continuously improving internal efficiency, operating profit of CHF 30.4 million (previous year 37.6 million) was earned despite the falloff in revenue. ALSO’s acknowledged competence also gained it a major logistics contract with a substantial service content from Swisscom Mobile.

The renewed drop in demand caused the Systems Division to undertake further restructuring. This allowed the previous year’s operational loss of CHF 32.6 million to be reduced to CHF 10.4 million, despite the negative effect of exceptional costs amounting to around CHF 4.2 million.

**Dividend and capital structure of Schindler Holding Ltd.**
Schindler Holding Ltd. closed the 2001 reporting year with a net profit of CHF 115 million (previous year CHF 104 million). The next Annual General Meeting on March 26, 2002, will be requested to approve payment of the same dividend as in the previous year of CHF 50 per registered share and bearer participation certificate.

In accordance with the decision taken at the Annual General Meeting last year, repayment of CHF 35 of the nominal value of each of the registered shares and bearer participation certificates, with corresponding reduction of the capital, was effected on June 22, 2001. The capital structure at the end of 2001 is shown on page 60 of the Activity Report.

1 4 Schindler 9300 escalators and 7 commission elevators provide access to the underwater world of the Nagoya Bay Aquarium; Nagoy, Japan

2/3 Schindler Lifts Hongkong Ltd. won the “Project of the Year Award”, presented by trade journal “Elevator World” for its modernization of the elevators in the Mandarin Oriental Hotel, Hong Kong. The installation comprises 6 Schindler 700 elevators with Miconic 10; China
The program to repurchase a maximum of 6% of the originally outstanding registered shares and bearer participation certificates for the purpose of reducing the capital was completed on November 9, 2001. At the Annual General Meeting in 2000, a first tranche, amounting in total to 1.7% of the shares and participation certificates, was released for elimination with a corresponding reduction in capital. After that date, in a second tranche, a further 17,184 registered shares and 41,725 bearer participation certificates were repurchased. These amounted to 4.3% of the shares and participation certificates outstanding when repurchasing was commenced. A proposal will therefore be made at the upcoming General Meeting to reduce the capital by eliminating this second tranche. After this reduction, the equity capital will comprise 735,682 registered shares and 550,699 bearer participation certificates.

At the same General Meeting, a proposal will also be made for a further partial repayment of the nominal value of the registered shares and bearer participation certificates of CHF 40 each. The subsequent reduction of the capital will reduce the nominal value per share and participation certificate from CHF 50 to CHF 10 each.

Finally, a proposal will be made to the General Meeting for a 10-for-1 split of the registered shares and bearer participation certificates, thereby reducing the nominal value of both securities to CHF 1 each.

The partial repayment of nominal value, reduction of capital, and share split will take place at the earliest at the end of June 2002, after the legally required notification period has expired.

Improvement of corporate governance

In the mid-term, there should be at least three non-Swiss members of the Board of Directors who directly represent the key market regions of the Americas, Asia, and Europe. With this intention, Dr. Hubertus von Grünberg, Chairman of the Executive Board of Continental Ltd., was already elected to the Board of Directors three years ago. At the forthcoming General Meeting, Scott D. Miller, President of Hyatt Hotels Corporation, will also be nominated for election to the board. In addition, the corporate governance of Schindler Holding Ltd. was substantially improved to match today’s international requirements, including revision of the corporate bylaws and establishment of various committees. There is more about this on pages 44 to 49 of the Activity Report.
Outlook for the Group: productivity improvement is top priority
Despite the economic turbulence, the various measures being pursued to improve productivity will be accelerated. This applies not only to implementing the new organization, but also to simplifying the product range by replacing old products, enforcing standardized processes in line with best practice, and introducing shared services.

The recessionary tendency of the global economy is also becoming increasingly apparent in the demand for elevators and escalators, and consequently adding to pressure on prices. In Europe, there are increasing signs of economic weakening. In North America, the outlook is uncertain: some segments of the market have begun to contract. In South America, where the economic climate is difficult anyway, the risk of the exchange rate problems becoming even more acute continues. In South-East Asia the weak growth rate may continue, whereas China should expand further.

In the current year, ALSO anticipates further improvement in income despite restrained demand. The distribution business will continue to focus on strengthening its income. The systems business will implement further measures to increase productivity, after which it should be possible to work profitably again.

On the basis of these assessments, and excluding extraordinary project costs of between CHF 300 and 400 million which have not yet been finalized, the present expectation is for consolidated profit before taxes to be slightly higher in 2002 than in the previous year. If the stated extraordinary project costs were in fact to fall entirely in 2002, the consolidated profit before taxes for that year would be approximately 80% lower than the corresponding CHF 443 million of 2001. However, for the years 2003 and 2004, substantial improvements in the result are already expected relative to the consolidated net profit now being reported (see Financial Statements, page 36, note 34).

Thanks to employees
The Board of Directors thanks all employees most cordially for their hard work and endeavors in serving our customers. In the face of relentlessly increasing competitive pressure, we all have a duty to question traditional ways and to ensure that the most efficient solutions prevail right across the board. In a world full of radical change and challenge, the company’s future can only be secured by its ability to perform.

Alfred N. Schindler
Chairman of the Board of Directors

Luc Bonnard
Vice Chairman of the Board of Directors

The new ceramic brakes for Schindler 700 high-performances elevators use materials similar to the heat shields on space shuttles.
Innovations to benefit the customer

During the reporting year, Schindler presented innovative solutions for improving ride comfort and safety in its high-performance elevators of the future. The latest solutions apply materials used in air and space travel, as well as concepts from the automobile industry.

**Active chassis increases comfort and optimizes installation processes**

Rope traction elevators function like a funicular railway: the elevator car is pulled by ropes, and slides or rolls up and down guiderails installed in the hoistway. The passive chassis consists of either sliding or rolling guide shoes. The travel characteristics of the car, and therefore the ride comfort of passengers, are directly affected by how precisely the guiderails are installed, because bends, displacements, or unevenness inevitably cause a rough ride.

To achieve a comfortable ride, great care has therefore to be taken when installing the guiderails. In skyscrapers and other tall buildings the requirements become even more demanding. It requires an even greater effort to align the guiderails completely straight. Moreover, such buildings move in response to temperature variations and wind.

A method of improving ride comfort which has been frequently used to date is a passive stabilization system which uses extra mass to damp vibrations. To achieve this, the elevator car is built to be rather heavy, which has a negative effect on energy consumption in long-term use.

Under the motto “smarter not heavier” Schindler is now using intelligent, actively controlled chassis to achieve a quantum leap in overcoming not only the difficulties of rail alignment but also the limitations of passive elevator chassis. The impulse for this has come from the automobile industry. While the elevator car is in motion, the newly developed active chassis constantly compensates for any disturbing influences which could negatively affect ride comfort. Passengers experience a smooth, comfortable ride of the standard they expect from a high-quality elevator.

Besides this, the new system makes it possible to increase the speed of elevators in tall buildings without subjecting passengers to unpleasant lateral forces. Furthermore, the effort needed for periodic realignment of the guiderails can be reduced. These advantages of active chassis technology make it attractive for use on high-performance elevators with long travel heights, in landmark buildings, and in modernization projects where the guiderails would otherwise have to be reno-

1 Machine room-less elevators from Schindler make their entrance on the South American subcontinent with the Schindler Smart MRL adapted locally for the Brazilian market

2 Active chassis for the cars of high-performance elevators in skyscrapers enhance ride comfort and simplify the installation process (Photo: Peter Gunti, Solothurn)
energy consumption for operating the elevator, but also increases the comfort and durability of the elevator installation.

**Ceramic brakes for greater safety**

Every day around the world more than 700 million people entrust themselves to elevators and escalators from Schindler. The safety of all these passengers has the highest priority. As elevators travel higher and faster, the demands on their safety systems become ever more complex. The most important safety component on every elevator is the safety brake, even though it is only intended for extreme emergencies. It makes free fall of the elevator car impossible. If the speed of the car exceeds a predefined nominal value, it is brought to a controlled emergency stop by the safety brake under the car, whose braking wedges grip the guiderails to decelerate the car. In effect, the car becomes deliberately jammed. Enormous amounts of energy are released when this happens. Calculations based on tests show that triggering the safety brake of a freely falling elevator car in a skyscraper (a car weighing 5,000 kg moving at a nominal speed of 10 m/s) releases the same amount of energy as when a 40-ton truck traveling at 70 km/h stops in an emergency. When this occurs, the linings of the safety brake reach temperatures up to 1,200 degrees Celsius.

This is too much for conventional steel brake linings: to handle such amounts of energy the safety brake would have to be much larger and heavier, with correspondingly larger friction surfaces. It is for this reason that Schindler has developed a safety brake with ceramic linings for the new Schindler 700 high-performance elevator. Similar material is used to protect a space shuttle from the intense heat generated when it re-enters the earth's atmosphere. High-performance ceramic is extremely resistant to heat, durable, and also has excellent tribological
properties (i.e. in relation to friction and wear) which produce a very high braking effect. In contrast to safety brakes with metal wedges, ceramic brakes do not damage the guiderails when mandatory braking tests are performed. The special properties of the ceramic material in conjunction with the cleverly innovative design of the brakes improve braking performance by more than 33%, with a 65% reduction in volume, a 35% reduction in weight, and a 10% reduction in the number of parts, all of which have a positive effect on the energy balance.

Environmentally friendly
Both these innovations not only produce a sharp increase in the performance and benefits of elevator installations, but at the same time also improve their environmental friendliness. The amount of material used in manufacturing components is substantially reduced. But above all, the energy consumed by the elevator in its many years of operation is reduced even further, while the safety and comfort of the installation are increased even more.

High-speed travel tests
The two innovations described above will mainly be used in Schindler’s new high-performance elevators. However, the high-performance elevators themselves also have to be subjected to tough, intensive testing under conditions as near as possible to real life. For this purpose, Schindler uses the elevator hoistways in the telecommunications tower of Deutsche Telekom in Frankfurt, Germany, as a test environment for the components and subsystems (drives, controls, safety systems, etc.) of its high-performance elevators. Schindler particularly values being able to use the telecommunications tower because of its 222 meters hoisting height, which makes it possible to simulate high-speed elevator travel under real-life conditions.

During the reporting year, Schindler performed tests at 10 meters per second with a rated load of 1600 kg on the new Schindler 700 high-performance elevator announced for 2002. These successful travel tests represent an important milestone for the Schindler high-rise business.

The production plant for Schindler Aramid, the world’s first fully synthetic elevator rope, went on stream in the reporting year at Schindler SynTec GmbH, which is responsible for manufacturing and marketing the rope; Dortmund, Germany.

The custom-built elevator for the headquarters of Motorex harmonizes perfectly with the company’s corporate design and underscores its distinctive identity; Langenthal, Switzerland.
Stabilization at high level
Economic developments in Europe during the reporting year were in line with expectations, and until the terrorist attacks on September 11 there were no signs of instability. Those events obviously have an impact on the further pattern of economic activity in Europe, but the magnitude of their effect cannot yet be estimated. The market will also be affected by the introduction of the euro as Europe’s common currency: as well as the monetary aspects, this will also indirectly stimulate the general rate of growth and intensify cross-border competition.

Stable market demand and tough competition
In terms of unit volumes, the European markets as a whole remained stable. Competition in all markets became tougher, and especially in the machine room-less elevator segment where other major players took a more aggressive stance in the market. Despite these conditions, order intake by value was held at a pleasing level.

The modernization business is expected to experience substantial growth in the years ahead, stimulated by phased implementation of the new European Safety Norms for Existing Lifts (SNEL). Implementation in Belgium, where the regulations have been enforced by royal decree, is already starting in 2002.

Good market coverage with new products
In the two key sectors of the market, Schindler’s position is good following the broadly-based launch of the SchindlerSmart MRL 001, Schindler Smart MRL 002, Schindler Smart MRL 002 DE (design edition), and the SchindlerEuroLift product lines. The SchindlerSmart MRL 001 is the most competitive product for the basic segment of residential buildings, while the SchindlerSmart MRL 002 and the SchindlerSmart MRL 002 DE offer an attractive alternative for the medium and higher segments of residential buildings and the basic segment of commercial buildings.

The SchindlerEuroLift is especially valued for its good reliability and appearance. In many markets the elevator has already reached its targeted sales volumes, while in other countries there is still further potential in the basic segment of commercial buildings.

The anticipated upswing in the modernization business will give major importance to the components and kits destined for that area. Introducing competitive solutions is the prerequisite for deriving maximum benefit from implementation of the new safety regulations, as well as for defending and expanding the portfolio in this segment.

Schindler wins awards
Schindler won several awards in the reporting year, one of which was the Logistics Prize 2001 of the European Logistics Association for its project “Euro-Logistics – a radical

1. 6 Schindler 9300 escalators and 6 Schindler 9500 moving walks are installed at the Kuloisten Kauppakeskus shopping center, Raisio, Finland

2. Escalator installations in the new Dock Midfield at Unique Airport. The contract for 39 elevators, 49 Schindler 9300 escalators, and 6 Schindler 9500 moving walks is Schindler’s largest-ever order in Switzerland; Zurich-Kloten, Switzerland

3. Schindler delivered 6 elevators and 4 Schindler 9300 escalators for the new Congress Center in Salzburg, Austria
solution for integrated elevator logistics in the reconfigured Europe”. The logistics concept was implemented in association with the development of the new Schindler Smart MRL elevator line, and has radically changed processes and structures for the supply and distribution of elevator systems. The logistics had to be redesigned in line with the new situation in Europe, such as abolition of cross-border customs duties, harmonization of VAT and other legislation, and introduction of the euro. With the new logistics concept, Schindler has succeeded in reducing its environmental burden and cutting logistics costs by as much as 70%, while increasing delivery transparency and reliability for the customer. In their citation for the award, the jury highlighted that “the project clearly demonstrates that integral management of the supply chain can bring impressive improvements in quality and on-time delivery at the same time as cutting costs”.

A second honor for Schindler came from the European Commission in the form of its Breaking Barriers Award for the LiftLoc system, which provides handicapped people with special services when using elevators. Schindler was the only company nominated in all three categories – Home & Daily Living, Travel & Leisure, Work and Workplace – and won the award in the Work and Workplace category for the LiftLoc system. At the same time, Schindler was declared winner of an e-mail competition in which consumers could voice their personal opinions. The prize-winners were nominated and selected by a jury under the chairmanship of design virtuoso Alberto Alessi. LiftLoc is a user recognition system which enables individual users, or groups of users, to be identified by means of a code or personal ID before they enter the elevator car. The underlying Miconic 10 hall call destination system uses this information to provide each user with individual services and functions, as well as to secure the building against unauthorized access. Functions which are activated for handicapped elevator users include longer door-open times to make entering and leaving the car easier, acoustic user guidance for blind people, and allocation of the largest car in an elevator group to wheelchair users. Starting January 2002, the LiftLoc system will be marketed under the new name of SchindlerID.

1 The historical exterior of this private viewing tower gives no hint of the state-of-the-art technology inside: a Schindler Smart MRL 001 machine room-less elevator; Cserszegtomaj, Hungary

2 On behalf of Schindler, Guntram Begle, Miguel A. Rodriguez, and Stefan Kreidler (l to r) accept the European Award for Logistics Excellence 2001 presented by the European Logistics Association

3 The first Schindler Smart MRL 002 DE elevator in Slovakia was installed in a commercial building in Bratislava
Major orders

Austria:
- 24 SchindlerSmart MRL 002 elevators for refurbishment of GWG residential buildings, Linz;
- 21 SchindlerSmart MRL 002 elevators for WAG residential buildings, Linz;
- 9 SchindlerEuroLift elevators for the Office Provider office building, Vienna;
- 10 SchindlerEuroLift elevators for the Muthgassee office building, Vienna;
- 2 Schindler 9300 open-air escalators to transport people to the base terminal of the Zauchensee ski region, Salzburg;
- 12 SchindlerEuroLift elevators, 6 freight elevators, and 22 Schindler 9300 escalators for the Shopping City retail center, Seiersberg;

Czech Republic:
- 8 moving walks for Ruzyne Airport, Prague;
- 6 elevators, including 3 SchindlerEuroLift, for the Prague Gas Company Headquarters, Prague;
- 5 Schindler 700 elevators with Miconic 10 and 3 SchindlerEuroLift elevators for the Raiffeisen Bank office building, Prague;
- 9 Schindler 9300 elevators and 12 elevators for the Bertelsmann commercial building, Prague;
- 15 SchindlerSmart MRL 001 elevators for the Černý Most housing estate, Prague;

Finland:
- 10 SchindlerSmart MRL 002 elevators for the Espoon Villa Laguuni residential building, Espoo;
- 2 SchindlerEuroLift elevators for the Avia Forum office building, Vantaa;
- 3 SchindlerSmart MRL 002 elevators for the existing Katajanokan Amiraali residential building, which previously had no elevator, in Helsinki;

France:
- 26 elevators, including 15 SchindlerEuroLift, one platform elevator, and 2 Schindler 9300 escalators for the headquarters of Crédit Lyonnais Bank, Paris;
- 5 SchindlerEuroLift elevators with Miconic 10 for the Le Dauphiné Part-Dieu office building in the business center of Lyon;
- 8 SchindlerEuroLift elevators for the Axe Pleyel office building, Saint-Denis;

Czech Republic:
- 34 SchindlerSmart MRL 001 elevators for the Hellersdorf residential building, Berlin;
- 30 Schindler 9300 escalators, 21 commission elevators, 1 SchindlerEuroLift elevator, and 3 special elevators for the Altmarkt galerie office building, Dresden;
- 19 SchindlerEuroLift elevators and 2 commission elevators for the Wappenhalle residential building in Munich-Riem;

Great Britain:
- 37 Schindler 9300 escalators for various buildings at Canary Wharf, London;

Germany:
- 34 SchindlerSmart MRL 001 elevators for the Hellersdorf residential building, Berlin;
- 30 Schindler 9300 escalators, 21 commission elevators, 1 SchindlerEuroLift elevator, and 3 special elevators for the Altmarkt galerie office building, Dresden;
- 19 SchindlerEuroLift elevators and 2 commission elevators for the Wappenhalle residential building in Munich-Riem;

The Schindler Smart MRL 002 DE (design edition) elevator installed in the Diversia shopping and leisure center demonstrates how this machine roomless line of elevators for the basic segment is readily adaptable even though it is highly standardized;

Alcobendas, Spain

1 Schindler 9500 moving walks provide mobility at Munich’s “Neue Messe”. 12 moving walks of the same type were already installed in the first phase of extension; Germany
Greece:
12 Schindler 9300 escalators for the Athens Concert Hall; 7 traction elevators for the Hospital of the Olympic Games, Athens; 6 Schindler EuroLift elevators for the new office building of Alte, a major Greek construction company, Athens.

Italy:
14 elevators and 2 escalators for Pa-lese Airport, Bari; 24 Schindler Smart MRL 001 elevators for a residential building, Salerno; modernization of 7 elevators for the US Navy, Naples; modernization of 6 elevators, 14 moving walks, and 1 Schindler 9300 elevator at Fiumicino Airport, Rome; 37 elevators and 4 Schindler 9300 elevators for the Queen Mary II cruise liner; 5 Schindler 9300 elevators for the city walls of Arezzo.

Luxembourg:
11 elevators, including 3 Schindler EuroLift and 6 with Miconic 10, for the Deka Bank, Luxembourg.

Portugal:
Partnership agreement with the Accor Amorim Group to supply and install more than 150 elevators, mostly Schindler EuroLift and Schindler Smart MRL 002 for 23 new hotels being built in Portugal in 2001 and 2002; in partnership with the Sonae Group, 8 Schindler 9300 elevators, 4 Schindler 9500 moving walks, and 9 elevators for the Algarve Shopping retail center in Albufeira, Algarve; in partnership with the Sonae Group, 3 Schindler 9300 elevators, 6 Schindler 9500 moving walks, and 7 elevators for the Madeira Shopping retail center in Funchal, Madeira.

Slovakia:
2 Schindler Smart MRL 001 elevators, one freight elevator, and 2 Schindler 9300 elevators for the SOK sports, leisure, and cultural center, Zilina; 2 Schindler Smart MRL 001 elevators and 2 Schindler Smart MRL 002 elevators for the residential and commercial building at the main railroad station in Bratislava.

Several Schindler 9300 escalators and Schindler 9500 moving walks take care of passenger mobility at Atatürk Airport; Istanbul, Turkey.
Position held under difficult conditions
The North American economy was in a fragile state in the reporting year, with most indicators trending downward. Steadily declining consumer feeling and increasing unemployment caused development in the second half-year to go negative. With the outlook for corporate earnings generally bleak, and capacity utilization also at a low level, there is no turnaround in sight before 2003. The events of September 2001 plunged many business sectors into distress, causing increasingly numerous liquidity crises and escalating corporate bankruptcies. The prospects are extremely uncertain, and the economic road ahead will be rough. A recovery can only be expected in the second half of 2002 at the earliest.

In Brazil, where the economy had been trending continuously up for more than two years, there were negative effects from an unexpected energy crisis as well as a number of external factors. These included the economic crisis in Argentina and slower growth in the USA, which together caused the Brazilian currency to lose more than 35% of its value and interest rates to be increased.

North American construction industry loses dynamism
The North American construction industry generally lost dynamism during 2001, but to varying extents in the different segments. Investments in properties for rental declined parallel to the decelerating rate of growth. The hotel and retail segments were especially weak. Added to this, there was a fall-off in demand for office buildings as the high-tech markets came to an abrupt halt.

The downward trend will continue at least for the first half of 2002. Although the rate of decline for income properties should become less severe as the year progresses, there will be less publicly funded construction investment due to changed spending priorities. A further effect of the uncertainty caused by the incidents of September 2001 will be to dampen airport terminal construction and most probably delay building of new sports complexes. Schindler has a very high order backlog, which will act as a buffer against these negative developments.

Successful new installations business
The new installations business again set new records in 2001, both for number of units and market share. Market leadership in escalators for commercial applications was also maintained. The launch of the new Schindler 330 A hydraulic elevator improved the company’s position in the basic segment of the market. On the other hand, modernization business in the year under review suffered from projects being delayed or postponed in the aftermath of September 11.

During the reporting year there was a surplus of vacant office space, mainly attributable to a standstill in formation of new companies, which

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Market profile elevators and escalators
Americas

1 At the Minnesota Life office building, two groups of 5 and 6 elevators are controlled by the Miconic 10 hall call destination system. This is the first multi-group installation of Miconic 10 in North America; St. Paul, Minnesota, USA

2 Schindler installed a total of 64 elevators and 64 Schindler 9300 escalators in the Pentagon; Arlington, Virginia, USA

3 Fifth Street Towers, two commercial buildings where Schindler installed 31 elevators and 4 Schindler 9300 escalators; Minneapolis, Minnesota, USA
put additional pressure on lease rates. Consequently, prices in the maintenance business are still exposed to aggressive competition. Productivity in the maintenance area must be increased in the future by greater utilization of technologies for remote monitoring of elevator installations. A further prerequisite for delivering additional value to service customers is to introduce new high-tech solutions providing online access to building information.

**Success in high-rise segment**

Since taking over Westinghouse in 1989, Schindler had concentrated its new installation elevator activities in North America entirely on the hydraulic segment, because this makes up the greater part of the elevator market. In the reporting year, re-entry into the prestigious high-rise segment was achieved. Handover of the first group of eight elevators ordered for 5 Times Square (see also photo 1 on this page) in New York represents the achievement of a true milestone.

**New products bring success in South America**

Although market volume in Brazil remained stable relative to the previous year in terms of units, Schindler defended its strong market position with its wide coverage and use of global Group technologies. At the end of 2001, the machine room-less elevator Schindler Smart MRL 002 was launched in the Brazilian market, from where it will also be exported to other countries in South America. This is a further improvement to the existing range of products, which already cover all segments of the market. They especially include the revolutionary Miconic 10 elevator control system, which is mainly offered for high-performance elevators in commercial buildings at the top end of the market.

Mexico’s construction industry was negatively affected by slower growth of the US economy, but was still able to stay on an expansion path because low interest rates on bank loans encouraged investors to put money into real estate. Thanks to the newly launched Schindler 310 L and 510 L elevator models, as well as the success of the Miconic 10 elevator control system in the commercial buildings segment, market share was gained, allowing the market leadership position to be consolidated further. The Mexican subsidiary restructured, sold its local production plant, and moved into new business premises.

Although other Latin American markets were negatively affected by the difficult business climate, Schindler was able to maintain its strong position.

1 Installation of the first group of eight elevators at 5 Times Square in New York marked Schindler’s successful re-entry into the high-rise segment in North America; USA

2 The Torre la Castellana commercial building has a total of 7 elevators in operation, including 5 with a speed of 2 meters per second; Caracas, Venezuela

3 In the Carrefour Tienda Ajusto-Picacho department store, 6 Schindler 9500 moving walks take care of customer mobility while a separate freight elevator ensures a smooth flow of goods; Mexico City, Mexico
Environmental friendliness and innovative technology are features of the Schindler 330 A. Most elevators sold in America are hydraulic. This elevator is installed at the Hilton Garden Inn, Canonsburg, Pennsylvania, USA.

Major orders

California:
Maintenance contract for 30 elevators and 26 escalators at the Unified Port District Airport, San Diego; maintenance contract for 48 elevators for ANJAC Fashion Commercial Buildings, Los Angeles

Illinois:
Maintenance contract for 19 elevators at the One East Wacker office building, Chicago; maintenance contract for 10 elevators at the Presidential Towers residential and commercial building, Chicago

Maryland:
8 Schindler 9300 escalators and 8 Schindler 9500 moving walks for expansions to Washington International Airport, Baltimore; maintenance contract for 116 elevators and 4 escalators at Johns Hopkins Hospital, Baltimore

Minnesota:
Maintenance contract for 31 elevators and 4 escalators at Fifth Street Towers office complex, Minneapolis

Nevada:
37 Schindler 9300 escalators and 14 hydraulic elevators for the Fashion Show Mall, Las Vegas; maintenance contract for 12 escalators and 6 elevators for the Flamingo Road at Boulevard Pedestrian Bridge, Las Vegas

New York:
30 elevators, including 20 with Miconic 10, for Times Square Tower, New York City

Ohio:
Maintenance contract for 18 elevators at Huntington office building, Cleveland

Texas:
Maintenance contract for 197 elevators at Texas A & M University, Houston; maintenance contract for 25 elevators at Millennium Center office building, Dallas; maintenance contract for 6 elevators at The Center office building, Houston; 26 elevators, including 12 Schindler 700, and 10 Schindler 9300 escalators at Houston Convention Center Hotel, Houston

Ohio:
6 Schindler 9300 escalators and modernization of 3 elevators for the Hyatt Regency Hotel, Vancouver; 2 Schindler 9300 elevators for the Northlands Village Shopping Mall, Calgary; 4 Schindler 300 A elevators and one Schindler 9300 elevator for the Embassy Suites Hotel, Markham, Toronto; 6 Schindler 9300 elevators and 3 Schindler 330 A elevators for Union Railroad Station, Toronto; 4 Schindler 330 A elevators and 4 Schindler 9300 elevators for London Arena, Hamilton; 8 Schindler 9300 elevators for the Museum of Civilization, Ottawa; 6 Schindler 9300 elevators for the Bureau d’Affaires CDQ commercial building, Montreal

Argentina:
20 Schindler 310 L elevators for Madero Plaza residential building, Buenos Aires

1 The Palácio do Planalto, residence and office of the Brazilian president, where 8 elevators were modernized. The nation’s most important public building was designed by architect Oscar Niemeyer; Brasília, Brazil
Brazil:
11 elevators, including 10 with Miconic 10, for the ItauSA Invest commercial building, São Paulo; 25 Schindler 9500 moving walks for Sonae, Porto Alegre; 10 Schindler 9500 moving walks for the Pão de Açúcar supermarket, São Paulo; 12 Schindler 9300 escalators and 2 elevators for the bus/subway station and shopping mall, Belo Horizonte; maintenance contract for 16 elevators at Banco Central do Brasil, Brasilia; maintenance contract for 48 elevators at the Brazilian Central Court of Justice, Brasilia; maintenance contract for 28 elevators at the Banco do Brasil commercial building, Brasilia; maintenance contract for 15 elevators at ABN AMRO Real Bank, São Paulo; modernization of 11 elevators at the Embratel telecommunications company, Rio de Janeiro; modernization of 22 elevators and 10 escalators at Vencicio shopping malls, Brasilia; modernization of 16 elevators at the Pátio Brasil shopping mall, Brasilia; modernization contract for 25 elevators of Petrobrás oil company, Rio de Janeiro

Chile:
8 elevators, including 6 with Miconic 10, for the Vicente Huidobro office building, Santiago de Chile; 8 Schindler 100 L elevators for Icafal Ltd. residential building, Santiago de Chile; 6 Schindler Smart MRL 001 elevators for the Raúl Ltd. residential building, Santiago de Chile

Venezuela:
5 elevators for the Teleferico El Avila cable car station, Caracas; 4 elevators with Miconic 10, 4 panorama elevators, and 2 escalators for the Torre Platinum office building, Valencia; 6 escalators and 4 elevators for the Buenaventura shopping center, Guarenas; 6 escalators and 6 elevators for the Hyperinversiones Shopping Center, Maracay

Mexico:
67 Schindler 100 L elevators for Cuatro Caminos Social Housing Development, Mexico City; 10 elevators, including 9 with Miconic 10, for

Zentrum Corporate Tower, Mexico City; 8 escalators for 4 different department stores of the Milano chain; 10 elevators, including 9 with Miconic 10, for Marly Corporate Tower, Mexico City; 11 elevators, including 9 with Miconic 10 and 1 Schindler 330 A, for Qurvic Corporate Tower, Mexico City; 10 elevators, including 9 with Miconic 10, for AICON Corporate Tower, Mexico City; 9 elevators, including 6 Schindler 510 L and 2 Schindler 330 A, for the Velas Hotel, Nayara; 9 Schindler 510 L elevators for the Mayer Levy residential project, Cuajimalpa Federal District; 8 Schindler 510 L elevators for the Cabo Lindo Hotel, Los Cabos; 6 elevators, including 3 with Miconic 10, for the Intelicorp Building, Mexico City

Modernization contract for the offices of Sudameris, a major bank, on the Avenida Paulista, heart of Brazilian business; São Paulo, Brazil

In the Isidora 2000 commercial building, 11 elevators with Miconic 10 serve the 27 floors with a speed of 2.5 meters per second; Santiago, Chile

The world-unique Miconic 10 hall call destination system increases the capacity of the three-car elevator system in the offices of Ing. Moisés Farca; Mexico City, Mexico
Market position stronger despite lower momentum
Economic recovery throughout the Asia/Pacific region lost momentum in the reporting year, with all countries experiencing slower growth in 2001. Caused by globally declining demand, this development was especially marked in countries heavily dependent on exports, such as Singapore, Malaysia, Taiwan, and Hong Kong. On the other hand, there were positive developments in China, where robust domestic demand caused GNP to rise more than 7%.

Products well received by market
Several products were launched in the reporting year. The innovative, pre-assembled Schindler 500 P elevator system designed for medium- to high-rise buildings met with good market acceptance in China, Hong Kong, and Southeast Asia. The Schindler 100 C elevator designed for residential buildings in China experienced strong demand. Its range of application was also extended to address new market segments.

The construction industry as a whole was negatively affected by the less rapid development of the economy. Demand fell particularly sharply in Southeast Asia, whereas in other countries the decline was barely perceptible. In China and Japan there was massive public investment activity in infrastructure and residential buildings, which compensated for the fall-off in other segments.

The possibility of a prolonged economic downturn in the USA, and the unclear prospects for Japan, cloud the economic outlook for 2002 with uncertainty. However, some potential for stimulating demand exists: firstly, due to China’s entry into the World Trade Organization (WTO); secondly, due to substantial reductions in taxation in Taiwan, Korea, and Thailand; and thirdly, due to major construction projects initiated in China and Hong Kong.

1 In Kuala Lumpur’s main rail-road station 18 commission elevators and 25 Schindler 9300 escalators ensure speedy train connections; Malaysia
2 The Island Resort residential development has more than 40 Schindler 700 high-per-formance elevators, 22 commission elevators, and 9 Schindler 9300 escalators. These include 32 elevators with Miconic 10 hall call destination control systems which check residents’ identification cards to give them access to their respective floors. It is the first installation of this type in Hong Kong; China
3 A machine room-less Schindler 300 J MRL version of the proven Schindler 300 elevator line was installed in the Hysteric Glamour commercial building; Osaka, Japan
segments. Thanks to the new Schindler 9700 escalator, which is specially intended for use in traffic-intensive transportation situations such as subway stations, a number of significant orders were won in this important market segment. All the new products therefore made a substantial contribution to enhancing Schindler’s market position.

The trend to machine room-less elevators became much more pronounced in the reporting year. The market launch of the new Schindler 300 P MRL machine room-less elevator system scheduled for spring 2002 is therefore perfectly timed.

**Improved competitiveness**
Numerous projects for optimizing components and products delivered outstanding results. In addition, re-engineering of key processes and the introduction of shared services sharply improved productivity, which showed through in both the new installations and maintenance businesses. The new electronics factory in Suzhou, China, and the expanded responsibilities for escalator manufacturing in China and Malaysia, contributed to improving the cost situation.

To keep the structure in line with market needs, elevator manufacturing in Malaysia was discontinued at the end of 2001. By redistributing the production volume to other plants, costs were substantially reduced while maintaining customer service at a high level.

**New corporate structure in China**
Negotiations with the joint venture partners of China-Schindler Elevator Ltd. came to a positive conclusion, allowing the company to be completely taken over by Schindler. Operational improvements already initiated at the company are encouraging: they will be pursued even more vigorously in 2002. The newly gained independence simplifies operational management, enabling Schindler to coordinate better its total operations in China and bring them into line with Group strategy. Elimination of costly functional duplication, as well as intensive coordination of marketing activities, will improve Schindler’s competitiveness and strengthen its position in one of the world’s most important growth markets.

1. The China Century Monument where 4 Schindler 9300 escalators, including 2 outdoor versions, are installed. The order also included 1 freight and 3 kitchen elevators; Beijing, China
2. Visitors to Taichung Central Shopping Mall have 24 Schindler 9500 moving walks at their disposal; Tai Chung, Taiwan
Asia/Pacific

Major orders

Australia:
8 Schindler 9300 escalators and 12 hydraulic elevators for the Westfields Hornsby shopping center, Sydney; 4 Schindler 9300 escalators, 8 Schindler 9500 moving walks, and 1 hydraulic elevator for the Eastlands shopping center, Melbourne; 5 Schindler 300 P elevators and 1 Schindler 300 P MRL elevator for the Watermark residential building, Sydney; 11 Schindler 9300 escalators, 2 Schindler 300 P elevators, and 4 hydraulic elevators for the Macarthur Chambers residential and commercial development, Brisbane

Brunei:
3 elevators for Suri Seri Hospital, Brunei

China:
26 Schindler 9300 escalators for the Xin Min Line of Shanghai Light Railway, Shanghai; 15 Schindler 9300 escalators for the Shanghai Magnetic Suspension Railway; 8 Schindler 700 elevators, 25 Schindler 9300 escalators, and 10 elevators for the Chongqing Southwest commercial center, Chongqing; 124 Schindler 100 C elevators for the Hong Shi Yue residential building, Urumqi; 16 Schindler 9500 moving walks for the Centurymart supermarket, Shanghai; 38 Schindler 9300 escalators for the second phase of Johnfield Plaza shopping center, Beijing; 16 elevators, including 13 Schindler 700 with SchindlerID and CIS-e-vision for the Shanghai Century Plaza shopping center and office building in Nanjing, which is Nanjing’s tallest building

Indonesia:
4 Schindler 100 P elevators for the Bank of Indonesia, Surabaya; 2 Schindler 9500 moving walks and 2 elevators for the Carrefour Puri Indah shopping center, Jakarta

Japan:
8 elevators for the Murayama Danchi metropolitan residential building, Tokyo; 2 elevators for the Otaki dam in Kinki District; 4 Schindler 300 J MRL elevators for Hitotsubashi University International Affairs Office, Tokyo; 3 Schindler 300 J MRL elevators for the Sugawara prefectural high-rise residential building, Osaka; 3 Schindler 300 J MRL elevators and 1 service lift for the Akasaka 6-chome Special Care Nursing Home, Tokyo; 9 Schindler SMART J elevators complete with hoistway structure for the Shimoshinjo residential building, Osaka

Hong Kong:
48 Schindler 9700 escalators for railroad stations of KCRC East Rail Extension; 11 Schindler 300 P elevators and 6 Schindler 700 elevators for Kwai Chung Estate apartment building; 14 elevators, including 7 Schindler 300 P MRL, for the Logistics Center at Hong Kong International Airport; 36 elevators, including 23 Schindler 700 and 6 Schindler 500 P, and 3 Schindler 9300 elevators for the K2 Urban Renewal office and hotel building; modernization of 19 elevators, including 18 Schindler 700, for the Edinburgh Tower office building; 22 elevators, including 18 Schindler 500 P and 3 Schindler 300 P, for the Tieh Chu Center residential building

1127 Schindler 9300 escalators were supplied for the first phase of extensions to the Shanghai Light Rail System; China

36 Schindler 700 high-performance elevators are in operation at the Plaza 66 commercial building in Shanghai, China
Malaysia:
42 Schindler 9300 escalators, 6 Schindler 9700 escalators, 12 Schindler 9500 moving walks, and 63 elevators, including 25 Schindler 300 P, for the shopping center, convention center, and office buildings in Putrajaya, the new administrative city of the federal government; 24 elevators, including 6 Schindler 300 P, and 2 Schindler 9300 escalators for the apartment, college, and hospital complex of Sungai Buloh Hospital, Selangor; 12 Schindler 100 P elevators for Sains Malaysia Asrama University, Penang; 14 elevators for Kuala Lumpur General Hospital, Kuala Lumpur; 12 Schindler 300 P elevators for Mara Teknologi University, Penang; 31 elevators for Petronas Teknologi University, Perak

Myanmar:
3 elevators for the Singapore Embassy, Yangon

Philippines:
12 Schindler 9300 escalators and 1 elevator for Quezon City metro station; 8 elevators, including 7 Schindler 300 P, for the Cebu Hilton Resort & Towers Hotel, Cebu

Singapore:
9 elevators for the Cable Car Tower office building; 9 elevators for the Parke-Davis industrial building; 25 elevators and 6 Schindler 9300 escalators for an office building at the Harbourfront; 20 elevators, including 3 Schindler 300 P, for the Woodlands Spectrum 2 office building

Taiwan:
9 elevators, including 4 Schindler 300 P, for the SET TV Headquarters Office Building, Taipei; 12 Schindler 9500 moving walks for the Taiwan Sugar Nan Zi shopping center in Kaohsiung; 19 Schindler 300 P elevators and 8 Schindler 9300 escalators for the Taipei Silicon #1 Office Building, Taipei

Thailand:
15 Schindler 9300 escalators, 8 Schindler 9500 moving walks, and 8 elevators for the Big C Rajdamri shopping center, Bangkok; 7 elevators, including 3 Schindler 300 P, for the Mayfair Marriott Executive Apartments, Bangkok; 4 Schindler 9300 escalators, 5 Schindler 9500 moving walks, and 5 elevators for the Carrefour Onnuch shopping center, Bangkok; 14 elevators, including 6 Schindler 300 P, for the Central Plaza Rama II shopping center, Bangkok; 12 Schindler 9300 escalators and 15 Schindler 9500 moving walks for Tesco Lotus Supercenters in five cities

Vietnam:
2 Schindler 100 P elevators for Da Nang Airport, Da Nang; 4 Schindler 100 P elevators and 4 Schindler 9300 escalators for Da Nang Business shopping center, Da Nang; 55 Schindler 100 P elevators for various apartment buildings in Hanoi; 2 Schindler 9300 escalators and 1 elevator for Noi Bai Airport, Noi Bai

1 The David Jones Shopping Center is served by 32 Schindler 9300 escalators; Sydney, Australia
2 The luxurious Roxas Triangle residential complex is fitted out with 9 Schindler 700 high-performance elevators; Makati City, Philippines

People living in the Kerry Residence apartment complex have 12 Schindler 500 elevators at their disposal which are specially designed for mid-rise travel heights; Shanghai, China
Consolidation in a sensitive region

Business activity in the IMEA region continued to be heavily influenced by the political situation. The aftermath of the terrorist attacks in the USA negatively affected the economic climate in all countries.

Despite a more aggressive stance by other major players, Schindler was able to strengthen its position in the most important markets of IMEA. All subsidiaries in the region endeavored to increase productivity and income by strictly aligning their business activities to the Group strategy. In doing so, the companies focused on improving customer orientation and quality of service. New global products were launched, and their success in the market has been sustained.

Miconic 10. By winning the order to supply the new Delhi Metro Rail subway system with 50 Schindler 9700 escalators – which were specially developed for transport applications – Schindler has now also taken the leading position in India’s escalator market.

Complex economic environment in the Middle East and Persian Gulf

The market situation varied from country to country. In Lebanon, both the economy as a whole and the construction sector remained flat. In Israel, the political situation had a dramatically negative impact on the economy. Thanks to the introduction of modernization solutions tailored to the Indian market, which went hand in hand with development of a service and maintenance organization, Schindler is now clearly identifiable as a leading player in the Indian elevator market. A noteworthy example is the modernization project for the Stock Exchange building in Bombay, where Schindler replaced the existing elevator installations with eight Schindler 300 P elevators and 28 Schindler 300 P elevators are installed in the Godrai Bay View residential complex, Bombay, India.

Market penetration and reference projects in India

Business in India benefited from a growing market, even though there were preliminary signs of an economic slowdown. Thanks to the introduction of modernization solutions tailored to the Indian market, which went hand in hand with development of a service and maintenance organization, Schindler is now clearly identifiable as a leading player in the Indian elevator market.

A noteworthy example is the modernization project for the Stock Exchange building in Bombay, where Schindler replaced the existing elevator installations with eight Schindler 300 P elevators and...
By contrast, the infrastructure sector and building industry in Iran experienced a boom. Schindler expanded its market presence there and won a major contract to supply 189 escalators for the Teheran subway system. The market position in the Persian Gulf region was also strengthened by introducing new products. This was against a backdrop of a slight economic upswing, especially in Kuwait.

**Market position in North Africa retained**

In Egypt, Schindler put up a strong performance despite a recession and tough competition. In Morocco it was possible to retain market leadership, even though the economy steadily deteriorated.

**Greater customer satisfaction in southern Africa**

Despite stagnating markets, Schindler maintained its strong position in South Africa, Namibia, Botswana, and Mozambique. The Schindler Smart MRL 001 and Schindler Smart MRL 002 machine room-less elevators made a major contribution to increasing new installation sales. Success in modernization came mainly from the enormous potential of the Miconic 10 control system, as well as greater utilization of Group components.

In Zimbabwe and Kenya demand for new installations remained low due to economic crisis. On the other hand, maintenance business in these markets developed well.

During the reporting year, Schindler improved customer satisfaction throughout the region. Progress continued on aligning the local companies to new social and legal structures incorporating government programs (Employment Equity Plan, Affirmative Action Initiative, etc.) for prohibiting discrimination against minorities and promoting equal employment opportunities.

15 elevators are installed in the government offices in Haifa, including 4 with speeds of 4 or 5 meters per second; Israel

In the new headquarters of the Moroccan Bank Corporation a total of 6 elevators were installed, which include 2 panorama elevators with a view to the atrium; Casablanca, Morocco

Panorama elevator in the Gateway shopping center; Durban, South Africa
IMEA

Major orders

**Bangladesh:**
7 Schindler 700 elevators for the Westin Hotel, Dhaka; 6 escalators for the Shezan Point commercial building, Dhaka.

**Dubai:**
9 Schindler 500 elevators for the Capricorn Towers commercial and residential building, Dubai; 10 elevators for the Beach Resort Hotel, Dubai.

**Egypt:**
Modernization of 12 elevators for two Safir Hotels, Cairo; 10 elevators, 39 Schindler Smart MRL 001 elevators, and 5 Schindler Smart MRL 002 elevators for the El Rehab Project, Cairo; 3 elevators for the Mubarak Pumping Station in Toshka, the largest national project in Egypt, for creating a new valley near Aswan.

**India:**
7 Schindler 300 P elevators with Miconic 10 for Hiranandani Gardens residential buildings, Mumbai; modernization of 8 Schindler 300 P elevators with Miconic 10 at the Bombay Stock Exchange, Bombay; 34 Schindler Smart MRL 001 elevators for the National Games Village residential complex, Hyderabad; 50 Schindler 9700 elevators for the Delhi Metro Rail Corporation, New Delhi; 16 Schindler 001 elevators for the Tata Housing Sherwood residential building, Bangalore.

**Iran:**
189 Schindler 9300 escalators for the Teheran Metro; 4 elevators for the Saba Towers residential building, Teheran.

**Israel:**
4 high-rise elevators for the Kanyon Kiryat Ono Tower office building, Kiryat Ono; 9 elevators for the State Comptroller’s Offices, Tel Aviv; 8 elevators and 6 Schindler 9300 escalators for the Haifa Auditorium shopping center, Haifa.

**Jordan:**
9 elevators for the Le Meridien Hotel, Amman.

**Kenya:**
5 elevators for the US Embassy, Nairobi.

**Kuwait:**
16 Schindler 700 elevators and 8 escalators for the Arraya Center shopping center and hotel, Kuwait City; 7 elevators and 6 escalators for the Hawaiili Commercial Complex, Hawaiili; 6 Schindler 500 elevators for the Burgan Bank, Kuwait City.

**Mali:**
7 elevators for the Hôtel de l’Amitié, Bamako.

**Malta:**
29 Schindler Smart MRL elevators for the Hilton hotel and residential complex, Portomaso; 56 elevators and 2 escalators for the hospital in La Valletta.

**Morocco:**
18 elevators for the Zenith Millennium office building, Casablanca; 10 elevators for the Atlas Asni Hotel, Marrakesh; 8 elevators for the Sheraton Hotel, Marrakesh; 2 Schindler 9300 escalators and 1 elevator for Menara Airport, Marrakesh.

**Nigeria:**
4 elevators for the Bank of the North, Kano.

**Saudi Arabia:**
70 elevators for the Saudi National Complex residential building, Mecca; 5 elevators for the Saudi Telecom Company commercial building, Riyadh; 4 elevators for the Marriott Hotel, Medina.

**Syria:**
21 elevators for the Al-Bab, Azaz, and National hospitals, Aleppo; 23 elevators for the hospital in Lattakia.

14 escalators and 1 Schindler Smart MRL 002 are installed in the El Rehab shopping center; Cairo, Egypt.
A former theater was converted into the El Ateneo Gran Splendid bookstore, the largest bookstore in South America. Quiet Schindler 9300 escalators connect the fantasy worlds of literature; Buenos Aires, Argentina.
Demanding year for ALSO

ALSO, which is active in the IT logistics and services business, had a demanding year. Heavy customer spending on IT prior to the new millennium, combined with an unexpectedly rapid weakening of the economy, caused the PC market throughout Europe to contract sharply for the first time. Although the first quarter began promisingly, the second quarter saw the start of a decline in global markets, which gathered pace in quarters three and four.

The effects of this trend on developments at ALSO varied between the different business areas. Considering the adverse conditions, the result of the Distribution Division was good. On the other hand, the renewed drop in demand caused the Systems Division to undertake further restructuring.

Good result again in Distribution

The main focus of the Distribution Division in the reporting year was on improving performance. Because of this, revenue in Switzerland went down by 13.3 percent to CHF 910 million, and at the German subsidiary it only went up by 1.3 percent to CHF 605 million. Although operating profit at CHF 30.4 million was below the previous year’s level (2000: CHF 37.6 million), the operating margin of 2.2 percent (prior year 2.0 percent) is at a pleasing level for this industry. The increasing proportion of service business caused the Distribution Division to expand its workforce by 47 employees to 596.

In Emmen/Lucerne

ALSO handles the entire e-fulfillment for Swisscom Mobile as an outsourcing service. A separate department was set up for this logistics project, which combines expertise in logistics and IT.

Good result again in Distribution

The main focus of the Distribution Division in the reporting year was on improving performance. Because of this, revenue in Switzerland went down by 13.3 percent to CHF 910 million, and at the German subsidiary it only went up by 1.3 percent to CHF 605 million. Although operating profit at CHF 30.4 million was below the previous year’s level (2000: CHF 37.6 million), the operating margin of 2.2 percent (prior year 2.0 percent) is at a pleasing level for this industry. The increasing proportion of service business caused the Distribution Division to expand its workforce by 47 employees to 596.
The sustained high level of performance by the subsidiaries in both countries was again honored by the customers. The Swiss and German subsidiaries each won “Best Distributor” awards in independent dealer surveys. In Switzerland, ALSO received a comprehensive logistics outsourcing contract from telecommunications provider Swisscom Mobile, which was successfully implemented within the year. This e-fulfillment solution also won the Logistics Innovation Prize awarded by the Swiss Forum for Logistics.

The core IT application already installed in Switzerland a year ago was installed in Germany without problem. The two national companies now therefore work with the same, efficient ERP (Enterprise Resource Planning) platform which is the prerequisite for successful execution of logistics projects.

Improved income in 2002
ALSO expects income to improve in 2002, even though it may be the third quarter of 2002 before there is a recovery in demand. The Distribution business will continue to focus on strengthening its income. Looking further ahead, the growing demand for logistics services, and the continuing trend to outsourcing of services by large companies, give ALSO confidence for the future.

Operational improvement in Systems business
After a good first quarter, European sales in the large-customer segment of the industry dropped sharply in the wake of a rapidly weakening economy. In response to the lower demand, ALSO realigned the structure of its Systems Division to the changed market situation in the second half of the year. It cut its workforce, streamlined the branch network, and permanently reduced other operating costs, with the objective of returning to profitability in the current year. In spite of the unfavorable market conditions, as well as the incidence of extraordinary cost for the restructuring, the operating loss diminished from CHF 32.6 million in the previous year to CHF 10.4 million. Reported net sales in 2001 were CHF 209 million (2000: CHF 217 million). The number of employees went down from 1012 to 747.
### Board of Directors Schindler Holding Ltd.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Address</th>
<th>Term of Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfred N. Schindler*</td>
<td>Chairman; Hergiswil, Switzerland</td>
<td>2002</td>
</tr>
<tr>
<td>Luc Bonnard*</td>
<td>Vice Chairman; Hergiswil, Switzerland</td>
<td>2002</td>
</tr>
<tr>
<td>Alfred Spörri*</td>
<td>Zug, Switzerland</td>
<td>2002</td>
</tr>
<tr>
<td>Prof. Dr. Dr. h.c. mult. Rolf Dubs</td>
<td>Professor emeritus at the University of St. Gallen;</td>
<td>2002</td>
</tr>
<tr>
<td>Walter G. Frehner</td>
<td>Riehen, Switzerland</td>
<td>2002</td>
</tr>
<tr>
<td>Dr. Hubertus von Grünberg</td>
<td>Chairman of the Executive Board of Continental</td>
<td>2002</td>
</tr>
<tr>
<td>Scott D. Miller**</td>
<td>Chairman, Hyatt Hotels Corporation; Chicago, USA</td>
<td></td>
</tr>
<tr>
<td>Dr. Jenö C. A. Staehelin</td>
<td>New York, USA</td>
<td>2002</td>
</tr>
<tr>
<td>Robert Studer</td>
<td>Schönenberg, Switzerland</td>
<td>2002</td>
</tr>
</tbody>
</table>

* Member of the Executive Committee of the Board
** Nominated to be elected at the Annual General Meeting of March 26, 2002
*** Ordinary General Meeting in the year 2002
Board of Directors Schindler Holding Ltd.
From l to r:
Dr. Hubertus von Grünberg,
Prof. Dr. Dr. h.c. mult. Rolf Dubs,
Robert Studer, Alfred Spärrli,
Alfred N. Schindler,
Walter G. Frehner, Luc Bonnard,
Dr. Jenö C. A. Staehelin
<table>
<thead>
<tr>
<th>Management Committee Elevators and Escalators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Peter J. Zbinden</strong></td>
</tr>
<tr>
<td><strong>David J. Bauhs</strong></td>
</tr>
<tr>
<td><strong>Miguel A. Rodríguez</strong></td>
</tr>
<tr>
<td><strong>Jürgen Tinggren</strong></td>
</tr>
<tr>
<td><strong>Heikki Poutanen</strong></td>
</tr>
<tr>
<td><strong>Jörgen Svenningsson</strong></td>
</tr>
<tr>
<td><strong>Brent Glendening</strong></td>
</tr>
<tr>
<td><strong>Erich Ammann</strong></td>
</tr>
<tr>
<td><strong>Dr. Rudolf W. Fischer</strong></td>
</tr>
</tbody>
</table>

Peter J. Zbinden  President
David J. Bauhs  Deputy to the President; Americas
Miguel A. Rodríguez  Europe
Jürgen Tinggren  Asia/Pacific
Heikki Poutanen  Eastern Europe/Middle East/India/Africa (EMIA)
Jörgen Svenningsson  Technology and Strategic Supply Management
Brent Glendening  Chief Information Technology (CIO)
Erich Ammann  Chief Financial Officer (CFO)
Dr. Rudolf W. Fischer  Human Resources and Training

* Reporting directly to a member of the Executive Committee of the Board
### Management Committee ALSO

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas C. Weissmann</td>
<td>President (CEO)</td>
</tr>
<tr>
<td>Jürgen Baumgartner</td>
<td>Finance (CFO)</td>
</tr>
<tr>
<td>Alberto Comolli</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Dr. Axel Keller</td>
<td>Distribution Germany</td>
</tr>
<tr>
<td>Marc Schnyder</td>
<td>Distribution Switzerland</td>
</tr>
<tr>
<td>Thomas Willenegger</td>
<td>Systems Business</td>
</tr>
<tr>
<td>Peter Zurbrügg</td>
<td>Information Technology (CIO)</td>
</tr>
</tbody>
</table>

Management Committee ALSO From l to r: Peter Zurbrügg, Jürgen Baumgartner, Alberto Comolli, Thomas C. Weissmann, Marc Schnyder, Dr. Axel Keller, Thomas Willenegger
Statutory auditors
The statutory auditors of the Schindler Group and Schindler Holding Ltd. are Ernst & Young Ltd. of Berne.

Nomination Committee
The procedure for electing candidates to the Board of Directors is for the Executive Committee of the Board, as Nomination Committee, to submit appropriate nominations to the complete Board of Directors. Each member also has the right to make appropriate nominations of his own. The Board of Directors makes the final decision regarding the nominations to be proposed to the General Meeting.

Compensation Committee
The function of the Compensation Committee is to review and approve the compensation of the Group’s topmost management. The entire Board of Directors decides on an annual basis whether, and to what extent, the top management shall be rewarded within the framework of the corporate stock and stock option plans.

The Compensation Committee, whose members have for many years been from outside the company, is unchanged and comprises Prof. Dr. Dr. h.c. mult. Rolf Dubs, formerly Rector of the University of St. Gallen, and Walter G. Frehner, formerly Chairman of the Board of Directors of the Swiss Bank Corporation.

Audit Committee
Within the scope of its supervision of the Management Committees (Swiss Code of Obligations, Art. 716a), the Executive Committee of the Board also exercises the function of an Audit Committee at board level. In this function it is supported by an Audit Committee. The chairman of this committee is Alfred Spörri, Member of the Executive Committee of the Board. Its other members are Professor Dr. Karl Hofstetter, General Counsel, and Peter Fraefel, a member of the management of Schindler Holding Ltd. The Audit Committee coordinates the controlling instruments of the Executive Committee of the Board, which are ultimately responsible to the Chairman of the Board. These are:
- Internal Audit
- Code of Conduct Compliance
- Technical Compliance

Internal Audit Team
The Internal Audit Team comprises a team of four specialists which in collaboration with the statutory auditors is responsible for the usual activities associated with its function. The Internal Audit Team is led by Gilberto Bezzola.

Compliance Officer
Code of Conduct
To audit and assure worldwide compliance with the Code of Conduct, which is binding for all employees in the Group, the Executive Committee of the Board has appointed Othmar Koch, lic. iur., as Compliance Officer. Within the scope of an annually approved Audit Plan, the role of the Compliance Officer is to audit compliance with the Code of Conduct which was introduced in 1998.
Compliance Officer
Technical Standards
To audit and assure compliance with technical and safety standards, the Executive Committee of the Board has appointed Giandomenico Dagnello, Dr. Ing., as Technical Compliance Officer.

Management of Schindler Holding Ltd.
The management of Schindler Holding Ltd. consists of Erich Ammann, Peter E. Fraefel, Prof. Dr. Karl H Hofstetter, Bernard Illi, Stephan Jud, Joachim Walker, and Dr. Henry Zheng.

Shareholding representation by the Board of Directors
On 31.12.2001, the Members of the Board of Directors represent in total 61.86% of the voting rights (465,236 registered shares) of the share capital of Schindler Holding Ltd. entered in the Register of Companies. This includes the 61.8% of the voting shares (465,236 registered shares) which the representatives of the stockholder retainer contract on the Board of Directors (Alfred N. Schindler, Luc Bonnard, and Dr. Jenö C. A. Staehelin) represent (see page 62 of this report or page 36 of the Financial Statements).

Board members’ fees
The members of the Board of Directors receive for their activities total fees of CHF 11 million (previous year CHF 11 million). In addition, the members of the Executive Committee of the Board and of the Management Committees receive a fixed salary plus performance-related remuneration customary for the industry. (See also page 36 of the Financial Statements.)

Meetings of the Board of Directors
In 2001 the Board of Directors held six meetings.

Severance Compensation
There are no agreements of any kind with members of the Executive Committee of the Board, or with members of the Management Committees, which provide for special severance compensation ("golden parachutes") in favor of these persons.

Dividend Policy
The dividend policy approved and communicated by the Board of Directors is profit-related and provides for a payout ratio in the range from 25 to 35% (see also page 60).

Shares not registered
On 31.12.2001, the number of shares which were not registered was 5.8% of the total number of shares of Schindler Holding Ltd.

Number of shareholders
At the end of 2001, shares were held by 3,159 shareholders.
### Balance sheet

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>2,847</td>
<td>2,978</td>
<td>3,335</td>
<td>3,381</td>
<td>3,436</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1,385</td>
<td>1,371</td>
<td>2,219</td>
<td>2,279</td>
<td>2,102</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,232</td>
<td>4,349</td>
<td>5,554</td>
<td>5,660</td>
<td>5,538</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>1,381</td>
<td>1,916</td>
<td>2,219</td>
<td>2,359</td>
<td>2,313</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,440</td>
<td>1,316</td>
<td>2,000</td>
<td>1,847</td>
<td>1,777</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,821</td>
<td>3,232</td>
<td>4,219</td>
<td>4,206</td>
<td>4,090</td>
</tr>
<tr>
<td>Minority interests</td>
<td>80</td>
<td>105</td>
<td>150</td>
<td>137</td>
<td>119</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1,331</td>
<td>1,012</td>
<td>1,185</td>
<td>1,317</td>
<td>1,329</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>4,232</td>
<td>4,349</td>
<td>5,554</td>
<td>5,660</td>
<td>5,538</td>
</tr>
</tbody>
</table>

* After restatement and in compliance with IAS
** As of 1999 in compliance with IAS

### Profit and loss statement

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>6,203</td>
<td>6,594</td>
<td>7,657</td>
<td>8,530</td>
<td>8,327</td>
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<tr>
<td>Operating expenses</td>
<td>5,970</td>
<td>6,343</td>
<td>7,275</td>
<td>8,108</td>
<td>7,843</td>
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<tr>
<td>Operating profit</td>
<td>233</td>
<td>251</td>
<td>382</td>
<td>422</td>
<td>484</td>
</tr>
<tr>
<td>Financing activities</td>
<td>-21</td>
<td>-17</td>
<td>-86</td>
<td>-53</td>
<td>-58</td>
</tr>
<tr>
<td>Investing activities</td>
<td>-</td>
<td>84</td>
<td>29</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Non-operating revenues/expenses</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>213</td>
<td>318</td>
<td>325</td>
<td>374</td>
<td>443</td>
</tr>
<tr>
<td>Taxes</td>
<td>70</td>
<td>73</td>
<td>67</td>
<td>71</td>
<td>46</td>
</tr>
<tr>
<td>Profit before minority interests</td>
<td>143</td>
<td>245</td>
<td>258</td>
<td>303</td>
<td>397</td>
</tr>
<tr>
<td>Minority interests</td>
<td>23</td>
<td>21</td>
<td>20</td>
<td>4</td>
<td>18</td>
</tr>
<tr>
<td>Net profit</td>
<td>120</td>
<td>224</td>
<td>238</td>
<td>299</td>
<td>379</td>
</tr>
</tbody>
</table>

* Classified according to IAS but not revalued
** As of 1999 in compliance with IAS

For complete information in compliance with IAS please refer to the Financial Statements.
### Cash flow statements

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>339</td>
<td>163</td>
<td>313</td>
<td>539</td>
<td>635</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>–94</td>
<td>–577</td>
<td>–694</td>
<td>–344</td>
<td>–94</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>125</td>
<td>–7</td>
<td>488</td>
<td>–146</td>
<td>–251</td>
</tr>
<tr>
<td>Translation exchange differences</td>
<td>–</td>
<td>–5</td>
<td>20</td>
<td>–10</td>
<td>–16</td>
</tr>
</tbody>
</table>

| Change in net cash                  | 370  | –426 | 127   | 39   | 274  |

*As of 1999 in compliance with IAS

For complete information in compliance with IAS please refer to the Financial Statements.
**Financial statements Schindler Holding Ltd.**

**Condensed**

### Balance sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>904</td>
<td>397</td>
<td>679</td>
<td>465</td>
<td>701</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>1,314</td>
<td>1,726</td>
<td>1,462</td>
<td>1,601</td>
<td>1,369</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,218</td>
<td>2,123</td>
<td>2,141</td>
<td>2,066</td>
<td>2,070</td>
</tr>
<tr>
<td><strong>Debentures</strong></td>
<td>350</td>
<td>350</td>
<td>800</td>
<td>785</td>
<td>785</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>401</td>
<td>239</td>
<td>229</td>
<td>208</td>
<td>210</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>751</td>
<td>589</td>
<td>1,029</td>
<td>993</td>
<td>995</td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td>76</td>
<td>76</td>
<td>76</td>
<td>64</td>
<td>38</td>
</tr>
<tr>
<td><strong>Bearer participation capital</strong></td>
<td>61</td>
<td>61</td>
<td>61</td>
<td>50</td>
<td>29</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>1,246</td>
<td>1,306</td>
<td>880</td>
<td>855</td>
<td>893</td>
</tr>
<tr>
<td><strong>Net profit for the year</strong></td>
<td>84</td>
<td>91</td>
<td>95</td>
<td>104</td>
<td>115</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>1,467</td>
<td>1,534</td>
<td>1,112*</td>
<td>1,073</td>
<td>1,075</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>2,218</td>
<td>2,123</td>
<td>2,141</td>
<td>2,066</td>
<td>2,070</td>
</tr>
</tbody>
</table>

*After extraordinary adjustment of investments in subsidiaries via elimination of other reserves (CHF 457 million)*

### Profit and loss statement

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income from subsidiaries</strong></td>
<td>103</td>
<td>115</td>
<td>179</td>
<td>201</td>
<td>225</td>
</tr>
<tr>
<td><strong>Other revenue</strong></td>
<td>57</td>
<td>124</td>
<td>37</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>160</td>
<td>239</td>
<td>216</td>
<td>235</td>
<td>264</td>
</tr>
<tr>
<td><strong>Depreciation and adjustments</strong></td>
<td>33</td>
<td>97</td>
<td>57</td>
<td>85</td>
<td>108</td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td>43</td>
<td>51</td>
<td>64</td>
<td>46</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>76</td>
<td>148</td>
<td>121</td>
<td>131</td>
<td>149</td>
</tr>
<tr>
<td><strong>Net profit for the year</strong></td>
<td>84</td>
<td>91</td>
<td>95</td>
<td>104</td>
<td>115</td>
</tr>
</tbody>
</table>

### Dividend payment

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Registered shares</strong></td>
<td>23</td>
<td>35</td>
<td>35</td>
<td>38</td>
<td>38*</td>
</tr>
<tr>
<td><strong>Bearer participation certificates</strong></td>
<td>18</td>
<td>27</td>
<td>27</td>
<td>29</td>
<td>29*</td>
</tr>
<tr>
<td><strong>Total dividend payment</strong></td>
<td>41</td>
<td>62</td>
<td>62</td>
<td>67</td>
<td>67*</td>
</tr>
</tbody>
</table>

*Proposal by the Board of Directors*
### Information for shareholders

#### Charts

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>In million CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Orders received | 6 362 | 6 604 | 7 695 | 8 750 | 8 426 |
Operating revenue | 6 203 | 6 594 | 7 657 | 8 530 | 8 327 |
EBITDA | 387 | 451 | 532 | 624 | 680 |
| in % | 6.2 | 6.8 | 6.9 | 7.3 | 8.2 |
EBIT | 233 | 251 | 382 | 422 | 484 |
| in % | 3.8 | 3.8 | 5.0 | 4.9 | 5.8 |

Net income from financing and investing activities

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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxes</td>
<td>213</td>
<td>318</td>
<td>325</td>
<td>374</td>
<td>443</td>
</tr>
</tbody>
</table>
Profit before minority interests | 143 | 245 | 258 | 303 | 397 |
| in % | 2.3 | 3.7 | 3.4 | 3.6 | 4.8 |

Net profit | 120 | 224 | 238 | 299 | 379 |
Cash flow | 287 | 394 | 329 | 417 | 555 |
Capital expenditure | 140 | 177 | 158 | 157 | 122 |
Order backlog | 3 515 | 2 954 | 3 689 | 3 713 | 4 039 |
Personnel at year-end | 38 100 | 38 574 | 43 654 | 43 334 | 41 524 |

<table>
<thead>
<tr>
<th><strong>Shareholders’ equity</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio</td>
<td>31.4</td>
<td>23.3</td>
<td>21.3</td>
<td>23.3</td>
<td>24.0</td>
</tr>
<tr>
<td>Equity ratio incl. minority interests in %</td>
<td>33.3</td>
<td>25.7</td>
<td>24.0</td>
<td>25.7</td>
<td>26.1</td>
</tr>
</tbody>
</table>

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</tr>
</thead>
<tbody>
<tr>
<td><strong>In million CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Orders received | 5 486 | 5 325 | 6 028 | 6 852 | 6 658 |
Operating revenue | 5 333 | 5 324 | 5 996 | 6 669 | 6 601 |
EBITDA | 371 | 427 | 482 | 612 | 654 |
| in % | 7.0 | 8.0 | 8.0 | 9.2 | 9.9 |
EBIT | 225 | 236 | 342 | 422 | 471 |
| in % | 4.2 | 4.4 | 5.7 | 6.3 | 7.1 |

Personnel at year-end | 37 473 | 37 543 | 42 140 | 41 763 | 40 169 |

---

* Balance sheet positions after restatement and in compliance with IAS ** As of 1999 in compliance with IAS

1. EBITDA: Operating profit and depreciation/amortization
2. EBIT: Operating profit
3. Adjusted for minority interests in years 1997 and 1998
4. Cash flow: Net profit before minorities and depreciation/amortization +/- change of provision
5. See Financial Statements, page 28, note 22, effect of deferred taxes
Orders received

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>876</td>
<td>1 279</td>
<td>1 667</td>
<td>1 898</td>
<td>1 768</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>870</td>
<td>1 270</td>
<td>1 661</td>
<td>1 861</td>
<td>1 726</td>
</tr>
<tr>
<td>EBITDA 1</td>
<td>23</td>
<td>40</td>
<td>46</td>
<td>18</td>
<td>33</td>
</tr>
<tr>
<td>EBIT 2</td>
<td>16</td>
<td>31</td>
<td>36</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Personnel at year-end</td>
<td>627</td>
<td>1 031</td>
<td>1 514</td>
<td>1 571</td>
<td>1 355</td>
</tr>
</tbody>
</table>

* Balance sheet positions after restatement and in compliance with IAS
** As of 1999 in compliance with IAS
1 EBITDA: Operating profit and depreciation/amortization
2 EBIT: Operating profit

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>76</td>
<td>76</td>
<td>76</td>
<td>64</td>
<td>38</td>
</tr>
<tr>
<td>Bearer participation capital</td>
<td>61</td>
<td>61</td>
<td>61</td>
<td>50</td>
<td>29</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>1 467</td>
<td>1 534</td>
<td>1 112*</td>
<td>1 073</td>
<td>1 075</td>
</tr>
<tr>
<td>Debentures</td>
<td>350</td>
<td>350</td>
<td>800</td>
<td>785</td>
<td>785</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>84</td>
<td>91</td>
<td>95</td>
<td>104</td>
<td>115</td>
</tr>
<tr>
<td>Dividend payment</td>
<td>41</td>
<td>62</td>
<td>62</td>
<td>67</td>
<td>67**</td>
</tr>
</tbody>
</table>

* After extraordinary adjustment of investments in subsidiaries via elimination of other reserves (CHF 457 million)
** Proposal by the Board of Directors

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 the 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.

For complete information in compliance with IAS please refer to the Financial Statements.
EBITDA, EBIT, net profit

As % of operating revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>1,5</td>
<td>1,5</td>
<td>1,5</td>
</tr>
<tr>
<td>1998</td>
<td>2,0</td>
<td>2,0</td>
<td>2,0</td>
</tr>
<tr>
<td>1999</td>
<td>2,5</td>
<td>2,5</td>
<td>2,5</td>
</tr>
<tr>
<td>2000</td>
<td>3,0</td>
<td>3,0</td>
<td>3,0</td>
</tr>
<tr>
<td>2001</td>
<td>3,5</td>
<td>3,5</td>
<td>3,5</td>
</tr>
</tbody>
</table>

Cashflow

In million CHF

<table>
<thead>
<tr>
<th>Year</th>
<th>Cashflow</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>150</td>
</tr>
<tr>
<td>1998</td>
<td>150</td>
</tr>
<tr>
<td>1999</td>
<td>175</td>
</tr>
<tr>
<td>2000</td>
<td>200</td>
</tr>
<tr>
<td>2001</td>
<td>225</td>
</tr>
</tbody>
</table>

Capital expenditure

In million CHF

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>140</td>
</tr>
<tr>
<td>1998</td>
<td>177</td>
</tr>
<tr>
<td>1999</td>
<td>158</td>
</tr>
<tr>
<td>2000</td>
<td>167</td>
</tr>
<tr>
<td>2001</td>
<td>122</td>
</tr>
</tbody>
</table>
Operating revenue by product group

In million CHF

Elevators & Escalators
ALSO
Rolling stock

Total

Orders received by product group

In million CHF

Elevators & Escalators
ALSO
Rolling stock

Total

* Incl. other products
** As of 1998 included in Elevators & Escalators

Invoiced sales 2001 by market
Elevators & Escalators

Switzerland 8%
EU Countries 37%
Rest of Europe 3%
Americas 36%
Asia, Australia, Africa 16%

Invoiced sales 2001 by market
ALSO

Switzerland 65%
Germany 35%
Personnel at end of year

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>38,100</td>
</tr>
<tr>
<td>1998</td>
<td>39,657</td>
</tr>
<tr>
<td>1999</td>
<td>43,366</td>
</tr>
<tr>
<td>2000</td>
<td>43,334</td>
</tr>
<tr>
<td>2001</td>
<td>41,524</td>
</tr>
</tbody>
</table>

Personnel 2001 by sector

- Production: 18%
- Installation and maintenance: 59%
- Engineering, Sales, Administration, ALSO: 23%

The chart illustrates the personnel numbers at the end of each year from 1997 to 2001, with a significant increase from 1998 onwards. The pie chart shows the distribution of personnel by sector for the year 2001, with the largest portion in the Installation and maintenance sector.
Personnel 2001
Elevators & Escalators

By region, total 40,169

- Switzerland: 3,875 (9.6%)
- EU Countries: 14,821 (36.2%)
- Rest of Europe: 1,546 (3.9%)
- Americas: 13,433 (33.4%)
- Asia, Australia, Africa: 6,784 (16.9%)

Personnel 2001
ALSO

By country, total 1,355

- Switzerland: 1,149 (84.8%)
- Germany: 206 (15.2%)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>88</td>
<td>164</td>
<td>174</td>
<td>222</td>
<td>282</td>
</tr>
<tr>
<td>Cash flow</td>
<td>210</td>
<td>288</td>
<td>240</td>
<td>310</td>
<td>413</td>
</tr>
<tr>
<td>Shareholders’ equity at year-end</td>
<td>973</td>
<td>753</td>
<td>894</td>
<td>992</td>
<td>1 047</td>
</tr>
<tr>
<td>Gross dividend</td>
<td>30</td>
<td>45</td>
<td>45</td>
<td>50</td>
<td>50***</td>
</tr>
<tr>
<td>Pay-out ratio</td>
<td>%</td>
<td>34.2</td>
<td>27.5</td>
<td>25.9</td>
<td>22.5</td>
</tr>
<tr>
<td>Market capitalization (in million)</td>
<td>2 119</td>
<td>3 118</td>
<td>3 490</td>
<td>3 402</td>
<td>3 208</td>
</tr>
</tbody>
</table>

* Shareholders’ equity after IAS restatement  
** As of 1999 in compliance with IAS  
*** Proposal by the Board of Directors

<table>
<thead>
<tr>
<th>Registered shares</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of shares outstanding</td>
<td>763 066</td>
<td>763 066</td>
<td>763 066</td>
<td>752 866</td>
<td>752 866</td>
</tr>
<tr>
<td>Thereof in treasury stock</td>
<td>5 890</td>
<td>20 170</td>
<td>27 040</td>
<td>16 790</td>
<td>32 561</td>
</tr>
<tr>
<td>Nominal value</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>85</td>
<td>50</td>
</tr>
<tr>
<td>Price high</td>
<td>2 130</td>
<td>2 730</td>
<td>2 600</td>
<td>2 995</td>
<td>2 801</td>
</tr>
<tr>
<td>Price low</td>
<td>1 300</td>
<td>1 530</td>
<td>2 060</td>
<td>2 320</td>
<td>2 000</td>
</tr>
<tr>
<td>Price year-end</td>
<td>1 569</td>
<td>2 340</td>
<td>2 550</td>
<td>2 549</td>
<td>2 380</td>
</tr>
<tr>
<td>P/E ratio December 31</td>
<td>17.8 ×</td>
<td>14.3 ×</td>
<td>14.7 ×</td>
<td>11.5 ×</td>
<td>8.4 ×</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bearer participation certificates</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of certificates outstanding</td>
<td>605 425</td>
<td>605 425</td>
<td>605 425</td>
<td>592 424</td>
<td>592 424</td>
</tr>
<tr>
<td>Thereof in treasury stock</td>
<td>60 280</td>
<td>4 004</td>
<td>15 444</td>
<td>1 410</td>
<td>42 880</td>
</tr>
<tr>
<td>Nominal value</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>85</td>
<td>50</td>
</tr>
<tr>
<td>Price high</td>
<td>2 000</td>
<td>2 710</td>
<td>2 620</td>
<td>2 925</td>
<td>2 700</td>
</tr>
<tr>
<td>Price low</td>
<td>1 370</td>
<td>1 209</td>
<td>2 050</td>
<td>2 320</td>
<td>2 050</td>
</tr>
<tr>
<td>Price year-end</td>
<td>1 522</td>
<td>2 200</td>
<td>2 550</td>
<td>2 503</td>
<td>2 390</td>
</tr>
<tr>
<td>P/E ratio December 31</td>
<td>17.3 ×</td>
<td>13.4 ×</td>
<td>14.7 ×</td>
<td>11.3 ×</td>
<td>8.5 ×</td>
</tr>
</tbody>
</table>
Market capitalization

In billion CHF

Net profit per registered share

In CHF

Dividends per registered and bearer participation certificate

In CHF

*Proposal by the Board of Directors
Significant shareholders

According to information published under stock exchange law, the Schindler and Bonnard families hold within the scope of a stockholder retainer contract 61.8% of the voting rights (465,236 registered shares) of the share capital of Schindler Holding Ltd. entered in the Register of Companies.

A further aspect of the shareholding structure is that other persons who have a close relationship to the parties to the stockholder retainer contract hold, together with these, more than two thirds of the voting rights. These other persons are not bound by a stockholder retainer contract. The voting rights held by shareholders who are not bound by a stockholder retainer contract are in each case less than 3%.

Ordinary General Meeting

Monday, March 26, 2002, 4.30 pm at the Kultur- und Kongresszentrum Luzern, Europaplatz 1, CH-6005 Lucerne, Switzerland

Registered shares are traded on the Swiss Exchange. Bearer participation certificates are traded on the Swiss, Berlin and Frankfurt Exchanges. 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.

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Trading

<table>
<thead>
<tr>
<th>Registered share</th>
<th>Bearer participation certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomberg</td>
<td>SCHN</td>
</tr>
<tr>
<td>Reuters</td>
<td>SCH2n</td>
</tr>
<tr>
<td>Valor</td>
<td>227,618</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Registered share</th>
<th>Bearer participation certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomberg</td>
<td>SCHP</td>
</tr>
<tr>
<td>Reuters</td>
<td>SCH2p</td>
</tr>
<tr>
<td>Valor</td>
<td>227,617</td>
</tr>
</tbody>
</table>

Developments on the fringe of the revitalized ABB industrial site include the Regina-Kägi-Hof residential complex with 12 SchindlerSmart MRL 002 elevators; Zurich-Oerlikon, Switzerland
The Activity Report for 2000 contained the first report by the Schindler Group on its environmental performance in the elevator and escalator business, and described its strategy for continuous and sustainable reduction of its environmental burden. As well as an article each year in the Annual Report, it is planned to issue a separate special report on environmental issues every five years.

The strategy is based on the findings of a comprehensive life-cycle analysis (LCA) for standard elevators in which all phases of their life cycle – development, raw material procurement, production, packaging and transportation, utilization, maintenance, and disposal – were evaluated. The LCA demonstrated that the energy consumed by an elevator during operation and standby makes up no less than two thirds of its total environmental burden during its life cycle. In view of these findings, Schindler is concentrating its efforts on the product development process, and within that process primarily on reducing the environmental impact during the three phases of utilization, raw material procurement, and final disposal. The Schindler EuroLift is an illustrative example of this approach.

**Eco-performance of the Schindler EuroLift**

Launched in the reporting year, the Schindler EuroLift stands comparison with any other elevator of its class, especially as regards environmental performance. It requires no machine room, its permanent magnet drive uses no oil, since it has no gears, and its components are lighter in weight than those of its comparable predecessor. But how environment-friendly is the Schindler EuroLift in reality? To obtain a well-founded answer to this question, the two phases of greatest environmental relevance – utilization and raw materials procurement – were systematically evaluated.

**Elevator utilization**

The energy consumption of the two elevator types was determined both during operation and while on standby for typical traffic conditions over a service life of 20 years. Result: The steel-rope version of the Schindler EuroLift consumes about 30% less energy, and the aramid rope version even as much as 50% less energy, than their corresponding forerunners for the same transportation performance. This not only relieves the environment, but also cuts the customer’s electricity costs during the entire service life of the elevator. The Schindler EuroLift is one example of how ecological customer benefits have been improved by innovation.

---

**Energy consumption with steel ropes**

- **20 years, 1000 kg, 1.6 m/s, 18 m (7 stops), 450,000 trips/year**
  - **Operation**: 61%  
  - **Standby**: 46%  
  - **Total**: 39%  

**Energy consumption with aramid ropes**

- **20 years, 1600 kg, 1.6 m/s, 25 m (9 stops), 450,000 trips/year**
  - **Operation**: 50%  
  - **Standby**: 37%  
  - **Total**: 50%
Materials procurement
The raw materials used for the two elevator types were also determined and evaluated according to weight and type of material: the materials needed for installation were determined analytically, while spare parts material was estimated by experts, based on a service life of 20 years.

Result: The total weight (installation material and spare parts) of the SchindlerEuroLift is significantly lower than that of the earlier product. This means lower costs for materials and manufacturing, as well as a reduced environmental burden due to transportation and packaging.

Environmental impact
The potential environmental impact of raw materials procurement and energy consumption was measured according to the method of ecological scarcity defined by the Swiss Agency for the Environment, Forests, and Landscape (SAFEL) in environmental pollution points (UBP 97) and eco-indicator points (EIP 95).

Result: The cumulative environmental burden of the various components arising from materials procurement and energy consumption is much lower (approximately 20% in UBP) for the SchindlerEuroLift than for the previous product, the same result being obtained by both methods. For the Schindler EuroLift with aramid ropes, a reduction in environmental burden relative to its predecessor of as much as 40% (UBP) was determined. This provides quantitative proof of the benefit of Schindler’s endeavors to continuously improve the environmental performance of its products from one generation to the next.
Where ecological product characteristics are conceived

Strictly speaking, products are only indirect causes of environmental damage, because they are developed and produced by human beings. This applies equally to elevators and escalators. It is engineers and designers who specify the function, form, and materials of elevators, based on market requirements, and thereby also determine their technical, economic, and ecological characteristics. Many of the processes that occur during the product life cycle, as well as more than 80% of the associated costs and environmental effects, are already anticipated and finally determined in the development phase. Because of this, Schindler focuses its efforts on developing ecological products, and in the Corporate Research & Development / Strategic Procurement area works with an environmental management system certified to ISO 14001. However, within this framework, permanently conflicting goals relating to environmental compatibility, safety, reliability, customer wishes, legal requirements, standards, and competitiveness have to be resolved, and compromises found.

Ecological leverage

In addition to the knowledge gained from the LCA, it is also instructive to consider the ecological leverage effect of improvement measures as a means of highlighting the ecological focus of a product. This means comparing the potential benefits of measures to improve eco-efficiency at the customer end (utilization or product ecology) with those at the manufacturing end (production ecology). Where do investments have the greatest ecological benefit – in the product itself, or in the production processes and the operating environment?

In 2000, the companies of the Schindler Group worldwide spent CHF 25 million on electricity, gas, and water for manufacturing and installing elevators. In the same year, the electricity consumed in operating the elevators Schindler maintains around the world was estimated to cost CHF 500 million. The ratio between these two cost amounts is 20. This value highlights the dominant long-term leverage effect of product development, rather than manufacturing, in an environmentally optimized product. (For more about this, see Innovation 2001 on page 12.) This leverage effect is confirmed by the findings of the LCA (see Environmental Report 2000). The LCA indicates a ratio of 9 between the environmental burden in the utilization phase, and that in the manufacturing phase.

Because elevators and escalators are products with long lives, more efficient product lines only gradually improve the overall environmental performance of the total population of installations, and the effect at the global level is difficult to determine. The crucial factor for achieving improvement is the rate at which old installations are replaced by new, more ecologically efficient, systems and components.

More efficient elevator drives

The amount of energy consumed by an elevator is trip-dependent and is largely determined by its drive system. Electromechanical drives have gone through a phase of rapid development, each step of which has contributed to improving their eco-efficiency. Single-speed drives, which are characterized by a jerk when stopping, are now only found in older buildings. They were followed by two-speed AC drives, and subsequently by partially regulated drives. Parallel to this, direct current drives were developed, which make higher speeds possible and have a high efficiency coefficient. Along with the further development of micro- and power electronics came frequency-regulated drives, which cover the entire range of speeds and loads. Almost all new drives today are frequency regulated. They allow the energy released during braking to be recuperated into the power supply. (For more about recuperation, see page 68 of the Activity Report 2000.) If rope traction elevators also make use of new technologies such as planetary gears, or even drives with no gears at all, further optimization effects can be achieved.
Environmental endeavors in Austria, Hong Kong and Malaysia

Although the focus is on ecological product development, endeavors toward environmental improvement are also being pursued locally at the Group companies and factories. Examples are Schindler Lifts (Hong Kong) Limited and Antah Schindler Malaysia Sdn Bhd, which both introduced environmental concepts during the reporting year. And in Austria, Schindler Elevator and Escalator AG was awarded the Ecoprofit Certificate 2001, a state environment certificate which attests the company’s implementation of a continuous and successful environmental management system.
Important addresses

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The original German language version is binding. English, French, and Spanish translations of the Activity Report are also available. The Financial Statements is published in German and English only.
“Modern accounting rules are like dynamite. In the wrong hands…”
Alfred N. Schindler

Artist: Patrick Bucher