Schiphol Group Annual Report 2008

Creating AirportCities

Schiphol Group

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Turkish Airlines Accident

On 25 February 2009, a tragic accident took place near Amsterdam Airport Schiphol during the attempted landing of Turkish Airlines flight TK 1951, resulting in nine deaths and over eighty injuries, many of them serious. The aircraft crashed several hundred metres before reaching the runway and broke into three pieces. The relevant agencies are currently conducting an investigation into the cause of this crash.

We wish to express our deepest condolences to the victims, their families and friends.

In addition, we would like to express our appreciation for the efforts of all those who were involved in the relief operation.

We understand that the accident has raised safety concerns with local residents and will continue the dialogue with local parties to resolve them.

The Management Board

Contents

Financial figures

Revenue
EUR million

2008		**1,154**
2007		1,146

EBITDA
EUR million

2008		**466**
2007		594

Operating Result
EUR million

2008		**294**
2007		420

RONA after tax

2008		**5.6%**
2007		9.2%

Earnings per share in EUR

2008	**1,083**
2007	1,844
2006	1,273 + 1,804
2005	1,126
2004	939

Opening balance sheet for tax purposes

Dividend per share in EUR

2008	proposal	**371**
2007		543
2006		462
2005		323
2004		271

Investments in fixed assets and cash flow from operating activities
EUR million

	Investments	Cash flow
2008	350	421
2007	375	313
2006	260	362
2005	268	307
2004	293	327

Investments
Cash flow

Key figures*

EUR million unless stated otherwise	2008	2007	
Results			
Revenue	1,154	1,146	0.7%
Fair value gains on investment property	19	112	- 82.9%
Operating expenses	881	841	4.8%
Operating result	294	420	- 29.9%
Result before tax	251	395	- 36.6%
Net result excluding fair value gains on investment property	173	233	- 25.8%
Net result (attributable to shareholders)	187	316	- 40.8%
Depreciation, amortisation and impairment	172	175	- 1.4%
Cash flow from operating activities	421	313	34.2%
Balance Sheet			
Total assets	5,409	4,287	26.2%
Shareholders' equity	2,887	2,957	- 2.4%
Average non-current assets (excl. deferred tax asset)	4,142	3,554	16.5%
Ratios			
Return on equity	6.4%	11.1%	
Leverage	38.6%	23.5%	
FFO / total debt	19.3%	34.3%	
FFO interest coverage ratio	6.5x	7.7x	
Personnel			
Average effective workforce in full-time equivalents	2,506	2,459	1.9%

** Refer to glossary for definitions of the ratios and abbreviations.*

Traffic Volume

Amsterdam Airport Schiphol, Rotterdam Airport & Eindhoven Airport combined

Passengers
x 1,000

2008	**50,074**
2007	50,432
2006	48,287
2005	46,152
2004	44,370

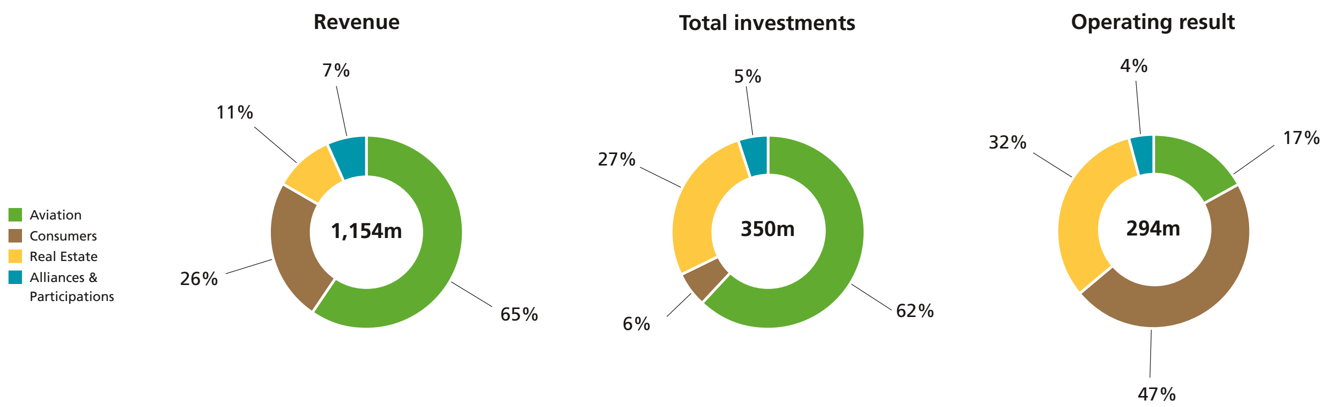
Cargo
tonnes

2008	**1,567,727**
2007	1,610,282
2006	1,526,516
2005	1,449,872
2004	1,421,066

Air transport movements

2008	**458,050**
2007	465,686
2006	450,166
2005	430,566
2004	431,456

Business Area information



Aviation
RONA after tax

2008	**2.0%**
2007	3.9%

Real Estate
RONA after tax

2008	**4.9%**
2007	10.0%

Consumers
RONA after tax

2008	**41.6%**
2007	45.9%

Alliances & Participations
RONA after tax

2008	**4.1%**
2007	9.8%

Schiphol Group locations

1 Amsterdam Airport Schiphol
2 Rotterdam Airport
3 Eindhoven Airport
4 Airport Lelystad

1 Retail Joint Venture - Arlanda Stockholm
2 Shareholder - Vienna International Airport
3 Real Estate - Avioport Milan Malpensa
3 Real Estate - Villa Carmen Milan Malpensa
4 Shareholder - Aéroports de Paris

1 Shareholder - Brisbane Airport
2 Shareholder - JFK International Terminal 4
3 Joint Venture - Angkasa Pura Schiphol Jakarta Indonesia
3 "Saphire" programme, Indonesia
4 Real Estate - Tradeport Hong Kong
5 Management contract - Aruba Airport
6 Management contract - Guangzhou Baiyun International Airport

Important Events in 2008

Alliance with Aéroports de Paris
On 1 December, we entered into a collaboration with Aéroports de Paris S.A. (AdP) in order to create a leading global airport alliance. To reinforce our mutual commitment to the alliance, AdP and Schiphol group entered into an 8% cross-shareholding agreement. This alliance is expected to significantly benefit the core activities of both companies, as well as our competitive position relative to other airports in Europe and the Middle East.

Alders Platform recommendation regarding growth in the period until 2020
On 1 October, the Alders Platform made a recommendation to the government regarding the controlled, selective growth of Amsterdam Airport Schiphol until 2020. This integrated recommendation, set out in three voluntary agreements, is based on the premise that Amsterdam Airport Schiphol may expand to 580,000 air transport movements in 2020, of which a total of 70,000 non-mainport-specific flights will be accommodated at regional airports. An experiment will also be conducted to assess a new noise measurement and enforcement system. The government approved the recommendation on 10 October and will include it in the Aviation Policy Document to be issued in early 2009.

Government adopts plans to earmark area for parallel Runway 06-24
In order to keep all options open with regard to the future realisation of a parallel Runway 06-24 at Amsterdam Airport Schiphol, the government announced in April that it will apply the Spatial Planning Act to prevent any undesirable spatial developments within the area in question. This measure proved necessary when provincial authorities in North Holland refused to renew the spatial planning earmark for a parallel Runway 06-24, which expired on 1 April.

Less growth due to introduction of Air Passenger Tax
On 1 July 2008 the government introduced a tax on all passengers departing from Dutch airports. The amount was set at EUR 11.25 for flights within the EU and various Mediterranean countries, and EUR 45.00 for other destinations. The tax immediately had a negative effect on the growth of air traffic from Amsterdam Airport Schiphol, as many passengers began to use airports in Germany and Belgium. This negative trend was further reinforced in subsequent months as a result of the global financial and economic crisis. In October, Prime Minister Balkenende provided assurances that the introduction of a European Emissions Trading Scheme for the aviation sector should not be allowed to result in an accumulation of costs which would put Amsterdam Airport Schiphol at a competitive disadvantage.

Payment of super dividend
On 17 April, the shareholders of Schiphol Group agreed to our proposal regarding the payment of a super dividend of EUR 500 million in 2008 and – subject to certain strict conditions – the payment of a second super dividend of up to EUR 500 million in 2009. In late September EUR 500 million was paid out.

Successful bond issue
Despite the major problems affecting the financial markets, we succeeded in November in placing a Eurobond of EUR 700 million maturing on 23 January 2014 under our existing Euro Medium Term Note (EMTN) programme. The proceeds will help meet part of our longer-term financial requirements and was also used to finance the first tranche of the super dividend payment and part of the participation in Aéroports de Paris.
In December we re-opened the 2014 Eurobond and issued EUR 100 million in additional bonds.

Signing of the cooperation agreement between Aéroports de Paris and Schiphol Group by former President & CEO Gerlach Cerfontaine and the President & CEO of AdP, Pierre Graff (right)

More stringent access control
1 July saw the introduction of additional European security measures at Amsterdam Airport Schiphol. These measures are intended to ensure that passengers cannot come into contact with personnel or goods that have not been screened, once they have passed through the security check. To this end, special checkpoints have been created at various locations in order to screen all persons and vehicles entering the apron area.

Further elaboration of climate plan
In an effort to further elaborate the 2007 Climate Plan for Amsterdam Airport Schiphol, we formulated the Sustainable Mobility Perspective and the Energy Blueprint in 2008. These documents provide a more specific rundown of our plans to realise the Climate Plan objectives.

25th Business Traveller Award
In September, British business travellers voted Amsterdam Schiphol Airport winner of the Business Traveller Award in the ‘Best Airport in Europe’ category for the 25th time since 1980. Other nominees in this category were the airports in Munich, Zurich and Copenhagen.

Schiphol Group at a glance

Mission

We aim to rank among the world's leading airport companies. We create sustainable value for our stakeholders by developing AirportCities and positioning Amsterdam Airport Schiphol as most preffered airport in Europe, a highly efficient air, rail and road transport hub offering visitors and local businesses all the services they require on a 24/7 basis.

Profile

Schiphol Group is an airport operator, specialized in the operation of AirportCities. A prime example of an AirportCity is Amsterdam Airport Schiphol, Europe's fifth largest airport in terms of passenger numbers and third largest in terms of cargo. In addition to our Dutch operations (Amsterdam Airport Schiphol, Rotterdam Airport, Eindhoven Airport and Lelystad Airport), we have subsidiaries active in the United States, Australia, Italy, Indonesia, Aruba, China and Sweden and own a strategic 8% share in Aéroports de Paris (AdP) and vice versa since 1 December 2008.

Schiphol Group is organised and operated as a commercial enterprise with a socio-economic function which strives to continuously enhance its professionalism and entrepreneurial drive. These qualities are necessary for continued success in the competitive aviation industry, access to capital markets and to make it easier to attract and retain talented employees.

In 2008, net turnover totalled EUR 1,154 million, with a net result of EUR 187 million. Shareholders equity at year-end 2008 amounted to EUR 2,887 million.

Aviation

The Aviation business area operates solely at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates charges.

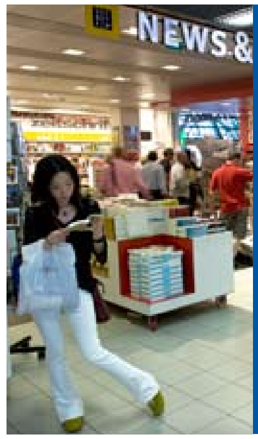
Sources of revenue: airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies in exchange for the right to provide aircraft refuelling services).

Revenue

EUR 640 million
(-2% vs '07)

Operating result

EUR 51 million
(-46% vs '07)



Consumers

The activities of the Consumers business area comprise the operation of shops and car parks, the granting and management of concessions for shops and food service outlets, and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The Consumers business area also has activities outside the Netherlands, including the operation of retail outlets via management contracts.

Sources of revenue: retail sales, parking charges, concession fees, advertising and management fees.

Revenue

EUR 302 million
(+0% vs '07)

Operating result

EUR 138 million
(-6% vs '07)

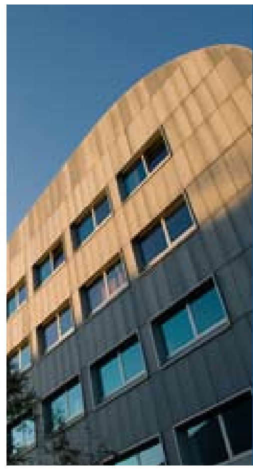
* *NV Luchthaven Schiphol operates under the trade name Schiphol Group.*
All references to Schiphol Group in this report also pertain to the company's subsidiaries and joint ventures, barring any explicit indications or contextual information to the contrary

Activities

The operation of airports and development of AirportCities involves three inseparably linked business areas: Aviation, Consumers and Real Estate. The integrated activities of Aviation, Consumers and Real Estate are at the core of the AirportCity formula. This formula is not only applied to Amsterdam Airport Schiphol but also – either comprehensively or partially – to other airports by the Alliances & Participations business area.
Our aim is to create sustainable value for our stakeholders by developing AirportCities and positioning Amsterdam Airport Schiphol as the world's leading AirportCity. Amsterdam Airport Schiphol is an important contributor to the Dutch economy. It serves as one of the home bases from which Air France-KLM and its SkyTeam partners fly to their European and intercontinental destinations. Amsterdam Airport Schiphol offers a high-quality network, serving 262 destinations.
We aim to conduct our activities in a sustainable manner, thus allowing us to retain our 'license to operate'. We have developed various plans to this end such as the Climate Plan for Amsterdam Airport Schiphol, elaborated in the Sustainable Mobility Perspective and the Energy Blueprint.
Our revenue is almost entirely made up of airport charges, retail sales, concession fees, rents, leases and parking fees.

Stakeholders

Schiphol Group has many stakeholders, whose interests may be highly diverse. These stakeholders include the government and municipalities in their capacity as shareholders, legislator and regulator, Aéroports de Paris as new shareholder, the airlines, passengers and other airport users, local communities and municipal authorities, employees and investors. The need to facilitate this broad array of interests makes our work both challenging and complicated.



Real Estate

The Real Estate business area develops, manages, operates and invests in real estate at and around airports at home and abroad. The greater part of the portfolio, comprising both airport buildings and commercial properties, is located at and around Amsterdam Airport Schiphol.

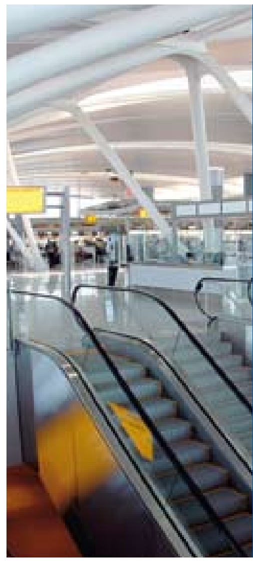
Sources of revenue: income from the development and lease of premises and buildings. The business area also contributes significantly to Schiphol Group results through other sources of property-related revenue (results from sales, fair value gains or losses on property and the lease of land).

Revenue

EUR 135 million
(+9% vs '07)

Operating result

EUR 93 million
(-46% vs '07)



Alliances & Participations

The Alliances & Participations business area is responsible for the international rollout of the AirportCity formula. Alliances & Participations comprises Schiphol Group's interests in domestic and foreign airports, other investments and Utilities.

Sources of revenue: consist mainly of airport charges and parking fees. The foreign airports contribute to the group result through performance fees and dividends accounted for as results of associates, interest on loans and intellectual property fees. The Utility activities generate revenue from the transport of electricity and gas and the supply of water. Due to application of the equity accounting method, changes in the fair value of investments are not reflected in the results.

Revenue

EUR 77 million
(+9% vs '07)

Operating result

EUR 12 million
(+28% vs '07)

Foreword

The world around our airports is rapidly changing. Whereas in the past annual growth could be assumed automatically, today this is no longer true. Competition with other main ports is growing year by year, while new airports and aircraft types are increasing competition, both in the intercontinental arena and at the periphery of our catchment area. The bitter economic headwind that blew across to Europe after the summer of 2008, combined with the Air Passenger Tax, has resulted in a nearly 1% drop in the number of passengers in this reporting year compared with 2007. Cargo transport declined by 2.6%, while the total number of air transport movements dropped by 1.8%. Predictions for 2009 include a significant decline of 6-10% in passenger volumes and air transport movements and of approximately 15% in cargo volumes. Naturally this will impact our consumer and real estate activities as well. Based on current assumptions, we anticipate little to no recovery in the market over the next two to three years.

These developments require us to adjust and fine tune our strategy. However, these are not the only reasons. Amsterdam Airport Schiphol is pricing itself out of the market, particularly where Origin & Destination traffic – passengers who begin or end their journey at our airport – is concerned. The sum total of our charges, security fees and government-imposed taxes on airlines and passengers are too high when compared with those of our competitors. The result is a loss of customers and income, and a corresponding decline in profitability. Current market conditions are also making it more difficult to finance our enterprise. Add to this the fact that our reputation for quality – our traditional trademark – is stagnating, even as our competitors are pursuing significant investments and improvements in this area. These elements taken together have resulted in a negative development in our price/quality ratio.

We are also finding that support for Amsterdam Airport Schiphol and our regional airports is under constant pressure. No matter how unique an achievement the 2008 Alders Platform agreement may have been, practical implementation of its provisions hinges on regional support.

Given the speed and intensity of change in the arena in which we operate, we must now adjust and fine tune our strategy and further develop our AirportCity concept – that inextricably interlinked, successful combination of activities in our Aviation, Consumers and Real Estate business areas that makes it possible for us to offer guests and users the services they need 24 hours a day.

Socio-economic function

Our organisation has a socio-economic function to fulfil where the development and maintenance of this unique and vital infrastructural link are concerned. Our efforts are therefore continually focused on further developing Amsterdam Airport Schiphol as a reliable and efficient multimodal hub connecting the Netherlands with the rest of the world.

In fact, this socio-economic function is one of the two pillars of our AirportCity concept. The other is to maintain a financially sound and enterprising business – a key requirement if we are to fulfil our socio-economic function in a sustainable manner. These two pillars are integrally connected. The strategy we apply in realising our socio-economic function must meet the requirements of sound business management. The reverse is also true, in that enterprising business must contribute to fulfilling our socio-economic function.

Our core function is that of ‘connecting’. Our network of 262 destinations, 109 of which are intercontinental, is the chief reason foreign and domestic businesses choose to establish operations in the Randstad area and, as such, forms an important driver for the national economy. It is therefore of the utmost importance that we act to anticipate future selective growth, even during the current economic downturn. Doing so is the only way this economic region will be able to maintain its leading position in Europe. To keep in step with the market, which must recover sooner or later, we have to make countercyclical investments in capacity and quality. This is something we have always done and will continue to do in the future; and it is precisely our strategy of investing ahead of demand that makes us so unique and successful as an ‘infrastructure enterprise’.

Competitive, innovative and financially sound

Sustainable fulfilment of our social responsibility requires competitive, innovative and financially sound business management. While we are no longer focusing our efforts on a stock market flotation, this does not mean we have abandoned our entrepreneurial ambitions. We will continue to direct our efforts towards building an inspiring, enterprising, customer-oriented culture centred on reliable and efficient operations. We will deploy our pricing and various marketing tools to improve our competitive edge over other airports. This means accepting lower returns on Aviation in the short term.

From left to right: Maarten de Groof, Pieter Verboom, Ad Rutten en Jos Nijhuis

As a socially aware enterprise, we must make an earnest commitment to the principles of corporate social responsibility. Corporate responsibility is part and parcel of our strategy and must be embedded in our operational processes. Safety, sustainability and innovation are key in this respect. At the same time, corporate responsibility also hinges on competitive, innovative and financially sound business practices, and by extension on the realisation that regional support – among local residents and authorities alike – is essential for the success of our airport operations. With the region as our partner, we will work to achieve the objectives of the Alders Platform agreement, providing for an expansion to 580,000 air transport movements, of which 70,000 at Lelystad and Eindhoven. And, with the region as our partner, we will seek to achieve this growth in a conscientious manner.

Where our international interests are concerned, honing our strategy also means concentrating efforts over the coming years on the partnership launched with Paris in 2008 and on the possible expansion of our activities at JFK Airport in New York. Both of these priorities will serve to reinforce our relationship with the SkyTeam alliance.

Lean and mean

Now that volume growth is gone and we still aim to lower the costs for our customers, paired with continued infrastructure and quality investments to fulfil our socio-economic function for the Dutch economy, it is imperative for us to slash our operating expenses. As befits an enterprising organisation, we must adapt to changing circumstances. We want to be a lean and mean organisation, one that sets priorities and makes choices and sticks to them in order to continue as a lead player in the Champions League of airports.

Our transformation into a lean and mean organisation has consequences for our workforce and our organisational structure. We anticipate a reduction in our Amsterdam Airport Schiphol location workforce of some 10-25% by the end of 2010.
It goes without saying that I wish my term as the new President could open on a different note. Present economic realities, however, force us to adapt. Based on my experiences as a member of the Management Board during the last three months of 2008, I am fully confident that Schiphol Group is strong enough to confront this new economic reality and will succeed in maintaining its position as one of the key main ports in Europe.

Amsterdam Airport Schiphol, 18 February 2009

Jos Nijhuis
President

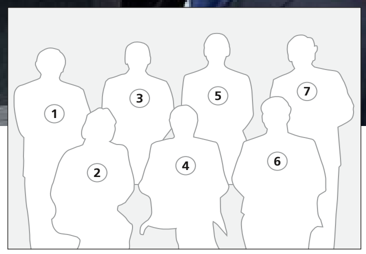
Turkish Airlines Accident

On 25 February 2009, a tragic accident took place near Amsterdam Airport Schiphol during the attempted landing of Turkish Airlines flight TK 1951, resulting in nine deaths and over eighty injuries, many of them serious. The aircraft crashed several hundred metres before reaching the runway and broke into three pieces. The relevant agencies are currently conducting an investigation into the cause of this crash.

We wish to express our deepest condolences to the victims, their families and friends.
In addition, we would like to express our appreciation for the efforts of all those who were involved in the relief operation.

We understand that the accident has raised safety concerns with local residents and will continue the dialogue with local parties to resolve them.

The Management Board



Supervisory Board:
1) F.J.G.M. Cremers
2) T.A. Maas – de Brouwer
3) W.F.C. Stevens
4) P.J. Kalff
5) H. van den Broek
6) A. Ruys
7) T.H. Woltman

Committees

	Audit	Nominations	Remunerations	Public Affairs	Hermes
Number of meetings in 2007	3	2*	3	2	5
P.J. Kalff (Chairman)	•	• (c)			• (c)
A. Ruys (Vice Chairman)		•			•
H. van den Broek			•		
F.J.G.M. Cremers	• (c)		•		•
T.A. Maas – de Brouwer		•	•	• (c)	
W.F.C. Stevens	•	•		•	•
T.H. Woltman			• (c)		
President	•	•	•	•	•
Chief Financial Officer	•			•	•
Corporate Legal Director					• (s)
Corporate Controller	• (s)				
Corporate Affairs Director				• (s)	
Human Resources Director			• (s)		

c = chairman
S = secretary

* *In addition to the regular meetings, several meetings were held between the Committee members and the various potential candidates for the position of Chief Commercial Office and Chief Executive Officer.*

Report of the Supervisory Board

Annual report

We hereby present the annual report, which includes the financial statements for 2008. The financial statements were compiled by the Management Board and audited by PricewaterhouseCoopers Accountants NV, who issued an unqualified audit opinion (see page 210 of this report).

Our Audit Committee discussed the financial statements at great length with the Management Board and the auditors. We then discussed the annual report with the Management Board, in the presence of the auditors. These discussions have convinced us that the report before you meets the relevant transparency requirements. The report provides a sound basis for the Board's supervisory accountability. The Supervisory Board approves the annual report and concurs with the Management Board's proposal to distribute a dividend of EUR 69.1 million on the paid-up share capital. After additions to the revaluation reserve (EUR 18 million) and other statutory reserves (EUR 0.8 million), the remaining portion of EUR 100.5 million will be added to the retained earnings.

At the start of this year, we approved the Management Board's proposal to distribute a 'super dividend' of up to EUR 1 billion in two instalments: an initial instalment of EUR 500 million in 2008 and a second instalment of up to EUR 500 million in 2009, under specific strict preconditions. The first instalment of EUR 500 million was distributed in September of 2008. In view of the current economic situation, we concur with the Management Board's view that distribution of the second instalment, pursuant to the conditions agreed, would not be opportune at this point in time.

The Management Board will present the annual report to the General Meeting of Shareholders to be held on 16 April 2009. We propose that the shareholders discharge the Management Board from liability in respect of the management carried out by them, and the Supervisory Board for the supervision exercised.

The Supervisory Board would like to express its profound appreciation for the manner in which Mr Cerfontaine has led our company over the past ten years. We would like to take this opportunity to wish his successor, Mr Nijhuis, fortitude in leading Schiphol Group. He starts his work under difficult circumstances, given the rapidly worsening economic climate. However, our company's strong position and the dedication of our Management Board and employees give us every reason to be confident that Schiphol Group will safely weather the difficult period ahead.

The Supervisory Board's activities

General

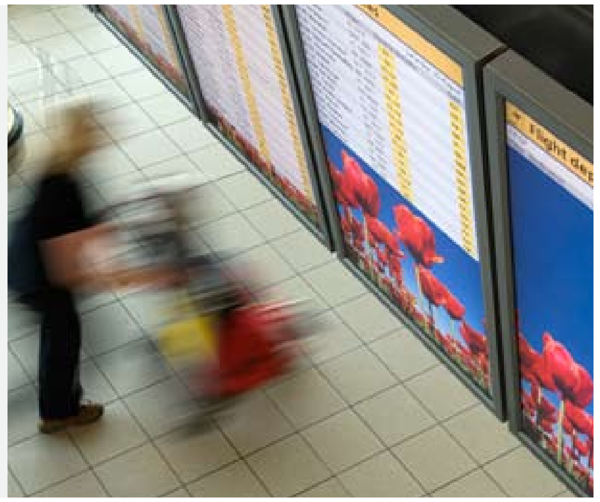
The Supervisory Board met seven times in 2008. Five meetings were attended by all board members; at the other two meetings, two board members and one board member, respectively, were unable to attend. One meeting was held partly without the Management Board being present. During this meeting, we discussed both our own performance and that of the Management Board as a whole and of its individual members. At this meeting the Board elected Mr Ruys to succeed Mr Kalff as Chairman of the Board when Mr Kalff resigns after 12 years of service on 16 April 2009. Ms Maas was elected vice-chairperson.

In addition to the Board meetings, the chairman and members of the Supervisory Board had many other opportunities to discuss issues with the Management Board.
We had one informal lunch meeting with the entire management team.

There were no transactions during the year involving conflicts of interest on the part of Management Board members, Supervisory Board members, shareholders and/or external auditors that were of material significance for the company and/or the relevant Management Board members, Supervisory Board members, shareholders and/or auditors.

On the recommendation of the Nominations Committee, the Supervisory Board – having informed the shareholders and following a positive recommendation from the Central Works Council – appointed Mr Nijhuis CEO of Schiphol Group, effective 1 January 2009. Mr Nijhuis took up his duties as a member of the Management Board on 1 October 2008.

Many of our meetings saw extensive discussions on the international position of Amsterdam Airport Schiphol against the backdrop of recent developments in international aviation, national policy measures and - more specifically - the Air Passenger Tax introduced by the Minister of Finance on 1 July and its effects on our organisation. This new tax is undermining our efforts to keep visit costs - the total costs



charged to airlines and passengers for their use of the airport - in line with the fees charged by our competitors. We concur with the Management Board that the Air Passenger Tax is eroding Schiphol's competitive position.
We were pleased to approve the company's long-term alliance with Aéroports de Paris S.A. We regard this alliance as an important strategic step that will yield significant joint benefits for both companies' core activities. In preparation for this new alliance, an interim committee consisting of Supervisory Board members – the Hermes Committee – was set up to closely monitor the process. The Board itself discussed and evaluated the project's progress at each juncture, from the start of negotiations with Aéroports de Paris.
The Supervisory Board discussed the financing of our company on several occasions. These discussions focused specifically on the financing of the super dividend and our 8% share in Aéroports de Paris. The related thirty-year loan in Yen (EUR 120 million) and 5-year bond issue of EUR 700 million, subsequently increased by EUR 100 million, were discussed in relation to the desired rating and subsequently approved.

The company's articles of association were discussed extensively by the Board in relation to a number of amendments. The most important of these amendments was the issue of a separate class of non-transferable shares, the stipulation that investments greater than ten percent of the company's balance sheet total must be put before the shareholders for approval, and the expansion of the Supervisory Board from seven to eight members. We gave shareholders positive recommendations regarding all of these amendments, which were subsequently approved by the shareholders at an Extraordinary General Meeting of Shareholders held on 1 December 2008. The new shares were issued so as to enable Aéroports de Paris to acquire the agreed 8% share in our company.
The progress of legal proceedings concerning the Groenenberg site was discussed at several meetings.
The policy for business development at Amsterdam Airport Schiphol, the relevant criteria and the role of the various government bodies within this interplay of forces were also discussed. We have sought expert advice on developing 60 hectares of land into a cluster of businesses and institutions working to create innovation in the area of sustainability. In relation to this development, discussions also focused on the construction of a sound barrier at Runway 18R-36L in order to reduce ground noise. The Management Board held a competition in order to find the most innovative design for this sound barrier. The winning design has meanwhile been chosen.
The ICT Master Plan was also discussed during one of our meetings.

The 2008 interim report was discussed. The Corporate Responsibility Report for 2007 was presented to the Supervisory Board by the Management Board.
The Supervisory Board also discussed the Sustainable Mobility Perspective and the Energy Blueprint, and approved the intended further actions in these areas.

The 2009 - 2013 Business Plan was discussed extensively and approved in mid-2008. In view of the fact that the 2009 Budget - drawn up on the basis of this Plan - was no longer relevant by the time we discussed it in the fall of 2008, due to prevailing economic conditions, we agreed with the Management Board that it would be necessary to draw up a new budget and adapt the business plan to the current circumstances. The review of our business strategy was discussed at length and agreed upon in an additional Supervisory Board meeting in January 2009. The first effects of this review were incorporated into the modified 2009 Budget, which was subsequently discussed. In response to the uncertain economic outlook, the 2009 Budget features a number of different scenarios.

Financial reporting and development of profitability
At each meeting, following an explanation by the Management Board, the Supervisory Board discussed the monthly reports, comparing the latest results with the 2008 Corporate Budget and with the figures for 2007. The subjects discussed in this context included the development of the company's operating and commercial results and costs, as well as its funding and cash flow position.

Aviation business area
The fees charged to passengers and airlines by Amsterdam Airport Schiphol were discussed on several occasions. We subscribe to the Management Board's views that the reduction of Aviation charges on 1 November 2007 should only be partly compensated by raising charges on 1 November 2008, and that the increase in security costs should not be fully passed on in our charges. We recognise that the company will thus have to accept smaller returns in order to remain competitive in 2008.

We have sought extensive advice on the Alders Platform's positive recommendation on expansion to 580,000 air transport movements per year, of which 70,000 non-mainport-specific flights will have to be operated from regional airports. In order to gather further information on this issue, the Board visited Lelystad Airport and held a meeting there which focused, among other things, on the development of Lelystad Airport.

The Board also discussed the three noise zone breaches around Amsterdam Airport Schiphol during the operating year 2008, their significance and the options for preventing future incidents.
We have closely monitored developments surrounding the additional security measures needed to ensure that passengers that have passed security control do not come into contact with unscreened staff members or goods.
We discussed and approved the investment proposal for the expansion and renovation of check-in rows 1 and 2, and the proposal for modifying Lounge 3.
We discussed the new, long-term cleaning contract for the terminal and airport grounds, which will help achieve a significant reduction in costs.

Consumers business area
The Supervisory Board approved an investment for Executive Parking.

In addition, there were discussions on various occasions on the adaptation and renovation of the food and retail outlets in the terminal.

Real Estate business area
The Board discussed and approved the decision to increase Schiphol Group's stake in the ACRE Fund to a share of 60.25%. We also approved the development of an energy-neutral multi-tenant building for transavia.com at Schiphol-East.

Alliances & Participations business area
The Board approved the decision to increase Schiphol Australia's stake in Brisbane Airport Corporation Holdings by 3.1% to a total share of 18.72%.
The Board sought the advice of the Management Board with regard to the potential for business opportunities at New York's JFK airport.

Work of art in corridor between B and C pier at Amsterdam Airport Schiphol

Supervisory Board Committees

In 2008, the Supervisory Board had five Committees. The Committees meet independently and perform preparatory work in a number of sub-areas for the Supervisory Board as a whole. The minutes of the meetings held by the various Committees are reported in a regular Supervisory Board meeting, with decisions being taken accordingly by the entire Supervisory Board.

Audit Committee
The Audit Committee spoke in 2008 at great length with the Management Board and the auditors about the 2007 and 2008 financial statements, the 2007 and 2008 annual report, the 2007 and 2008 management letter, the 2008 interim report, the associated press releases and the 2008 internal and external audit plan. The Audit Committee also spoke with the auditors without the Management Board being present.

The Board discussed and approved the 2008 financing plan, including the financing of the super dividend. The policies on insurance and taxes were also discussed.
The Auditing Committee also looked into the various real estate transactions conducted over the past few years, establishing that all contractual partners were reliable and the proper procedures were followed. The Committee also discussed taxes, hedge transactions, insurances, pensions and risk management.

Hermes Committee
In preparation for our alliance with Aéroports de Paris, an interim committee consisting of Supervisory Board members – the Hermes Committee – was set up to closely and critically monitor the process.
The Committee met five times and was disolved in late 2008.

Nominations Committee
The Nominations Committee meets only when necessary. The Committee interviewed various potential CEO candidates over the course of 2008, based on the profile for a new CEO approved by the Supervisory Board in late 2007. Based on these interviews, the Committee nominated Mr Nijhuis as the successor to Mr Cerfontaine. The Committee also made preparations for the shareholders' appointment of Mr Hazewinkel as a new Supervisory Board member.

Remuneration Committee
Mr Cremers was appointed to the Remuneration Committee. During its meetings, the Remuneration Committee spoke extensively about all aspects of the remuneration policy (including a general discussion of the remuneration of directors and officers). Early in 2008, the Committee and the Management Board agreed the targets for that year. The remuneration package for the new CEO was drawn up in line with the current remuneration policy. The outcome of the Committee's deliberations and a further explanation of the remuneration policy are provided in the Remuneration Report.

Public Affairs & Corporate Responsibility Committee
The Public Affairs & Corporate Responsibility Committee discussed the format of the Corporate Responsibility Report at great length. The Committee took part in the deliberations in preparation for the Sustainable Mobility Perspective. The Committee also discussed the development of the Staff Monitor and sought extensive advice on the expansion and success of Schiphol College.

Central Works Council

Members of the Supervisory Board attended all consultative meetings of the management and the Central Works Council. The Council members attended one informal lunch. We found these meetings to be both constructive and informative, and greatly appreciated them.

Composition

The composition of the Supervisory Board did not change in 2008. All our members are independent within the meaning of the Corporate Governance Code, and all have Dutch nationality. Mr Van den Broek was reappointed. Messrs Kalff and Cremers qualify as financial experts within the meaning of the Corporate Governance Code. Company Secretary is Mr Backer.

Amsterdam Airport Schiphol, 18 February 2009

The Supervisory Board

Shareholder information

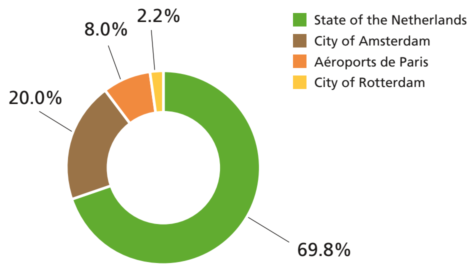
Share capital

The authorised capital of NV Luchthaven Schiphol currently amounts to EUR 143 million, divided into 300,000 A shares and 14,892 B shares each with a nominal value of EUR 454. In total, 171,255 of the A shares and 14,892 of the B shares have been issued. In 2007, the nominal capital amounted to EUR 136 million, of which 171,255 shares were issued.

The increase in the authorised capital and the number of shares issued is the result of the issue of 14,892 class B shares to Aéroports de Paris S.A. on 1 December 2008, whereby Aéroports de Paris S.A. acquired an 8% interest in Schiphol Group. The transferability of the Class B shares that were issued to Aéroports de Paris S.A. is limited, since these shares can in principle only be transferred to NV Luchthaven Schiphol or to public corporations (publiekrechtelijke lichamen) established in the Netherlands. The Class B shares that were issued to Aéroports de Paris S.A. can furthermore, under specific conditions, be withdrawed. These shares are currently held by the following shareholders:

Schiphol Group shareholders

Dutch government	129,880 A shares (69.77%)
Municipality of Amsterdam	37,276 A shares (20.03%)
Municipality of Rotterdam	4,099 A shares (2.20%)
Aéroports de Paris S.A.	14,892 B shares (8.00%)
Total	186,147 shares (100.00%)



For more information, please contact Investor Relations:
phone number: +31 (0)20 601 2570
email: Investor_Relations@schiphol.nl
or visit: www.schipholgroup.com

Dividend policy

In 2006, an agreement was reached with shareholders to set the dividend at 40% of the financial result (attributable to shareholders), excluding the fair value gains on investment property.
The 2008 result of EUR 187 million gives earnings per share of EUR 1,083. The adjusted result for the purposes of dividend calculation is EUR 173 million. The proposal entails the disbursement of a EUR 371 dividend per share.

As we indicated when announcing our cooperation with Aéroports de Paris (AdP), Schiphol Group is considering whether to harmonise its payout ratio with the current AdP payout ratio of 50%.

Financial calendar

General Meeting of Shareholders	*16 April 2009*
Publication of 2009 interim results	*27 August 2009*
Publication of 2009 results	*22 February 2010**
General Meeting of Shareholders	*15 April 2010**

** Dates are subject to change*

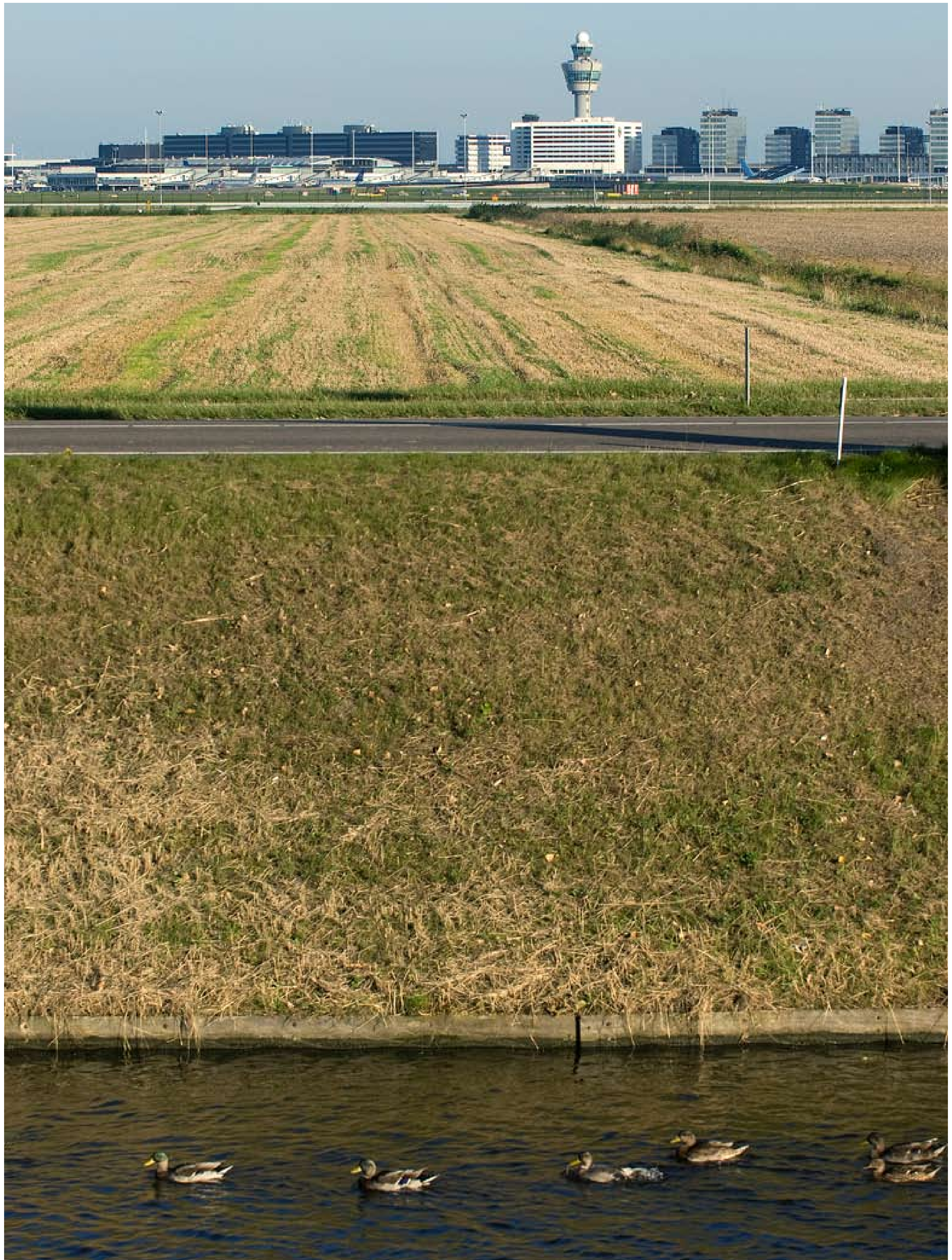
2008 saw the payment of EUR 500 million as a super dividend to shareholders. We will not propose the payment of a second super dividend, as the prerequisite conditions agreed upon with the shareholders for a second super dividend have not been met.

Credit rating

Schiphol Group maintains contractual agreements with Moody's Investor Services (Moody's) and Standard & Poor's Rating Services (S&P) regarding the provision of rating information. Schiphol Group maintains a proactive dialogue with both rating information providers. Moody's long-term rating is A1, with a stable outlook. Standard & Poor's long-term rating is A, with a negative outlook. This long-term rating is mainly relevant in terms of its support for the Euro Medium Term Note programme, used by Schiphol Group to secure long-term loans.

Moody's and Standard & Poor's also issue short-term ratings. These ratings are mainly relevant in support of Schiphol Group's Euro-Commercial Paper (ECP) programme. The short-term ratings are A-1 (Moody's) and P-1 (Standard & Poor's).

Taking measures to improve the quality of the surface water at Amsterdam Airport Schiphol



Objectives and Strategy

We want to rank among the world's leading airport companies, creating sustainable value for our stakeholders with Amsterdam Airport Schiphol as a main port and leading AirportCity.

Up to and including the reporting year, we have applied a three-pronged strategy in order to achieve these objectives:
1. Maintaining and strengthening Amsterdam Airport Schiphol's competitive position as a hub and main port;
2. Increasing revenues from non-aviation activities;
3. Diversifying risk through the selective development of activities at other airports at home and abroad.

We implement this strategy by means of the AirportCity formula, aimed at the integral development of aviation and non-aviation activities. These activities are conducted by means of four business areas that supplement each other in creating growth and value, both at Schiphol and other locations. Amsterdam Airport Schiphol – a hub airport with a leading hub carrier – is a pioneer of the successful AirportCity formula. This formula is part of our main port strategy, which links the growth of the airport to the development of our destinations network and the competitiveness of the region. This approach helps strengthen the competitive position of both our airport and the region as a whole.

We are continually working to broaden and intensify the AirportCity formula. This will allow us to distinguish ourselves from other airports and respond to social developments in areas such as corporate social responsibility and sustainability. We seek to play an active, leading role in reducing the harmful effects of the expected global climate change. We will be taking measures to reduce emissions of CO_2, NO_x and fine particles, improve energy efficiency, the quality of surface water and the accessibility of Amsterdam Airport Schiphol.

A Climate Plan has been drawn up for Amsterdam Airport Schiphol, setting out our climate policy. This plan was further elaborated in 2008, resulting in the Energy Blueprint and the Sustainable Mobility Perspective. The Energy Blueprint serves as a framework for achieving our energy objective: by 2020, we aim to generate at least 20% of the energy used at Schiphol through sustainable methods. The Sustainable Mobility Perspective serves as a guideline for reducing our CO_2 and NO_x emissions and ensuring the airport's continued accessibility.

In order to effectively address the effects of climate change at Amsterdam Airport Schiphol, we have developed a dual-track policy. On the one hand, we are working to structurally adapt the design and use of Amsterdam Airport Schiphol. This approach is based on an active response to changing climate conditions (adaptation). We are also developing measures to help prevent further climate change and improve local air quality (mitigation).

The implementation of these measures is linked to specific targets, based on the relevant degree of controllability. We can directly control – and thus bear responsibility for – certain activities. However, there are also activities upon which we can exert only indirect influence and for which we bear no or only partial responsibility.

Integrating our own environmental measures with the various programmes operated by the government, the business sector and the various knowledge centres is essential in this regard. Amsterdam Airport Schiphol must become a structural and material element of the government's climate, water management and energy policies. Important in this respect is the development of a 60-hectare area behind the planned sound barrier near Runway 18R-36L. This area – in combination with the sound barrier itself – should help realise a ground noise reduction of 10 dB in Hoofddorp-Noord. This development is being conducted in collaboration with Wageningen University, Delft University of Technology and the Dutch Organisation for Applied Scientific Research (TNO).

Maintaining and strengthening Amsterdam Airport Schiphol's competitive position as a hub and main port

Airport:
Amsterdam Airport Schiphol is our largest and most important asset. Maintaining and strengthening its position as a hub airport forms the core of our strategy. Passengers and cargo are the driving factors underlying any airport's financial results. For the airlines and for our hub carrier in particular, it is vital that Amsterdam Airport Schiphol can continue to grow. A well-equipped airport with adequate capacity is essential if we are to successfully support and facilitate our network of connections.
The 2008 cooperation agreement with Aéroports de Paris (AdP) should help further strengthen this network of connections within the dual hub system operated by Air France-KLM and its SkyTeam partners.

'Paris' and 'Amsterdam' will further harmonise their transfer processes, allowing them to offer airlines and (transfer) passengers an even better product. This will also allow us to compete more effectively with other airports in Europe and the Middle East.

- **Operational capacity:**
  Runways, aprons and terminal space
  Our ongoing investment programme ensures the availability of adequate operational capacity. Amsterdam Airport Schiphol's existing runway system has the capacity to handle around 600,000 air transport movements a year. We estimate that this capacity will easily allow us to accommodate transport demand until 2020/2025. However, statutory environmental restrictions limit available capacity. As regards the period after 2020/2025, the government's plans to earmark space for a potential Runway 06-24 will play a key role.

  The current terminal space has sufficient capacity to process well over 60 million passengers per year. This will easily allow us to accommodate transport demands until 2020. Operational improvements would allow the existing terminal to accommodate around 65 million passengers per annum. Other expansions would then allow us to grow to around 85 million passengers per annum at this site.

- **Airspace and environmental capacity:**
  Airway accessibility and environmental restrictions
  Our efforts to ensure sufficient and reliable airway capacity are partly dependent on the government and Air Traffic Control the Netherlands (LVNL). In order to make the best possible use of the scarce environmental capacity, we encourage airlines to use quieter aircraft and make selective use of night-time capacity. We stimulate compliance by means of differentiated takeoff and landing fees and various operational measures.

  Available runway capacity is limited by statutory rules and regulations. As a result, our efforts to realise sufficient environmental capacity are highly dependent on national and local authorities. Under the existing statutory framework, environmental capacity is limited to around 510,000 air transport movements in the year 2020. If market demand reaches the projected figure of 580,000 air transport movements by 2020, 70,000 non-mainport-specific flights will have to be routed through regional airports. Further growth in air transport movements will depend on the results of the long-term exploratory study, currently being carried out by the government.

In addition to ensuring sufficient capacity and making the necessary investments, we want to bolster Amsterdam Airport Schiphol's competitive position by means of the following measures:

- **Operational efficiency:** We are continuously striving to improve operational efficiency, safety and security and the quality of the products and services on offer to airlines, passengers and handling agents. Large-scale investments in the baggage system are playing an important role in achieving this objective.
- **Competitive charges:** In order to ensure optimal competitiveness, we factor in tariff developments at nearby airports when determining the part of the airport charges that we set ourselves. Our charges are subject to the Amendment to the Aviation Act governing the operation of Amsterdam Airport Schiphol, which came into force in 2006, with our maximum return capped at the level of the weighted average cost of capital (WACC) of our aviation activities. Our ambitious cost control targets are intended to help us achieve the maximum permitted return over the coming years while simultaneously improving the airport's competitive position. Under certain conditions – such as the current financial and economic crisis – it may prove necessary to temporarily abandon this target.
- **Cost efficiency:** We strive to offer competitive visit costs. With regard to the cost components within our control, we apply the measure of cost per Work Load Unit.

Main port:
The airport is part of a main port strategy. This strategy comprises a well-developed airport, a competitive network and a well-developed region. The successful development of Amsterdam Airport Schiphol's main port status depends on a number of factors, many of which are largely beyond our control.

- **Network:** The complex system of direct and transfer connections that lends Amsterdam Airport Schiphol its status as a leading multimodal hub for both passengers and cargo. As part of the alliance's dual hub strategy, Air France-KLM and its SkyTeam partners help shape a significant part of this network. Other airlines and low-cost carriers specialised in European point-to-point traffic also contribute to this highly developed network. Air cargo is inseparably linked with passenger transport; a large part of the global network of connections would not be profitable without combined passenger and cargo services. As a result, Amsterdam Airport Schiphol has become an appealing marketplace for logistics activities. Through targeted marketing, partly conducted in collaboration with Aéroports de Paris, we are attempting to further expand our network. However, our efforts are highly dependent on market developments and airline policies.

Investments in New-South baggage hall at Amsterdam Airport Schiphol

- **Airport access via road and rail:** Optimal utilisation of airport capacity requires easy landside access from the Randstad – the urbanised area in the west of the Netherlands – and its wider catchment area. The rapid commissioning of the high-speed rail link between Amsterdam and Paris and the implementation of various proposals from the Sustainable Mobility Perspective will be especially vital in this regard. While we are responsible for the on-airport road system and can develop it as required, responsibility for the construction of rail links and the network of primary and secondary roads lies with others. In specific cases, we do make modest contributions to the investments needed to improve airport accessibility.

- **Competitive region:** The network of destinations and Amsterdam Airport Schiphol form an inseparable part of the Amsterdam region and Randstad area, both of which clearly benefit from their existence. This applies to international companies that locate in the region, the annual influx of tourists and the labour market, which is partly dependent on our presence. Conversely, the internationally-oriented Amsterdam region helps generate an influx of passengers for the airlines. The main port, reinforced by the successful AirportCity formula, is of crucial importance to the Randstad – an area that will have to make every effort to maintain its position as a successful, competitive economic region. However, the success of the region also depends on the leadership and decisiveness of the national and regional authorities in areas such as infrastructure improvement, business location development, quality of life and education and training facilities.

We face the challenge of maintaining and reinforcing Amsterdam Airport Schiphol's competitiveness as a main port within a complex, multi-stakeholder environment. In order to achieve this objective, we work closely with other aviation industry players, public authorities and (local) stakeholders at many levels, in a wide range of platforms. Our intensive consultations with local communities resulted in three new covenants drafted in 2008 on noise reduction measures and improvements to the quality of life. The government-adopted medium-term recommendations (for the period until 2020) resulting from the Alders Platform consultations also include agreements on the reduction of noise through the use of different flying methods and a trial to improve the quality of the living environment through a new system of noise measurement and enforcement.

Increasing revenue from non-aviation activities

Our strategy is also aimed at increasing revenue from non-aviation activities. In order to achieve sufficient returns and reduce our dependence on revenues from the regulated aviation business, we have developed an extensive portfolio of non-aviation activities. In turn, the development of these activities benefits the aviation business. On the one hand, the development of logistics centres boosts demand for cargo transport, while the development of office space, business parks and conference and meeting facilities helps increase the volume of passenger travel. The cooperation with Aéroports de Paris will have a positive effect on the development of non-aviation revenues.

We realise this aspect of our strategy by:

- **Maximising revenues from passenger and consumer flows** by – amongst other measures - offering an attractive shopping environment, applying yield management to optimise available parking space and creating additional advertising opportunities. Consumers must be offered an enjoyable experience with a focus on quality and customer satisfaction.
- Developing, operating, managing and – occasionally – selling investment properties within the context and in support of the AirportCity and AirportCorridor development. In addition to the income generated by developing and leasing offices and cargo buildings at and around Amsterdam Airport Schiphol and other airports, our real estate activities contribute significantly to overall results through the lease of land, the sale of buildings and appreciation of the existing portfolio value.

Diversifying risk through the selective development of activities at other airports at home and abroad

The third part of our strategy consists of rolling out the integrated development of the AirportCity concept by the Aviation, Consumers and Real Estate business areas at other locations. The regional airports also play a role in ensuring the success of Amsterdam Airport Schiphol, acting in a supporting capacity.

We realise this aspect of our strategy by:

- Developing regional airports to complement Main Port Schiphol. The regional airports of Rotterdam and Eindhoven function as airports in their own right, each serving their own specific market. They can also help reduce Amsterdam Airport Schiphol's capacity problems by serving as alternative locations for business flights, holiday flights and low-cost carriers. Lelystad Airport will take on a comparable role in the near future and plays – along with Eindhoven Airport – an important role in the Alders Platform recommendations as regards the accommodation of 70,000 non-mainport-specific flights by 2020.
- Exporting the 'Schiphol' brand name and AirportCity expertise. Schiphol Group operates internationally through equity participation, alliances and management contracts. The greater part of the value created through these activities comes in the form of dividends and fees as well as indirect yields from the appreciation of our equity investments. This part of our strategy has been pursued with great success in recent years in Brisbane, Australia.

Management Board Report

Moderately satisfied, low expectations

Our forecasts for 2008 took into account the negative effect of the Air Passenger Tax implemented on 1 July. We anticipated minimal growth in the number of passengers and air transport movements, and cargo transport growth of 4%. Things turned out differently, however. Due to the economic downturn, particularly in the final months of 2008, all the positive results achieved during the first six months of the year evaporated. Passenger volumes experienced a dramatic drop, cargo transport shrank considerably, flight schedules were adjusted and, with fewer passengers, retail purchases also declined.

In light of these developments, we can be moderately satisfied with our 2008 earnings. The net result dropped by 25.8% (+17.7% in 2007), from EUR 233 million in 2007 to EUR 173 million in 2008, if the effect of the change in value in our investment property is not included. If this effect is taken into account, our net result fell by 40.8% (-40.1% in 2007), from EUR 316 million in 2007 to EUR 187 million in 2008.

Our expectations for 2009 are low. Due to the combined effect of the economic recession and the Air Passenger Tax, we expect passenger numbers and air transport movements to decline by 6-10% and cargo transport to drop by approximately 15%. These declines will particularly impact our Aviation and Consumers business area profits, although our real estate activities will also be affected.

Check-in counters in Departure hall 3 at Amsterdam Airport Schiphol

Financial performance

Our revenue rose by 0.7% in 2008 (10.6% in 2007), from EUR 1,146 million in 2007 to EUR 1,154 million. The rise in revenue was tempered in 2008 by an amount of EUR 31 million (EUR 5 million in 2007) due to the obligation imposed by the Netherlands Competition Authority (NMa) to settle airport charges for the financial years 2005-2006.
The fair gains or losses on property investments in 2008 amounted to EUR 19 million positive (EUR 112 million positive in 2007). The development, purchase and renovation of property pushed up the value by EUR 47 million while the value of the existing portfolio dropped by EUR 28 million.

Operating expenses rose by 4.8% (10.8% in 2007), from EUR 841 million in 2007 to EUR 881 million in 2008. This rise primarily concerned security activities, maintenance and employee benefits.

The operating result fell by 29.9% (up 32.6% in 2007), from EUR 420 million in 2007 to EUR 294 million in 2008. Excluding fair value gains and losses on property investments, the operating result fell by 10.7%, from EUR 308 million in 2007 to EUR 275 million in 2008.

The net result (attributable to the shareholders) for 2008 is EUR 187 million (EUR 316 million in 2007). Without fair value gains or losses on our property, the net result in 2008 amounted to EUR 173 million (EUR 233 million in 2007), a drop of 25.8% (up 17.7% in 2007).
The return on equity (ROE) amounted to 6.4% (11.1% in 2007). If the changes in the value of investment property are not included, the ROE for 2008 amounts to 5.9% (8.2% in 2007).

Revenue

EUR million	2008	2007	%
Aviation	639.7	650.4	-1.6%
Consumers	301.8	300.5	0.4%
Real Estate	135.1	124.3	8.7%
Alliances & Participations	77.2	71.0	8.7%
Total	**1,153.9**	**1,146.2**	**0.7%**

The Aviation business area contributed the most to total net turnover. However, as in 2007, revenue development in Aviation lagged behind the other business areas in 2008, shrinking 1.6% (up 3.1% in 2007), while the net revenue in the non-aviation business areas grew slightly. Apart from a drop in passenger numbers (down 0.8%) and air transport movements (down 1.8%), this fall in revenue in the Aviation business area was primarily caused by the obligatory settlement of airport charges for the financial years 2005 and 2006.

Revenue in the Consumers business area remained virtually unchanged in 2008 relative to 2007. A slight fall in revenues from concession fees and retail sales was compensated by a small rise in parking revenues.
The Real Estate business area posted an 8.7% increase in revenue (14.0% in 2007), mainly due to additional rental revenues generated by buildings purchased or completed in 2007 and 2008.

The Alliances & Participations business area posted an 8.7% increase in revenue (7.3% in 2007).
Full details of the revenue and results generated by the individual business areas can be found in the relevant sections in this report.

Operating expenses

EUR million	2008	2007	%
Outsourcing and other external charges	515.2	486.5	5.9%
Employee benefits	182.4	168.0	8.6%
Depreciation and amortisation	172.0	170.8	0.7%
Impairment	0.3	3.9	- 92.4%
Other operating expenses	11.4	11.8	- 3.8%
Total	**881.3**	**841.0**	**4.8%**

The rise in operating expenses by more than EUR 40 million can be largely attributed to the following:
- a rise in security costs (EUR 17 million) at Amsterdam Airport Schiphol million owing to additional security measures and increased rates for hiring personnel;
- a rise in maintenance costs (EUR 8 million), hired external personnel (EUR 5 million), energy and water (EUR 3 million) and other outsourced work (EUR 5 million), which were partially compensated by lower external consultancy costs (EUR 7 million);
- a rise in personnel costs of EUR 14 million, in part due to an increase in the number of FTEs (EUR 3.2 million), the general salary increase of 2.75% (EUR 3.5 million) effective 1 April 2008 and the release in 2007 of the healthcare costs provision for retired employees for an amount of EUR 6.5 million;
- a drop of EUR 4 million in the costs of impairments through write-downs in 2007.

Outsourcing and other external charges

The costs of outsourced work and other external charges went up by 5.9% in 2008 (17.9% in 2006), from EUR 487 million to EUR 515 million.

Security costs at Amsterdam Airport Schiphol rose by EUR 17 million and now total EUR 221 million, which represents 25.1% (24.2% in 2007) of Schiphol Group's total operating expenses. Security costs are included in various operating expense categories, the most important of which are the costs of outsourced work and other external charges, employee benefits, and depreciation and amortisation.

The costs of outsourced work and other external charges also include the following:

- maintenance (EUR 65 million); a rise of EUR 7 million due to shifts in planning schedules to 2008 and higher charges;
- hiring of external personnel (EUR 30 million); a rise of EUR 5 million due to higher charges, among other things;
- energy and water (EUR 25 million); a rise of EUR 2 million due to higher charges;
- consultancy fees (EUR 14 million); EUR 7 million lower due to lower external consultancy costs, among other things;
- other outsourced work (EUR 30 million); a rise of EUR 6 million through the introduction of the EU measure requiring the provision of services for people with reduced mobility.

Employee benefits

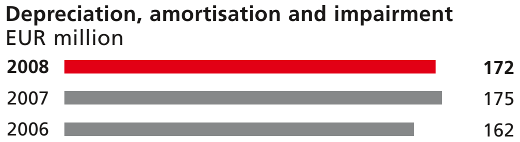
Employee benefits rose by 8.6% in 2008 (9.9% in 2007), from EUR 168 million to EUR 183 million. 6.8% of this rise is attributable to salary costs (including social security contributions and pension costs), which rose from EUR 167 million in 2007 to EUR 179 million in 2008. Of this 6.8% rise, 1.9 percentage points can be attributed to an increase in staff numbers by 47 FTEs, from 2,459 to 2,506.
The remaining 4.9 percentage points relate to higher salaries, the costs of the participation scheme (the collective labour agreement (CAO) regarding profit sharing), pension costs, a release in 2007 of the provision for medical expenses (EUR 6.5 million) and an agreement on the allowance for medical expenses paid to retired employees. The general pay rise as of 1 April 2008 was 2.75%. Unlike 2007, the participation scheme was in effect throughout the entire year.
The pension costs rose by 9.6% in 2008, from EUR 18 million to EUR 20 million.

Depreciation and amortisation

Depreciation and amortisation charges rose by EUR 1 million in 2008, from EUR 171 million to EUR 172 million, a rise of 0.7% (6.7% in 2007). This rise is the result of small increases in the costs of depreciation and disposals in virtually all fixed asset categories, which were partly compensated by a lower deprecation charge on installations.

Impairment

The impairment losses in 2007 amounted to EUR 0.3 million (EUR 3.9 million in 2007, due to the write-down on the investment in Villa Carmen in Milan).



Other operating expenses

A variety of operating expenses are presented under 'other operating expenses'. In 2008, as in 2007, no exceptional items were recorded.

Results

The operating result for 2008 amounted to EUR 294 million (EUR 420 in 2007); a drop of 30% compared with the previous year. EUR 93 million of this fall was the result of the change in value of investment property, which amounted to EUR 19 million in 2008 compared with EUR 112 million in 2007.

The result before interest, tax, depreciation and amortisation and impairment (EBITDA) amounted to EUR 466 million, which is down 22% from EUR 594 million in 2007.

The net financial expense rose from EUR 35 million in 2007 to EUR 54 million in 2008. The 2008 figure includes a one-off expense of EUR 9.5 million in connection with the collapse of Lehman Brothers. Furthermore, this rise must be primarily attributed to the increase of the interest-bearing debt, from EUR 907 million as at year-end 2007 to EUR 1,817 million as at year-end 2008. This increase of EUR 910 million primarily concerns two placements under the Euro Medium Term Note (EMTN) programme of EUR 120 million and EUR 800 million, which are related in particular to the funding of the super dividend and the purchase of an 8% stake in Aéroports de Paris SA.

The share in results for 2008 amounted to EUR 10.2 million. This is somewhat lower than the EUR 10.9 million for 2007, mainly due to higher dividend

Exterior of Departure hall of Amsterdam Airport Schiphol

income in 2007 from our participation in Brisbane Airport Corporation Holdings Ltd.

In 2008 there was a one-off release from current tax liabilities of EUR 1.7 million as a result of, among other things, the filing of tax returns for 2006. In 2007 there was a one-off release of EUR 22 million for the years 2004 and 2005. The 2008 effective tax burden of 26.1% was virtually equal to the nominal rate of 25.5%. In 2007, the effective tax burden was only 20.5%. The difference with the nominal rate of 25.5% was mainly due to the one-off payment received as a tax refund in 2007.

In 2008, RONA after tax amounted to 5.6% (9.2% in 2007). Excluding fair value gains on the property portfolio, RONA amounted to 5.3% in the year under review (6.8% in 2007).

Developments in the cash flows

The cash flow from operating activities rose from EUR 313 million in 2007 to EUR 421 million in 2008. The main reason for this was the higher amount (EUR 74 million) in corporate income tax paid in 2007 (EUR 125 million in 2007 compared with EUR 51 million in 2008).

The cash flow from investing activities reached EUR 935 million (EUR 364 million in 2007) owing to, among other things, investments in fixed assets of EUR 350 million (EUR 375 million in 2007), the acquisition of an 8% stake in Aéroports de Paris S.A. for EUR 538 million and an increase in our stake in Airport Real Estate Basisfonds CV (ACRE Fund) and Brisbane Airport Corporation Holdings Ltd for a combined sum of EUR 46 million.

The net cash flow from operational and investing activities – the free cash flow – amounted to EUR 514 million negative in 2008 (EUR 50 million negative in 2007).
The 2008 cash flow from financing activities included new long-term loans of EUR 938 million and income from share capital issued in connection with the 8% stake by Aéroports de Paris SA in NV Luchthaven Schiphol of EUR 370 million. In 2008 a regular dividend of EUR 93 million and a super dividend of EUR 500 million were paid. Loan repayments and lease liabilities totalled EUR 105 million. Total cash flows from financing activities amounted to EUR 610 million positive compared with EUR 107 million negative in 2007.
The net amount of cash balances and current bank overdrafts rose by EUR 95 million, from EUR 142 million to EUR 237 million in 2008.

The main investment projects in 2008 were:

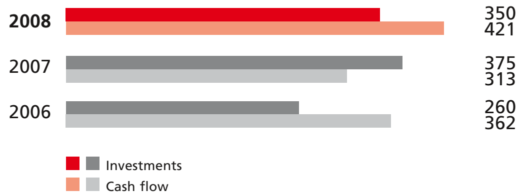
- EUR 91 million for the 70 MB baggage programme;
- EUR 39 million for security;
- EUR 22 million for baggage screening;
- EUR 18 million for the development of cargo terminal 18;
- EUR 13 million for the second phase of office building The Outlook;
- EUR 12 million for property development at Malpensa, Italy;
- EUR 15 million for land purchases;
- EUR 20 million for ICT.

With EUR 216 million (EUR 208 in 2007), the Aviation business area accounted for the largest share of the overall investments. The Real Estate business is the next largest investor with EUR 93 million (EUR 109 million in 2007). This is followed by Consumers with

Aircraft engine at Planes@Schiphol shop in Schiphol Plaza

EUR 22 million (EUR 48 million in 2007) and Alliances and Participations with EUR 19 million (EUR 10 million in 2007).

Investments in fixed assets and cash flow from operating activities
EUR million



Ratios

Schiphol Group uses several financial ratios as a means of more effectively pursuing its financial policy. The debt market and credit rating agencies, in particular, look at the extent to which a company is able to generate sufficient cash to service its total debt burden and to cover its interest payments. In this connection, the most important financing ratios are the "FFO/total debt" and "FFO interest coverage ratio". Not only do the credit rating agencies calculate these ratios in different ways, they also make different adjustments to our published financial accounts, each according to its own methodology. An explanation of our own detailed calculation of these ratios can be found in the section on financial risk management on page 126. Because of the different calculation methods, our ratios are not entirely comparable with those calculated by the credit rating agencies.

Funds from operations (FFO) is the cash flow from operating activities before changes in working capital, among other things. The FFO rose from EUR 311 million in 2007 to EUR 351 million in 2008. This rise is in part due to a lower corporate income tax liability in 2008.

The FFO/Total debt amounted to 19.3% in 2008, a drop compared to the 2007 figure of 34.3%. This is primarily attributable to the increase in the total debt from EUR 907 million as at year-end 2007 to EUR 1,817 million as at year-end 2008. Total debt is the year-end balance of all interest-bearing borrowings.

The FFO interest coverage ratio in 2008 was 6.5x, a deterioration in comparison with the 2007 figure of 7.7x. This ratio is calculated by dividing FFO plus gross interest expense by gross interest expense. The increase of the FFO is more than negated in this ratio through higher interest charges produced by the rise of the total debt.

In addition to these two ratios, Schiphol Group applies leverage (ratio of interest-bearing debt to total equity plus interest-bearing debt), which is a function of financing policy. The leverage remains important inasmuch as the Aviation Act uses an assumed leverage of 40% to calculate the weighted average cost of capital (WACC) for the regulated activities of the Aviation business area. As at year-end, Schiphol Group's leverage was 38.6%, up 15.1 percentage points on the year before (2007: 23.5%). This rise is the combined effect of an increase in the interest-bearing debt and a fall in shareholders' equity.

Rating

In anticipation of the payment of the super dividend in 2008 and an adjustment of the financial structure, which was in part due to increased debt financing, Standard & Poor's adjusted its 2008 credit rating for NV Luchthaven Schiphol and Schiphol Nederland B.V. to A (was AA-) with a "negative outlook" while Moody's adjusted its credit rating for the same two entities to A1 (was Aa3) with a "stable outlook".

Balance sheet developments

Schiphol Group's balance sheet total rose by 26% to EUR 5,409 million as at year-end 2008 (2007: EUR 4,287 million). Shareholders' equity dropped by EUR 70 million to EUR 2,887 million, mostly as a result of the payment of EUR 500 million in super dividend distributions and EUR 93 million in ordinary dividend distributions. This was compensated by revenues from the placement of shares with Aéroports de Paris SA of EUR 370 million and an addition of EUR 187 million to the retained earnings from the profit and loss account. The fixed assets increased 20.5% to EUR 4,754, mainly due to our extensive capital expenditure and the 8% participation in Aéroports de Paris. Other important balance sheet developments are the increase in net cash balances and current bank overdrafts from EUR 142 million as at year-end 2007 to EUR 237 million as at year-end 2008 and the rise in the debt position as detailed below.

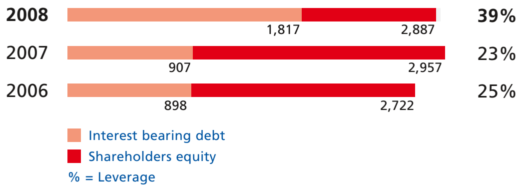
Financing

The total amount of outstanding loans and lease liabilities as at year-end 2008 was EUR 1,817 million, which is double the EUR 907 million as at year-end 2007. In 2008, new loans totalling EUR 938 million (after deduction of costs) were contracted. Of this amount, EUR 917 million was attracted under the Euro Medium Term Note (EMTN) programme, including EUR 120 million nominally via a 30-year loan in Japanese Yen and EUR 800 million nominally via a successful placement of a public bond issue with a term that runs until 2014. The remaining amount was contracted by Airport Real Estate Basisfonds CV (ACRE Fund), Avioport Spa and Villa Carmen BV. EUR 48 million of the increase in outstanding loans and lease liabilities is the result of translation differences, while EUR 18 million of the increase is due to our expanded interest in the Airport Real Estate Basisfonds CV which rose from 50% to 60.25%. In 2008, loans were repaid either partly or in full to an amount of EUR 91 million and lease liabilities were reduced by EUR 3 million.

In addition to attracting long-term loans and issuing bonds, Schiphol Group has also launched a successful Euro-Commercial Paper (ECP) programme under which it can attract short term debt up to a maximum of EUR 750 million at market interest rates for short-term paper. The ECP programme supplements the EMTN programme under which long-term financing is attracted. This has improved the flexibility with which funds can be obtained. To support this programme, Schiphol Group has also arranged backstop facilities with eight banks in the amount of EUR 400 million, which have not yet been used. Outstanding obligations under the ECP programme as at year-end 2008 of EUR 162 million have been included in the net cash balances and current bank overdrafts.

The average interest expense fell from 5.5% in 2007 to 5.3% in 2008, despite a hefty increase in credit spread on new loans, particularly in the second half of 2008. This was a direct consequence of the credit crisis and resulting problems in the capital markets.

Capital structure
EUR million



Financing policy

In accordance with our financing policy we aim to reduce the refinancing risk. The remaining terms to maturity of the loans issued under the EMTN programme range from 0 to 30 years.

Loan maturity profile
EUR million

Our interest rate risk management policy favours fixed-interest loans, achieved either by contracting loans at fixed interest rates or by making use of standard interest rate derivatives.

Aviation

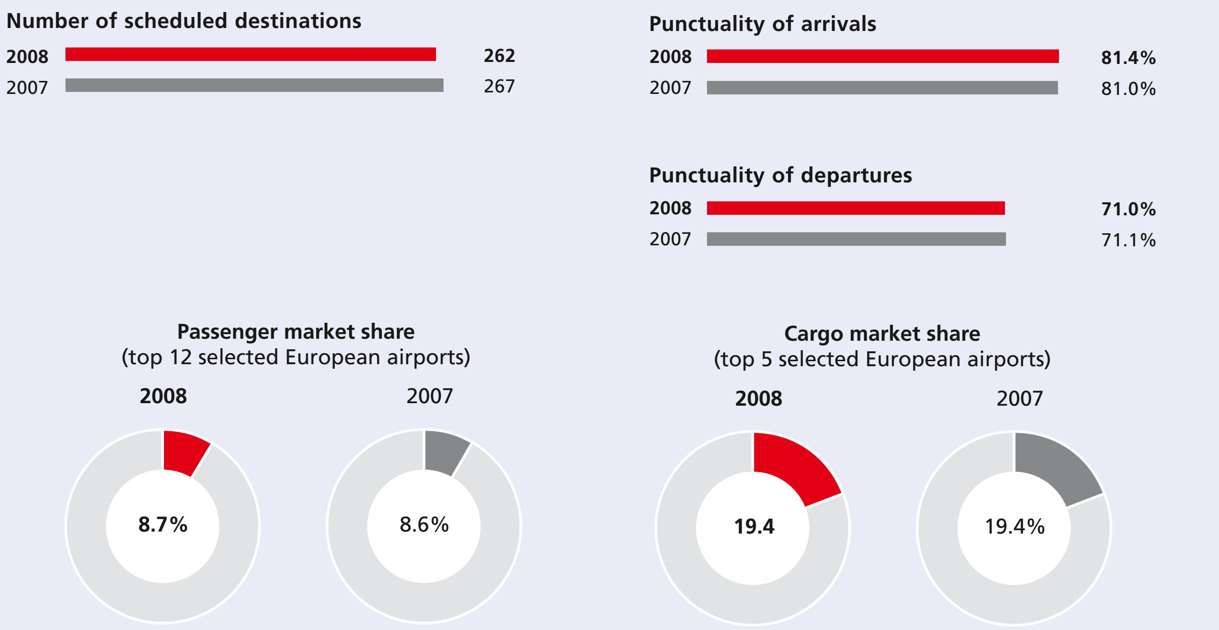
The Aviation business area operates solely at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates charges.

Sources of revenue: airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies in exchange for the right to provide aircraft refuelling services).

2008 highlights

- Revenue down 1.6% owing to fewer passengers and flights and settlement of airport charges
- Operating result drops by 46.4%
- Substantial loss in number of passengers at Schiphol in second half-year due to Air Passenger Tax
- Market share in passengers and cargo remains stable
- Agreement on continued growth until 2020

Key Performance Indicators



Aviation Business Area	2008	2007	
EUR million			
Revenue	640	650	- 1.6%
Operating expenses	589	555	6.1%
EBITDA	170	216	- 21.4%
Operating result	51	95	- 46.4%
Average fixed assets	1,944	1,834	5.8%
RONA before tax	2.7%	5.2%	
RONA after tax	2.0%	3.9%	
Investments in fixed assets	216	208	3.8%

Financial performance

The Aviation business area revenue fell by 1.6% in 2008 (up 3.1% in 2007), from EUR 650 million to EUR 640 million. At EUR 613 million (EUR 630 million in 2007), airport charges at Amsterdam Airport Schiphol accounted by far for largest part of the revenue. Concession fees relating to aircraft refuelling services and other activities rose to EUR 27 million in 2008 (EUR 21 million in 2007). The main reason for this rise was the revenue from the in-terminal transport of people with reduced mobility.

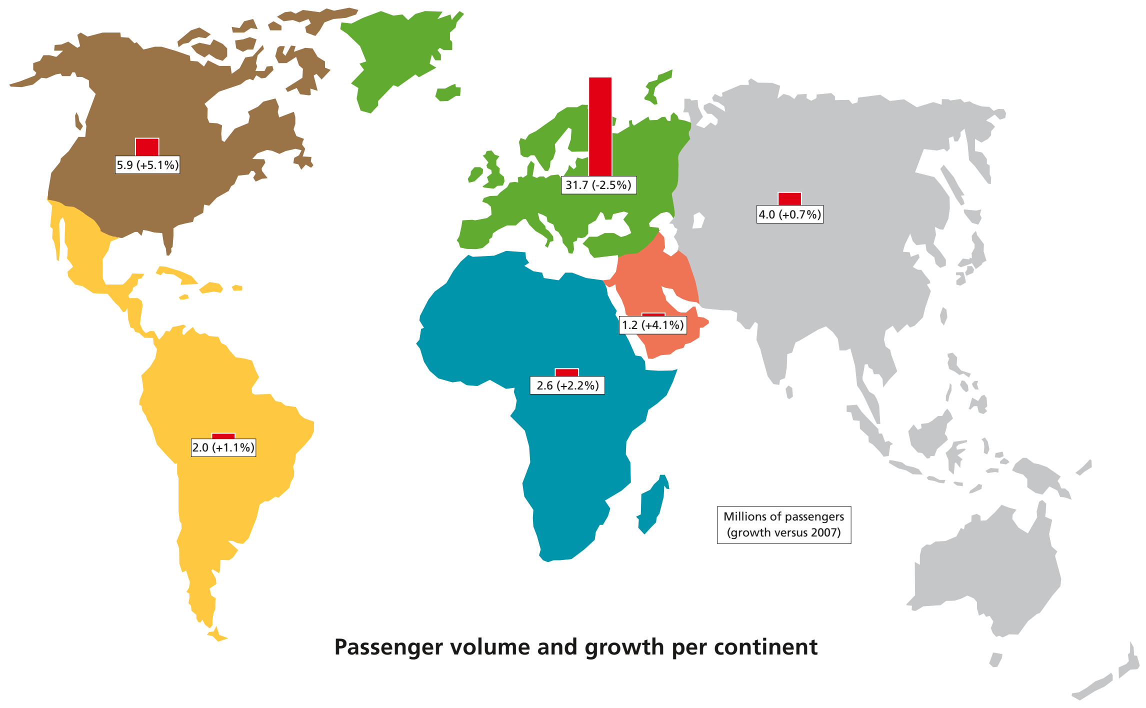
The decrease in airport charges was a result of:

- Lower airport charges (EUR 10.7 million) caused by 1.8% fewer air transport movements (EUR 3.9 million) and a reduction in takeoff and landing fees as per 1 November 2007 (down EUR 13.5 million) as a result of a settlement for the years 2005-2006. The average aircraft takeoff weight in 2008 rose slightly in comparison with 2007. Combined with a tariff increase as of 1 November as well as other positive effects, this resulted in a EUR 6.7 million rise.
- Lower passenger service charges (EUR 12.7 million) caused by 0.8% fewer passengers (EUR 4.2 million), a tariff reduction of 8.7% as of 1 November 2007 (down EUR 17.4 million) due to the settlement relating to the years 2005-2006 and a tariff increase as of 1 November 2008 (EUR 9 million). Other effects caused a fall of EUR 0.1 million.
- Higher security revenues (EUR 7.0 million) due to a rise in the tariffs as of 1 November 2008 (EUR 11.7 million) and a fall in passenger numbers (EUR 4.6 million). Other effects caused a fall of EUR 0.1 million.

Operating expenses of the Aviation business area rose by 6.1% (down 0.5% in 2007), from EUR 555 million to EUR 589 million. The major causes of this rise were increased security activities (EUR 17 million), higher personnel costs (EUR 8.9 million), the costs of transporting people with reduced mobility at Amsterdam Airport Schiphol (EUR 5.3 million), higher maintenance costs owing to shifts in planning schedules (EUR 5.3 million) and higher costs for hiring external personnel (EUR 3.6 million). Various other effects resulted in a decrease of EUR 4.3 million.

EBITDA decreased by 21.4% in 2008 (compared with a 13.8% rise in 2007), from EUR 216 million to EUR 170 million. The operating result fell by 46.4% (compared with a 29.8% rise in 2007), from EUR 95 million to EUR 51 million.

EUR million	Aviation		Security		Aviation Business Area	
	2008	2007	2008	2007	2008	2007
Revenue	416	433	224	217	640	650
Operating expenses	368	351	221	204	589	555
Operating result	47	82	4	13	51	95
Average fixed assets	1,776	1,697	168	137	1,944	1,834
RONA after tax	2.0%	3.6%	1.6%	7.3%	2.0%	3.9%



Passenger volume and growth per continent

Investments in 2008 totalled EUR 216 million (EUR 208 million in 2007). The most important investments were made in the baggage system and security.

The RONA after tax of the Aviation activities fell by 1.6 percentage points to 2.0% owing to reduced revenue and increased costs.

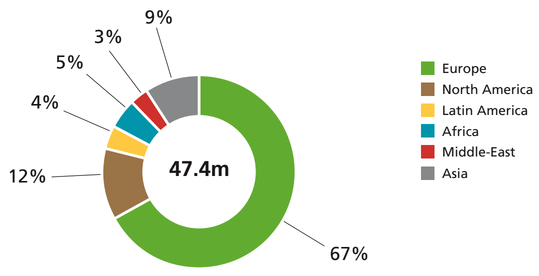
The RONA after tax of the security activities fell by 5.7 percentage points to 1.6%, mainly as a result of rising costs.

Growth in passengers and cargo

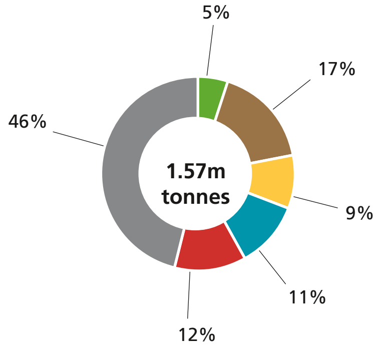
Maintaining and strengthening the competitiveness of Amsterdam Airport Schiphol as a main port is our most important objective. As passengers and cargo are our principal business drivers, we opposed the introduction of the Air Passenger Tax from the outset. However our protests, along with those of other sector parties, were of no avail and the tax took effect on 1 July. From that date, passengers departing from a Dutch airport were required to pay an additional EUR 11.25 for destinations within the European Union (EU) and within 2,500 km (or 3,500 km if the destination country is dissected by the 2,500 km limit). Passengers with farther destinations are required to pay EUR 45. As a result of both the new tax and the economic crisis that became increasingly apparent after the summer, the growth in passenger numbers realised during the first half of the year evaporated, and 2008 closed with a drop of 0.8%, from 47.8 million passengers in 2007 to 47.4 million in 2008.

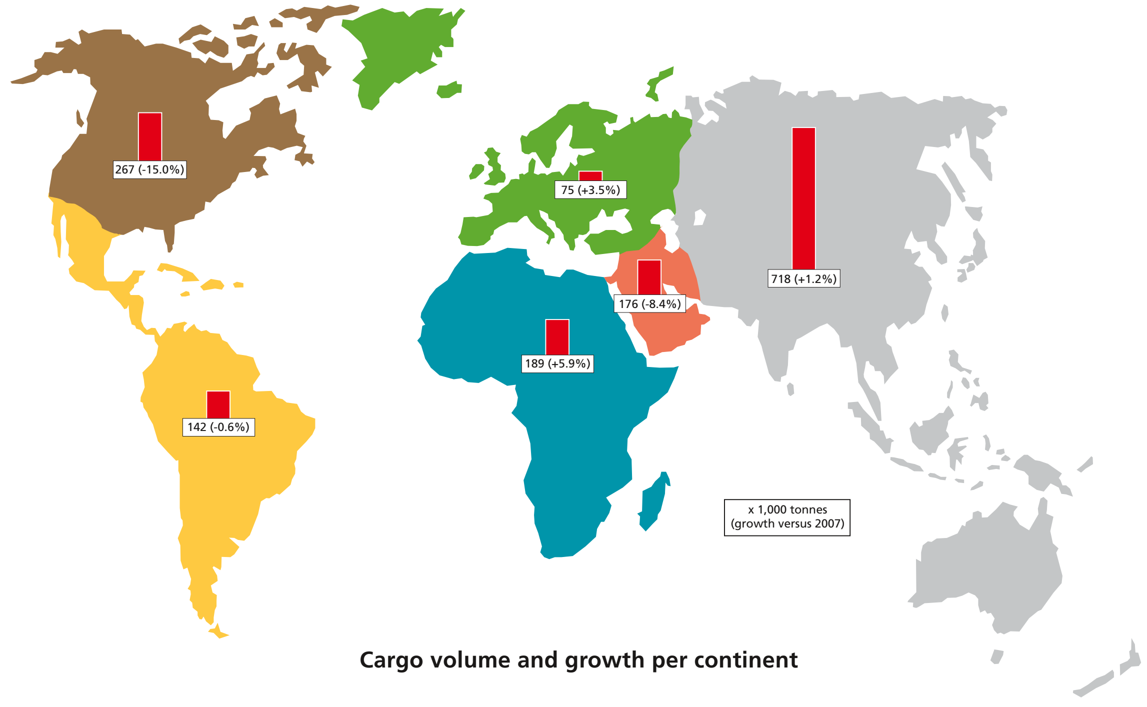
Obviously, a portion of this drop must be attributed to the economic recession. However, in view of the rise in passenger traffic departing from regional airports in Germany and Belgium and from our own airport up to 1 July, this drop is primarily the result of the introduction of the Air Passenger Tax as of 1 July 2008. From 1 July through the end of December 2008, substantially fewer passengers departed from Amsterdam Airport Schiphol. For the most part, these passengers opted for airports in Belgium and Germany, where this tax does not exist.

Passengers per continent



Cargo per continent





Cargo volume and growth per continent

European market share remains stable

Despite the fall in passenger numbers at Amsterdam Airport Schiphol, we were able to retain our position as Europe's fifth-largest passenger airport in 2008. Of Europe's Top 12 airports*, London Heathrow again secured the number-one spot as the largest passenger airport in 2008. At 8.7%, Amsterdam Airport Schiphol's market share within the Top 12 remained virtually unchanged in 2008 compared with 2007 (8.6%).

The number of passengers carried by the hub carrier Air France-KLM and partners grew by 2.7%, increasing from just over 29 million to more than 30 million. In the wake of the introduction of the Air Passenger Tax and the advent of the financial and economic crisis, the low-cost carriers saw their passenger numbers fall by nearly 900,000 from the 6 million passengers they carried in 2007; this represents a drop of nearly 15%. Other carriers suffered a drop of 2.1%.

Destination traffic (O&D passengers) fell by 3.4% in 2008 to 27 million (up 4.3% in 2007). The number of transfer passengers rose by 3% (3.2% in 2007) to 20.3 million. In terms of passenger transport, Europe remained the most important region for Amsterdam Airport Schiphol in 2008. Passenger transport within Europe totalled 31.7 million, a drop of 2.5% relative to 2007 (up 3.9% in 2007). Passenger numbers to and from North America rose by 5.1% (4.4% in 2007), from 5.6 million to 5.9 million. The number of passengers travelling to and from Asia increased by 0.7% (3.3% in 2007) to 4 million. Passengers travelling to and from Africa increased by 2.2% (3.3% in 2007) to 2.6 million. Passenger numbers to and from Latin America grew by 1.1% (3.8% in 2007) to 2 million, and to and from the Middle-East by 4.1% (down 3.3% in 2007) to 1.2 million.

Tough times for cargo transport

Despite a fall in cargo transport, Amsterdam Airport Schiphol was able to retain its position as Europe's third cargo airport in 2008. The quantity of cargo transported to and from Amsterdam Airport Schiphol fell by 2.6% in 2008 (up 5.5% in 2007) to over 1,567,000 tonnes. The prime cause of this drop is the worldwide financial and economic crisis. There were gains in 2008 through the month of May, after which point volumes dropped steadily. The departure of El Al to Liège, mainly because of the high tariffs imposed on its relatively noisy aircraft, and that of Polar Air Cargo, also contributed to the negative development.

Cargo volumes carried by full-freighters – aircraft that transport exclusively cargo – fell by 1.3% (up 6% in 2007), from over 939,000 to over 927,000 tonnes. Aircraft that transport both passengers and cargo saw a drop of 4.6% (up 4.7% in 2007). They transported 640,000 tonnes, which is 30,000 tonnes less than in 2007.

At more than 718,000 tonnes, Asia remains by far the most important region for cargo. In 2008, the volume grew by 1.2% (8.4% in 2007) from more than 710,000 tonnes to 718,000 tonnes; this growth is entirely attributable to import cargo (slight drop in export cargo to Asia). Cargo volumes to and from Africa again grew strongly at 5.9% (7.6% in 2007), from more than 179,000 tonnes to 189,000 tonnes. Cargo transport to and from North America, the second-most important region for Amsterdam Airport Schiphol, plummeted by 15% (up 2.5% in 2007), from over 314,00 tonnes to 267,000 tonnes. Cargo transport to North America lost one fifth of its volume.

** Amsterdam, Brussels, Frankfurt, Copenhagen, London, Madrid, Manchester, Milan, Munich, Paris, Rome and Zurich.*

New robot cell commissioned in baggage basement at Amsterdam Airport Schiphol

Air transport movements

For the economic development of the Randstad area in general and for the competitiveness of the airport as a main port in particular, it is vitally important for Amsterdam Airport Schiphol to be able to continue to grow. Over the next few years, the airport can grow to 480,000 air transport movements per year, as agreed in 2007 by the Alders Platform, a consultative body for the aviation sector and regional partners chaired by Hans Alders. To this end, the limits of some noise measurement points had to be raised, while those of others had to be lowered. In 2008, the Lower House approved the draft Airport Traffic Ruling (LVB) that was drawn up on this basis.

Alders Platform consultations held in 2008 on further opportunities for growth up to 2020 again resulted in a positive recommendation. Amsterdam Airport Schiphol will be allowed to grow to 580,000 air transport movements annually up to 2020. Of this number, 70,000 non main port-related flights are to be handled by regional airports. The government has approved this recommendation, which will now be further developed in the Aviation Policy Document to be published in 2009. This Aviation Policy Document will also indicate how the 70,000 flights are to be distributed between the airports of Eindhoven and Lelystad.

The number of air transport movements at Amsterdam Airport Schiphol fell by 1.8% in 2008 (up 3.0% in 2007), from 435,973 to 428,332 movements.
There was a slight rise in the average takeoff weight (MTOW), from 98.7 tonnes in 2007 to 99.9 tonnes in 2008.

Network

An extensive network of connections is essential for a main port. Amsterdam Airport Schiphol has such a network. The number of destinations served by passenger and cargo flights from our main port, either throughout the year or for a limited period, fell by 5 in 2008 to 262. Nine of these 262 destinations are purely cargo destinations (this number is unchanged relative to 2007). The number of destinations within Europe fell by four to 153. The number of intercontinental destinations fell by one to 109.

The drop of five destinations in 2008 is the sum of 16 new destinations (10 European and 6 intercontinental) less 21 discontinued destinations (14 European and 7 intercontinental).

If we examine a select group of 58 main-port destinations, i.e. airports located in major economic centres, our competitive position improved in 2008 relative to the two preceding years. The number of mainport destinations remained stable, while the number of weekly frequencies increased by 2% (compared with 1% for our main European competitors).

Operating capacity

Ongoing investment ensures that Amsterdam Airport Schiphol has ample operating capacity.

We have invested heavily in our baggage system in recent years and will continue this level of investment in the years to come to ensure optimum handling of the expected flow of 70 Million Bags (MB) in the future. The previously reserved sum of EUR 700 million for these investments has since been increased to EUR 890 million, of which more than EUR 340 million had been spent as of the end of 2008.

An entirely new robot cell was deployed in 2008 as part of an important objective of the 70MB programme: improving working conditions in the baggage basements and raising productivity. Six of these robot cells will be deployed in the New-South baggage hall in 2009. Expansion of the unloading capacity in Basement E progressed well in 2008 (completion planned for end of 2009). A contract was signed in February for the installation of four unloading quays and screening facilities for transfer baggage on Pier E. The new unloading quays will be linked with Departure Hall 2. They will replace the current transfer unloading quays in the Central baggage hall, which are to be demolished to make room for the 'backbone' of the 70 MB project, a transport system that will link all baggage halls.

Work on renovating and expanding the check-in counter blocks in Departure Hall 1 started in August. As part of the 70MB programme, all counter blocks and baggage systems in Departure Halls 1 and 2 are to be rebuilt and renovated, and the counter blocks in Departure Hall 1 are to be connected to the systems in the new baggage hall 'New-South'. Work has already begun on installing two new counter blocks in Departure Hall 1, so that the other counter blocks can then be decommissioned in a phased manner to be later connected to New South.

To prepare for this operation and create space for the building activities, all transavia.com check-in counters were temporarily moved from Departure Hall 1 to Departure Hall 3 at the end of March. Transavia.com will return to Departure Hall 1 in 2010.

Renovation work on Pier B started at the end of September. The current four aircraft stands on the south side will be converted into six smaller ones. This is necessary to accommodate a part of the KLM CityHopper fleet and to create additional stand capacity that has become necessary with the entry of 11 new EU Member States into the Schengen Agreement. The six new aircraft stands will be semi-connected to the pier, which means that passengers move from the pier to the platform via a covered footbridge and a stairway and will need to walk the final couple of metres to the aircraft. The work should be completed in the spring of 2009.

The first self-service transfer centre was opened on Pier D in May 2008. Here transfer passengers from Air France-KLM and its partners can print out their boarding cards at the self-service kiosk for their connecting flights. There are separate transfer desks for passengers flying with other airlines. A total of 16 clusters with self-service transfer kiosks are to be installed on Piers B, C, D, D and F and a second transfer centre will be installed on Pier E.

Runway 18C-36C was taken out of service from the end of June to mid-July for major maintenance work; parts of the runway and a number of entry and exit ramps were renovated.

Airspace and environmental capacity

We have shared responsibility for sufficient and reliable capacity in the air. Together with Air Traffic Control the Netherlands (LVNL), we must ensure that the noise capacity allotted to us by the government is not exceeded. By charging differentiated fees, we aim to encourage the use of quieter aircraft types using Amsterdam Airport Schiphol and discourage noisy aircraft. We also use differentiated fees to discourage night flights. Tighter controls of the night-time take-off and landing times at Amsterdam Airport Schiphol have resulted in significantly fewer violations of these times. The number of violations in the summer

period, which runs from 29 March to 26 October, decreased dramatically, from 364 in 2007 to 37 in 2008. This drop is the result of a new surveillance method used by the Transport, Public Works and Water Management Inspectorate (IVW) and the independent slot coordinator at Amsterdam Airport Schiphol.

Airlines that land or takeoff between 23.00 and 7.00 hours, contrary to the agreements and despite repeated warnings from the slot coordinator, will receive an order for penalty payments from the Transport, Public Works and Water Management Inspectorate amounting to EUR 15,000 for each further violation. Tightened enforcement was necessary as violators used up the annual noise allowance prematurely, thereby disadvantaging other airlines.

Following the operating year 2008, we reported to the IVW that, since the wind in 2008 blew unusually often from a southerly direction, the values registered in two 24 hour noise impact measurement points and in one night-time noise impact measurement point were in excess of the limit values laid down in the Airport Traffic Ruling. It is up to the Inspectorate to calculate whether, and to what extent, the value registered in these noise impact measurement points was caused by unusual weather conditions. As this investigation is still ongoing, we do not yet know if the IVW will impose measures.

Efficient operation

We are constantly striving to improve operating efficiency, safety and security and the quality of the products and services we provide to airlines, passengers and handling agents.

Baggage handling
The irregularity rate (IR rate), the percentage of bags that failed to arrive at the airport together with the passengers rose from 2.45% in 2007 to 2.53% in 2008. Joint action was taken with the handling companies in 2008 to seek out ways of further improving the arrival process. This resulted in a 2-minute drop in the average ‘waiting time at the baggage carrousel’.

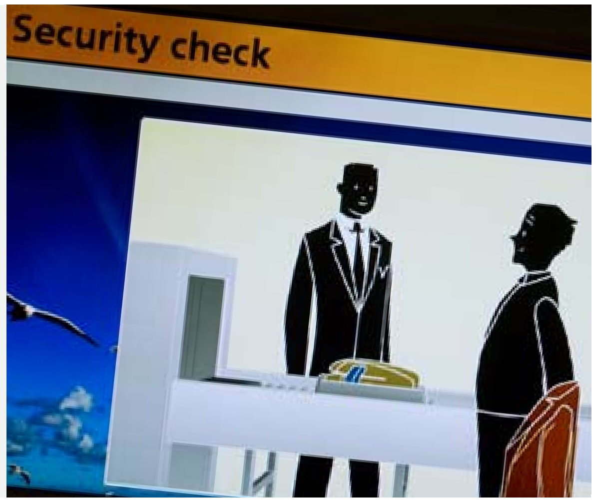
Since July we and KLM have been testing a ‘self-service baggage drop-off’ system where passengers check-in their own hold baggage. The test is expected to last six months and is part of our innovative Redesign Passenger Process (RPP) programme that aims to boost efficiency, ease the travel process for the passenger and reduce waiting times. The ‘self-service baggage drop-off’ concept addresses the needs of passengers who are increasingly checking in themselves at a self-service kiosk or at home via the Internet. If the test is completed successfully, self-service baggage drop-off will become a standard part of the check-in process at Amsterdam Airport Schiphol.

Punctuality
Arrival punctuality rose from 81.0% to 81.4% in 2008. The number of flights departing on time fell fractionally from 71.1% to 71.0%. As in previous years, the majority of the delays were due to poor weather conditions.

Safety
Amsterdam Airport Schiphol is, and intends to remain a safe airport. The safety at our airport concerns aviation safety, fire safety, road safety and health & safety in the work place. This is addressed in great detail in our 2008 Corporate Social Responsibility Report, of which a summary follows below.

Where aviation safety is concerned, runway safety has our constant attention. Together with Air Traffic

Test with robot bird at Amsterdam Airport Schiphol



Control the Netherlands (LVNL) and the airlines, we are pursuing a 'zero incident' policy via the Schiphol Safety Platform: preventing accidents involving aircraft or vehicles on and around the takeoff and landing runways. As in 2007, there were no accidents in 2008; however, there were 41 (potentially) dangerous situations, also known as 'runway incursions'; 1 more than in 2007. The majority of these involved minor deviations from procedure, such as an aircraft parking its nose wheel on the stop line instead of behind it.

The goal of keeping bird strikes to less than four per 10,000 air transport movements was not quite achieved in 2008, when the average amounted to 4.2, which is a return to the 2006 level. In 2007, the average number of bird strikes was 5.2 per 10,000 air transport movements as a result of the mild winter that kept many migratory birds in the Netherlands and the warm spring that created extremely favourable breeding conditions.

As the number of birds (especially geese) around the airport is increasing, the Schiphol Safety Platform is conducting close consultations with the Transport, Public Works and Water Management Inspectorate and the province of North Holland to make the immediate vicinity of Amsterdam Airport Schiphol (a 10-km radius) less attractive to birds, particularly geese. To drive birds away from the airport, we will be using a robot bird in 2009. This robot bird, which flies like a bird of prey and is radio controlled, was tested successfully in the year under review.

Our policy regarding safety in the Terminal and other buildings is aimed primarily at fire safety. In 2008 a further part of the multi-year programme for improving fire safety was implemented. Pier D was equipped with a sprinkler installation and fire and smoke compartments. Additional emergency exits have also been installed at a number of locations in the terminal complex.

As Amsterdam Airport Schiphol is responsible for safety on the roads and parking spaces, we endeavour to prevent unsafe traffic situations and traffic accidents on the airport grounds as much as possible. The number of accidents at the airport decreased slightly in 2008 to an average of 47 per month, of which 15 where parking-related incidents. Experiences with the warning lights (lane lights) installed last year in the road surface at pedestrian and bus crossings have been positive. The frequent speed checks by the Dutch Military Police (Koninklijke Marechaussee) have also had a positive impact: the number of speed-related accidents is down approximately 20%. In 2008, the number of collisions on platforms increased by 1 to 17 per month.

Security
The security aspect at the airport has to do with preventing malicious acts intended to harm passengers, employees, visitors and the airport itself.

Amsterdam Airport Schiphol aims to be an airport through which passengers, their baggage and cargo are able to pass as efficiently and securely as possible. Our modern and innovative security policy ensures that we are able to comply with the relevant statutory rules and regulations. We are working together with various parties to make continuous improvements in the security process, at acceptable cost. Apart from deploying security personnel we also make use of new technology for this purpose.

2008 featured a number of major projects.
In order to continue to comply with European laws and regulations, additional security measures were introduced at Amsterdam Airport Schiphol on 1 July. The aim of these measures is to ensure that passengers, once security screened , can no longer come in contact with staff or goods which have not been screened. To facilitate this, special checkpoints have been installed in various places fitted with iris scans, walk-through metal detectors and X-ray equipment where all persons, vehicles and objects carried by persons are fully screened before entering the apron. Following a television broadcast, a number of temporary measures were already taken on 15 February to tighten the screening of staff and goods entering the platform.

The construction of the Security Control Centre (SCC) was completed at the end of 2008. This is a central point from where the operational security processes can be optimally observed, directed and analysed and where incidents can be detected quickly so as to enable an effective and proactive response.

In 2008, the first part of the Shared Control Room Infrastructure project was also completed at Amsterdam Airport Schiphol. This project resulted in the placement of more cameras at the airport and a shared infrastructure that provides access to all camera images for the participating parties.

Service levels
The quality of the arrival and departure process at Amsterdam Airport Schiphol as perceived by passengers remained high in 2008. The bi-monthly surveys conducted among samples of 10,000 passengers show that, again in 2008, an average of 93% of departing and arriving passengers experienced our airport as "good" to "excellent".

In January, H.M. the Queen opened the new VIP centre. The new centre is considerably larger than the old one and it offers guests more facilities. The centre was designed and decorated entirely by Dutch designers. The VIP centre is for the exclusive use of members of the royal family, ministers and state secretaries from the Netherlands and abroad, the Diplomatic Corps, trade delegations and top executives of leading international businesses, among others.

In 2008, Amsterdam Airport Schiphol again won a number of awards, including:
- The Business Traveller Award for best European airport, presented by the British magazine Business Traveller. We have won this prize 25 times since 1980.
- The 'Leading Edge Award', presented by US magazine Executive Travel which chose Amsterdam Airport Schiphol as the best international airport based on a reader survey. This is the second time we have won this award.
- 'Favourite International Airport 2008', presented by Canadian travel agents. It is the fourth time in a row that we have won this award since its introduction in 2005.
- The 'Best Airport Europe' and the 'Best Air Cargo Terminal Europe' Awards, for the 15th and 10th time respectively, presented by the readers of the Asian cargo magazine Cargonews Asia because of the high quality of our cargo facilities and the efficiency of the cargo transfer process.

Environment
In June, Minister Eurlings of Transport, Public Works and Water Management commissioned an innovative system for processing kerosene vapours from the Aircraft Fuel Supply (AFS), designed to improve the air quality on the apron. The system converts kerosene vapours into usable energy and eliminates exposure of tanker operators to kerosene vapours.
In late September the Rijnland Polder Board approved the sanitation plan proposed by Amsterdam Airport

Farm near Amsterdam Airport Schiphol's Runway 18R-36L

Schiphol. Over the next few years, we will be investing in measures to improve water quality on the airport grounds. In so doing, we aim to reduce the environmental effects of substances used for de-icing aircraft and clearing ice from taxiways and runways. If these substances find their way into surface water, they can have harmful effects on plant and animal life in local waters. This occurred several times in the past, resulting in dying fish.
In the past few years we have already invested substantially in measures to prevent large quantities of substances used for de-icing and de-snowing from entering the surface water by establishing, for example, special de-icing platforms.

The sanitation plan describes the additional measures Amsterdam Airport Schiphol intends to take and when. The largest investment is the installation of a sewer system to collect and purify polluted water. Work on this system is expected to last from five to seven years.

In September, work began on the construction of a basin for water purification between Runway 18R-36L and Runway 18C-36C. In the period to August 2009, the basin will be used to conduct a test using algae to break down glycol and potassium acetate, substances that are used to combat snow and ice.

Competitive charges

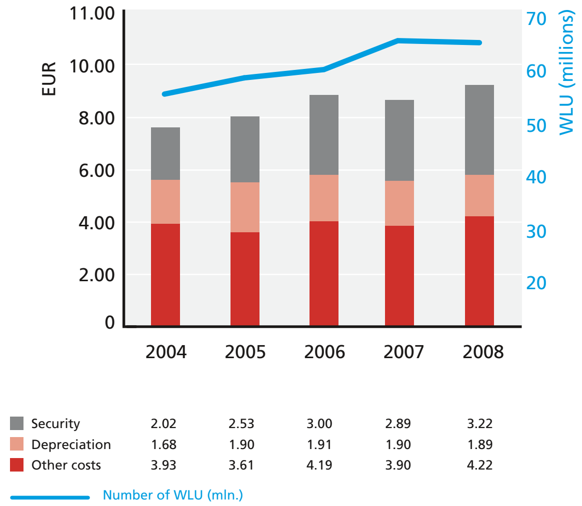
Following consultations with the airline companies, we adjust our charges at least once a year and no more than twice a year, taking effect on 1 April and/or 1 November.
In 2008, we were not able to adjust our airport changes until 1 November. We prefer the 1 April date for charge adjustments as any increased costs can then be spread over a period of nine months and, therefore, also over a far larger traffic and transport volume. Adjustment as of 1 April was not possible this year since we had not received the results of the findings of the Netherlands Competition Authority (NMa) in time regarding the objections submitted by airlines against the changes that took effect on 1 November 2007.
We have already set new charges to take effect on 1 April 2009. A number of parties have lodged objections to the new charges with the NMa, whose ruling is expected early 2009.

In accordance with the requirements of the Aviation Act, the financial accounts for 2007 were submitted to the NMa in May 2008. The accounting rules of the NMa differ only slightly from those observed by the IFRS for the standard annual accounts.

Beginning this year, Amsterdam Airport Schiphol has an obligation to accommodate People with Reduced Mobility (PRM). Previously, this was the responsibility of the airline or handler. However, new EU rules state that people with reduced mobility must have the same access to air travel as other citizens. In collaboration with the airlines, we have concluded a contract with Axxicom Airport Caddy (AAC) to provide PRM transport. To cover the related costs, a PRM charge of EUR 0.22 per departing passenger has been in effect since 14 January.

Cost efficiency

The part of the visit costs that is within our control is an important indicator for us. The measure used is the cost per workload unit (WLU), with one WLU equating to 1 passenger or 100 kg of cargo. Costs per WLU rose by 7.4% in 2008 to EUR 9.33 (EUR 8.69 in 2007). The security costs component of the WLU, in particular, rose strongly by 11.4%, from EUR 2.89 to EUR 3.22.



Constraints

For the successful development of the mainport Amsterdam Airport Schiphol we must depend to a large extent on other parties. We work closely with these parties and where possible agreements are laid down in covenants..

Quality of life around the airport
Particularly, in the area of noise and the environment, we heavily depend on third parties. In 2008, the Schiphol Regional Consultative Committee (CROS) advised the minister of Transport, Public Works and Water Management and the minister of Housing, Spatial Planning and the Environment to implement five of the eight disturbance-reduction experiments started in March 2008. The ministers have accepted this advice. Two experiments are to be extended and one will remain a temporary measure.
The five experiments that will be implemented have proven to be technical and operational successes and they effectively reduce aircraft noise in the surrounding area. These experiments mainly concern changes to climb-out routes. The experiment with aircraft following a fixed curve between Hoofddorp and Nieuw-Vennep will be continued, as will the experiment with a new climb-out route from Runway 18R-36L over Amsterdam.

Another experiment being conducted in consultation with CROS – the testing of a new fixed departure route from Runway 18C-36C in the event of parallel takeoffs from this runway and Runway 18R-36L – entered its second phase in July. Between March and July, Runway 18C-36C was deployed more often in connection with this experiment, which resulted in increased nuisance for residents in Amsterdam-West. The aim of the experiment is to resolve the problem with parallel takeoffs from the two runways that arose after Runway 18R-36L was put into operation in 2003.

Airport accessibility
For Amsterdam Airport Schiphol as a main port, good access is a vital factor. This not only applies to passengers, but also to air cargo, visitors and staff.

We signed the Amsterdam Region Mobility Management Covenant with a number of other major Randstad companies in November. In the covenant, the signatories agree to reduce the rush-hour car mileage of their employees by 10% in the period 2008-2012. The covenant dovetails with our Climate Plan.

All bus stops at Amsterdam Airport Schiphol were renovated in 2008 and their accessibility was improved for people with reduced mobility. Screens have been installed at the principal bus stops and at the Schiphol Plaza bus station providing up-to-date travel information to the 30,000 people that use the bus services every day. The Schiphol Plaza bus station has now been roofed. The Amsterdam City Region contributed a subsidy of EUR 3.8 million for these improvements.

The number of passengers travelling by public transport to the airport rose by 0.7% to 40.3% in 2008. The majority of these passengers made the trip by train. The number of passengers brought to Amsterdam Airport Schiphol by car dropped nearly by 1 percentage point to just over 27%. The number of passengers that drive themselves to the airport and then park their cars rose slightly to 11.4%.

Development Passenger Service Charge and Security Service Charge

Euro per pax		2003	2004	2005		2006	2007	2008	Average
		Apr-03	Apr-04	Apr-05	Nov-05	Apr-06	Nov-07	Nov-08	annual increase
PSC	**O&D**	11.85	12.56	12.96	12.96	13.22	11.87	13.46	2.1%
	transfer	4.08	4.33	4.47	4.47	4.56	4.98	5.65	5.6%
SSC	**O&D**	10.80	10.55	10.99	11.90	12.78	10.84	17.47	8.3%
	transfer	1.60	1.60	3.54	3.83	4.11	6.07	9.78	35.2%
Total	**O&D**	22.65	23.11	23.95	24.86	26.00	22.71	30.93	5.3%
	transfer	5.68	5.93	8.01	8.30	8.67	11.05	15.43	18.1%

Use of public transport to and from Amsterdam Airport Schiphol has increased

Use of public transport by employees at Schiphol continues to rise. They accounted for nearly 28% of employees in 2008 (25% in 2006). The increase can be attributed to the train and Schiphol-Sternet and Zuidtangent bus services. The number of employees commuting exclusively by car fell to just over 55%. Satisfaction among Schiphol employees regarding accessibility has improved significantly: 73% is satisfied compared with 64% in 2006.
October saw the opening of Beech Avenue, an important new connection between Schiphol-Zuid and Schiphol-Zuidoost that will improve traffic flows between the two areas. Cargo traffic and buses can use this route, provided with a special gate, to gain direct access to the cargo area at Schiphol-Zuidoost. As a result, the N201 and its parallel road will be considerably less congested.

In April, NS HiSpeed, the future operator of the high-speed rail link (HSL) to Paris, opened a special lounge in Schiphol Plaza for HSL users.

Consumers

The activities of the Consumers business area comprise the operation of shops and car parks, the granting and management of concessions for shops and food service outlets, and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The Consumers business area also has activities outside the Netherlands, including the operation of retail outlets via management contracts.

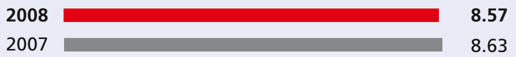
Sources of revenue: retail sales, parking charges, concession fees, advertising and management fees.

2008 highlights

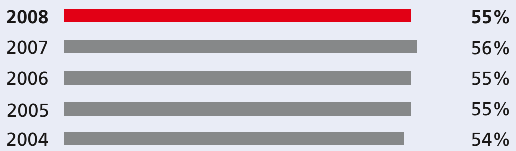
- Revenue up slightly
- Operating result drops by 4% due to rise in operating expenses
- Retail campaign Schiphol. Where Else. launched
- Success of Schiphol Smart Parking continues
- Privium ClubLounge opened

Key Performance Indicators

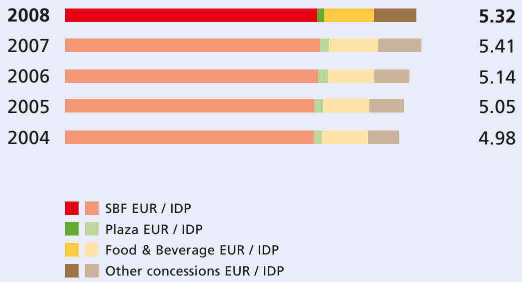
Parking revenues
EUR per departing NL passenger



Perceived price/quality See Buy Fly (SBF)



Concession income per international departing passenger (IDP)
EUR per passenger



Consumers Business Area	2008	2007	
EUR million			
Revenue	302	301	0.1%
Operating expenses	164	157	4.5%
EBITDA	163	166	- 1.8%
Operating result	138	144	- 4.0%
Average fixed assets	247	234	5.6%
RONA before tax	56.0%	61.5%	
RONA after tax	41.7%	45.9%	
Investments in fixed assets	22	48	- 54.5%

Financial performance

The Consumers business area revenue rose by 0.1% in 2008 to EUR 301.8 million, with concession income making the largest contribution, followed by parking fees and retail sales.

Revenue

EUR million	2008	2007	%
Concession fees	**112.3**	112.8	- 0.5%
Parking fees	**81.6**	79.8	2.2%
Retail sales	**64.2**	64.4	- 0.4%
Rents	**13.5**	15.0	- 9.6%
Advertising & Media	**17.4**	15.2	14.5%
Other activities	**12.8**	13.2	- 3.0%
Total	**301.8**	**300.5**	**0.1%**

The decline in revenue from concession fees is the result of, on the one hand, the fall in passenger numbers and, on the other, the unfavourable exchange rates of the US dollar and British pound relative to the euro and worsening consumer confidence in the light of the worldwide financial and economic crisis. These developments had a slight effect on revenues from our own liquor and tobacco retail operations.

The rise in car parking income of 2.2% was mainly due to a charges increase.

The income from leases of commercial premises in the terminal fell compared to 2007 as revenues in 2007 were exceptionally high due to a final settlement with tenants regarding rent and service charges over a number of years.

Advertising & Media revenues rose because of improved sales performance and disappointing revenues in 2007 as the result of empty advertising towers and billboards.

Operating expenses of the Consumers business area rose by 4.5% mainly owing to higher employee benefits (up EUR 3.7 million), which in itself was largely due to a rise in the number of FTEs by an average of 9% at Schiphol Airport Retail and Parking. Furthermore, deprecation increased by EUR 2.7 million and other operating expenses rose by EUR 2.5 million.

EBITDA dropped 1.8% from EUR 166.1 million in 2007 to EUR 163.3 million in 2008.

The Consumers business area invested a total of EUR 22 million in 2008, which is EUR 26 million less than in 2007. The main reason for the higher figure in 2007 is the acquisition of the liquor and tobacco retail activities from KLM in that year.

Concessions

See Buy Fly
In 2008 as in previous years, much work was done on developing and launching campaigns, retail and otherwise. For example, the 'Fly with everything you buy' campaign developed in 2007 was run again in the first half of 2008 to eliminate confusion among consumers about the liquids & gels ban. The rerunning of this campaign proved useful as evidenced by consumer responses and the higher takings in the See Buy Fly shops.

Amsterdam Airport Schiphol | **International**

Concessions

Activities for which a concession is granted to third parties. Schiphol Group receives a percentage of the revenue (concession margin) and/or rent

Retail Sales

Independent operation of retail outlets (liquor and tobacco) in the shopping area behind the passport control intended for passengers only

Parking

Car parking for passengers, visitors and staff. Over 35,000 parking spaces Products include: VIP Valet Parking, Smart Parking

Advertising

Advertising at and around the airport

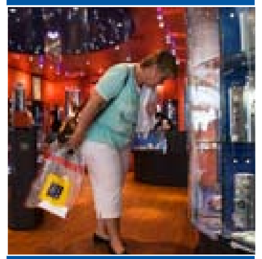
Privium

Service programme for frequent flyers using Amsterdam Airport Schiphol. Launched in 2001, with 46,500 members at year-end 2007

Consumers

Management contracts at airports in other countries

See Buy Fly

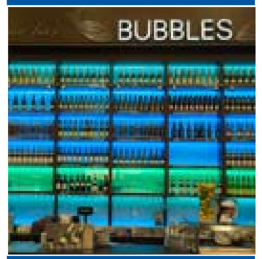


Shopping area beyond passport control intended for passengers only. 79 shops with a total area of more than 11,000 m²

Plaza

Shopping area before passport control intended for passengers, visitors and staff. 42 outlets with a total area of more than 5,300 m²

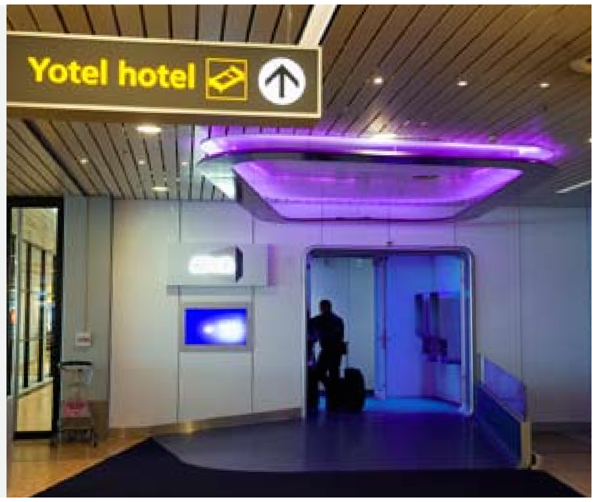
Hospitality



A wide range of bar and restaurant facilities located both before and after passport control 75 outlets with a total area of more than 17,300 m²

Other

Various services including car hire, airport lounges, banks, casinos, schiphol.nl, telecoms and the Rijksmuseum Annex



The campaign 'Schiphol. Where else.' was launched in September. The aim of this campaign is to improve passengers' knowledge and perception of products and prices at Amsterdam Airport Schiphol by stressing the variety of products and services the airport has to offer.

New contracts were signed with three concessionaires in 2008, while one was terminated.

Our commercial strategy focuses on improving and further expanding the retail mix by, for example, opening brand stores alongside generic outlets and introducing specific service concepts, such as Vizzit. This new retail concept for the piers was launched on Pier B in March 2008 and it will serve as the model for other pier stores in 2009. Vizzit stocks a select range of the airport's best-selling products, including perfume, liquor, special offers, souvenirs, snacks and all the latest must-have travel items.

Plaza

Following the official reopening of Schiphol Plaza in 2007, shops that had not yet been revamped were either renovated or moved in 2008 and the Arrivals 4 area was expanded to include the brand outlet Sissy Boy Homeland. The Juggle Juice bar in the Arrivals 2 area was revamped. Thanks to these modifications, Schiphol Plaza has regained its contemporary look and feel, so that passengers can start their journeys with that familiar 'Schiphol feel'. Also, the wishes of employees who work at Schiphol were factored into shop selection decisions.

Food service

Despite the smoking ban in the terminal that came into force on 1 January and the drop in the number of passengers, bars and restaurants saw their revenues rise in 2008 relative to 2007.

The number of food service outlets further increased in 2008. In June, HMSHost Schiphol Airport, the largest food services operator at the airport, opened JuicyDetails in Lounge 3, a juice bar that makes fresh drinks using all-natural ingredients according to the customer's wishes.
The Sandwich Island in Lounge 3 was fully renovated in 2008 and reopened in June under the name Pier01. Here passengers can order all kinds of sandwiches in beach-like surroundings.

Other

October saw the opening of Yotel, a unique hotel in the terminal where passengers can book rooms in blocks of four hours. Yotel is the second hotel beyond passport control. The first, the 16-year-old Mercure Hotel, was fully renovated in 2008. This hotel has 33 rooms, which can be rented by day and night. It also offers 21 shower areas where passengers can freshen up before or after a flight.

Just a short walking-distance from the terminal, a new hotel located on the (leasehold) land of the Real Estate business area opened its doors. citizenM is a luxury hotel with 220 rooms of approximately 12 m², appointed with flat-screen TVs, free Internet access, storage space for suitcases, rain showers and toilets.
The XpressSpa opened in Lounge 2 in February 2008. Here passengers can pamper themselves with a massage or beauty treatment.

The Entertainment and Telecom category had to deal with a shrinking market for the second consecutive year. A new contract was signed with Holland Casino in which both parties pledge to invest in the casino and the area in front of it. The parties hope that these investments will enhance the appeal of this entertainment component.

New Privium ClubLounge at Amsterdam Airport Schiphol

The foreign exchange bureaus continue to suffer from the trend away from cash to electronic-transfer transactions and the ever-expanding international network of ATMs.

Retail sales
Schiphol Airport Retail (SAR) has succeeded in maintaining their retail sales levels despite the smoking ban in the terminal and the unfavourable trend in the exchange rates of the British pound and US dollar relative to the euro.
Two new shops opened in 2008: one on Holland Boulevard, the area between Lounges 2 and 3, and a second shop in Lounge 1 on a spot once occupied by a casino.

Parking
Our aim of sustainable enterprise goes hand in hand with sustainable mobility. For Schiphol Parking this means that the dropping off and picking up of passengers is to be discouraged as much as possible in favour of public transport and passengers' own means of transport. If people made use of their own transportation rather than being driven by friends or relatives, the number of automobile movements to and from the airport would be dramatically reduced.

Amsterdam Airport Schiphol offers a very wide range of parking options to customers. Schiphol Valet Parking is offered with the business traveller in mind, and use of this service rose again in 2008. Schiphol Smart Parking, introduced in 2005, remains a successful formula. In 2008, 155,000 passengers (125,000 in 2007) reserved a parking space in P3 (long-term parking) in advance via the Internet. This represents nearly 50% of parkers using this car park (30% in 2007). In 2008, a variety of mobility products were offered on travel-related sites other than Schiphol.nl, such as KLM.com, transavia.com and Vliegwinkel.nl.

Since 2008, Privium members have also been able to park in P1, the car park located closest to the terminal.

Work began on the development of TransferCity in the car parks P3/P40 in 2008. TransferCity is to become a hub of mobility-related services focusing on getting people who come to the airport to collect and drop-off passengers to park their cars. An additional aim of TransferCity is to reduce the number of car movements around the terminal building, which is why in due course car rental companies will move to TransferCity.

Advertising & Media
In 2008 Schiphol Media, thanks to an amended strategy and improved systems and reporting, achieved higher utilisation rates and concluded a greater number of media contracts and, consequently, earned the highest revenues in its history. New advertisers in 2008 included Sunweb, T-mobile and the Dutch Tax Authorities.

Privium
Privium, the Schiphol Group service programme, expanded in November by opening the Privium ClubLounge, a luxuriously appointed designer lounge that offers Privium members the best in comfort and personal service. The Privium service programme, introduced at Amsterdam Airport Schiphol in 2001, enables travellers, among other things, to clear passport control quickly by using an iris scan system. Privium had 46,464 members at the end of 2008. Compared with the 42,083 members at the end of

CitizenM hotel at Amsterdam Airport Schiphol

2007, this represents a growth of 10.4% (24% growth in 2007).

Consumers International

Arlanda Schiphol Development Company
At Arlanda Airport, Arlanda Schiphol Development Company – our joint venture with the Swedish Luftfartsverket – opened a number of shops and food service outlets, resulting in higher revenues. In addition, 1,670 m^2 were added to the tax-free shopping area in Terminal 5 in December. In April 2009, the last phase will be completed, providing an additional 560 m^2 of tax-free shopping.
The joint venture is yielding good results and the contract has since been extended to the end of 2011.

Guangzhou Baiyun International Airport
The letter of intent signed with China's Guangzhou Baiyun International Airport in March 2007 for the development of commercial activities has resulted in the signing of a management contract in April 2008 for an initial period of two years. During this period, Consumers International will advise the Chinese airport on commercial matters. We are currently examining how the collaboration can be continued beyond the initial two years.

Saphire
At Angkasa Pura Schiphol in Jakarta, our joint venture with APII, we are continuing the implementation of the Saphire loyalty and border passage programme. This service programme, which is similar to Privium, was implemented in 2007 and has seen membership more than double, from 6,500 in 2007 to more 14,000 in 2008.

Leifs Eiriksson Air Terminal
Cooperation with Keflavik Airport to start a Privium programme in Iceland was terminated in mid-2008.

Toronto Canada
Consumers International and Dartagnan, our subsidiary specialised in developing automated border passage systems, have signed a letter of intent with Greater Toronto Airport Authority to conduct a study into the feasibility of implementing a Privium programme at one of Toronto's airports.

Real Estate

The Real Estate business area develops, manages, operates and invests in real estate at and around airports at home and abroad. The greater part of the portfolio, comprising both airport buildings and commercial properties, is located at and around Amsterdam Airport Schiphol.

Sources of revenue: income from the development and lease of premises and buildings. The business area also contributes significantly to Schiphol Group results through other sources of property-related revenue (results from sales, fair value gains or losses on property and the lease of land).

2008 highlights

- Revenue up 9% to EUR 135 million due to higher rental income
- Operating result positive but down sharply in the wake of declining value of property portfolio
- Occupancy up from 88.1% to 91.4%
- RONA after tax down from 10.0% to 4.9%
- Second phase of The Outlook office building project completed

Second phase of The Outlook office building completed

Key Performance Indicators

Occupancy rate

2008	**91.4%**
2007	88.1%

Tenant satisfaction

2008	**7.1**
2007	7.0

Leases expiring in a year
Based on rent value

2009	**6.2%**
2008	2.1%

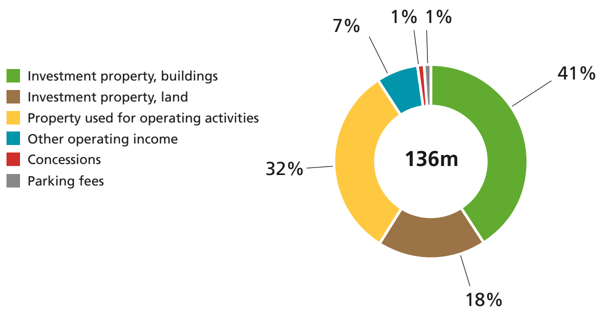
Real Estate Business Area	2008	2007	
EUR million			
Revenue	135	124	8.7%
Result on sale of investment property	2	3	- 11.7%
Fair value gains on investment property	19	112	- 82.8%
Operating expenses	64	68	- 5.8%
EBITDA	111	192	- 42.4%
Operating result	93	171	- 45.8%
Average non-current assets	1,462	1,299	12.5%
RONA before tax	6.6%	13.4%	
RONA after tax	4.9%	10.0%	
Investments in fixed assets	93	109	14.7%

Property market

The credit crisis was clearly affecting the Dutch property market in the second half of 2008. Developers are finding it extremely difficult to secure financing for new construction and renovation projects and indeed many projects have been placed on hold.
A combination of rising unemployment, market uncertainty and falling business investment has deflated demand for office space and commercial premises.

The worldwide financial and economic crisis, downward pressure on market rents and the low level of business mean that the risk premium for property valuations are substantially higher, causing the value of our existing property portfolio to be lower relative to previous years. The value of the existing property portfolio fell by 5.9% in the second half of 2008 (relative to June 2008). The fall in value for all of 2008 was 3.8% (relative to year-end 2007).

However, the location and quality of our investments, in addition to the high occupancy rates and long leases, mean this fall in value is less severe than in the property market as a whole.



Financial performance

Real Estate posted an 8.7% (2007: 13.8%) increase in revenue in 2008, from EUR 124 million to EUR 135 million.

Revenue			
EUR million	**2008**	2007	%
Rents and losses			
Investment property buildings	**56.1**	46.6	20.3%
Investment property sites	**23.9**	23.2	3.3%
Operating property	**43.1**	39.2	10.0%
subtotal	**123.1**	109.0	13.0%
Other activities			
Other activities	**8.8**	12.3	- 28.3%
Concessions	**1.9**	2.0	- 2.8%
Parking fees	**1.3**	1.1	19.6%
subtotal	**12.0**	15.3	- 21.7%
Total	**135.2**	124.3	8.7%

Rental income increased by EUR 14.1 million to EUR 123.1 million in 2008. This rise particularly concerns the 'Investment property buildings' category (EUR 9.5 million) and was mainly due to the completion of the second phase of the office building The Outlook at Schiphol-Centre, full year income from several cargo buildings acquired in 2007, a higher overall occupancy rate and an increased stake in the ACRE Fund from 50% to 60.25%. The rise in turnover from property used for operating activities of EUR 3.9 million is due to a higher occupancy rate in the terminal complex.

Cargo building for Panalpina under construction at Amsterdam Airport Schiphol

Microsoft moves into The Outlook office building at Amsterdam Airport Schiphol

Other operating income is largely generated by services provided to tenants. Less work was done on fitting out our tenants' spaces in 2008. The concession revenues relate to income from the sales activities of tenants in our buildings, which has remained virtually the same compared with 2007. Parking fees are linked to the parking facilities that form an integral part of the buildings we let. This source of income rose slightly by EUR 0.2 million. Ninety-five per cent of the revenue (unchanged relative to 2007) is generated at Amsterdam Airport Schiphol, while the remaining 5% is produced by our regional and international locations.

Other income from property

EUR million	2008	2007	%
Result on sales of property	2	3	- 12%
Fair value gains and losses on property	19	112	- 82%
Total other income from property	**21**	**115**	**- 81%**

Property sales yielded a profit of EUR 2 million (EUR 3 million in 2007), generated primarily by the sale of the first office building in MXP Business Park Malpensa in Italy.

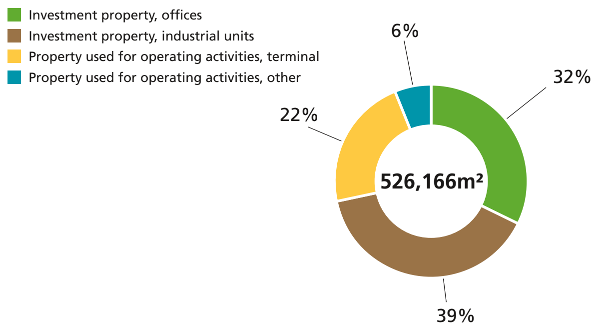
The fair value gains on the investment property in 2008 amounted to EUR 19 million (EUR 112 million in 2007). This was due to the completion of the second phase of the office building The Outlook and the lease of land to the Government Buildings Department (Rijksgebouwendienst) in Schiphol-Noordwest. Conversely, the existing property portfolio suffered a drop in value caused by worsening market conditions, which in turn led to higher yield requirements from the market.

Operating expenses fell by 5.8% in 2008, from EUR 68 million to EUR 64 million. This drop was primarily due to tenants commissioning less work in 2008 than in 2007 and an impairment of goodwill related to land positions in Italy in 2007. In addition, no more rent was paid for two plots (Tristar and WTC) following the purchase of the long leases.

The operating result in 2008 dropped from EUR 171 million to EUR 93 million. Despite an increase in revenue of EUR 11 million and a cost level that was down EUR 4 million, the significant drop in fair value (EUR 93 million lower relative to 2007) on property resulted in an operating result that was significantly down on the 2007 figure. Not including the losses on property and the yields of property sales, the operating result in 2008 improved by EUR 15 million to EUR 71 million (EUR 56 million in 2007).

The RONA after tax, including fair value gains and losses on investment property and the share in results of associates, fell in 2008 from 10.0% to 4.9%. This was mainly the result of the fall in value of the existing property portfolio referred to above.

Investments in 2008 amounted to EUR 93 million (EUR 109 million in 2007). In 2008, the most important investments at the Schiphol location were construction of the second phase of the multi-tenant office building The Outlook and construction of the Panalpina cargo building. In addition, investments were made in the construction of an office and a cargo building in Italy.



Size of property portfolio

Purchase and completion of a number of large premises and the increased share in the ACRE Fund, the property fund whose portfolio includes a number of Schiphol Real Estate buildings, resulted in a rise in 2008 of the total size of our property portfolio by 6.2% (16.0% in 2007) from 495,513 m² to 526,166 m² (these floor areas include property owned by associates, in proportion to our interest). Out of the total portfolio, 90% is located at Amsterdam Airport Schiphol, 4% on and around the regional airports of Rotterdam and Eindhoven and 6% in Italy. This situation remains unchanged compared with 2007.

Amsterdam Airport Schiphol – The property portfolio at Amsterdam Airport Schiphol expanded in 2008 with the completion of the second phase of the office building The Outlook (16,859 m² NLA), of which 2,700 m² had been leased by the end of the year under review.

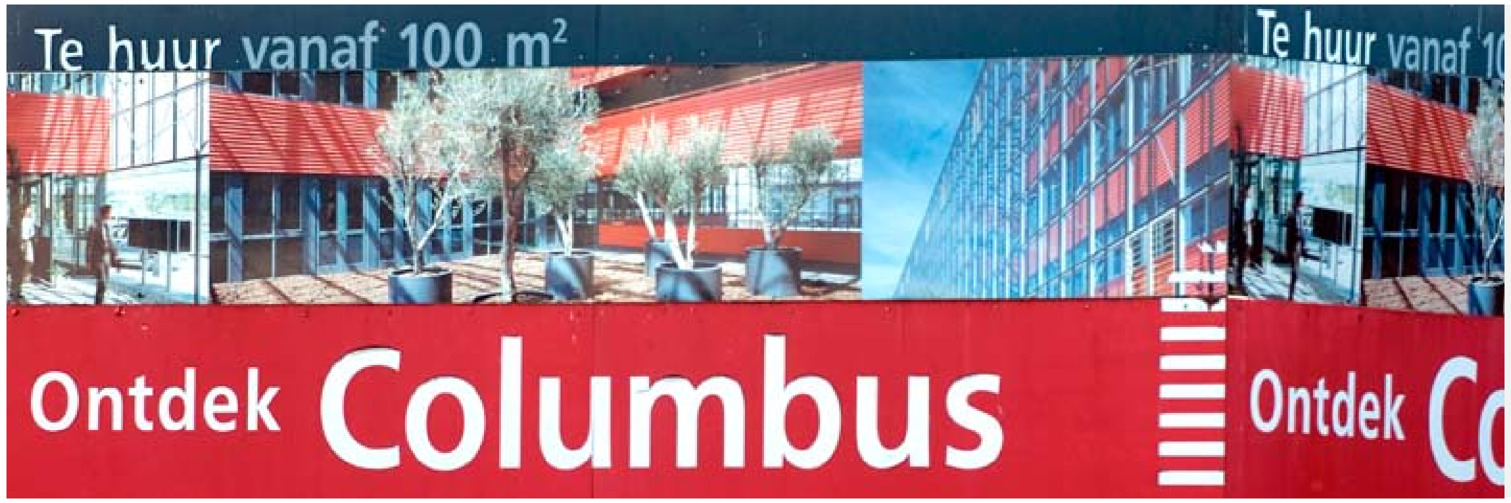
The Government Buildings Department has leased a parcel of 4.8 ha at Schiphol-Noordwest for the establishment of a law court and detention facility. 105 ha of agricultural land between Runway 18C-36C and Runway 18R-36L have been acquired for future development, possible expansion of the airport and as part of the flora and fauna policy. A further 5 ha of land have been acquired north of the A9 motorway.

In late 2008, the business area started the construction of a cargo building for Panalpina at Cargo World Schiphol-Zuidoost. Panalpina ranks as the world's third-largest air cargo logistics service provider and world's fourth-largest cargo shipper. The building will house 10,000 m² NLA of commercial space and 2,000 m² NLA of office space. The new facility is expected to be completed in the first half of 2009.

In March 2008, Rhenus Freight Logistics concluded a tenancy agreement with Schiphol Real Estate for the lease of a new cargo building along the Schiphol-Zuidoost cargo platform. The building will total 7,500 m² NLA of commercial space and 2,900 m² of office space and is expressly intended for so-called first and second-line transhipment activities, comprising the ground handling and shipping of goods. Construction will start in the second half of 2009, and the building is expected to be completed in the first half of 2010.

Eindhoven – Two land deals were executed on the Flight Forum site in 2008. The result of EUR 2.7 million has been booked as a result from participations.

International – At the MXP Business Park at Milan's Malpensa airport in Italy, the first office building was completed and sold to an Italian IT company in 2008.



Occupancy

The occupancy rate of our property portfolio was 91.4% at year-end 2008, 3.3 percentage points higher than the year-end 2007 figure of 88.1%.

The lower office occupancy rate is due to the initial vacancy of the second phase of The Outlook office building, which was completed in late 2008. The higher occupancy rate of the commercial spaces is primarily the result of a new lease agreement for a portion of Cargo Building 11 that became vacant in late 2007. Furthermore, this increase is due to the demolition of building 70 in 2008 and the partial leasing of building 72, in contrast to 2007. Because of these changes and our increased stake in the ACRE Fund (with 98% occupancy), the total occupancy rate rose relative to year-end 2007. In 2009, 6.2% of the leases will expire (2.1% in 2008).

Occupancy*

	2008	2007
Investment property, offices	**80.7%**	84.9%
Investment property, buildings	**96.1%**	84.5%
Property for operating activities	**98.7%**	98.7%
Property for operating activities, terminal	**96.6%**	95.7%
Total for Business Area	**91.4%**	**88.1%**

** The 2007 occupancy rates have been restated for comparison purposes*

Analysis of returns
EUR million

	2008			2007		
	RONA	**Average Asset Base**	**Operating result incl. FVG**	**RONA**	**Average Asset Base [1]**	**Operating result incl. FVG**
Investment property*	9.7%	923.3	89.2	20.9%	782.3	163.8
Assets under construction or development**	- 0.9%	168.2	- 1.5	- 1.9%	165.1	- 3.2
Assets used for operating activities**	11,5%	264.7	30.5	11.5%	272.3	31.3
Total fixed assets	8.0%	1,356.1	109.1	15.7%	1,219.6	192.0
Other assets (including overhead and allocations)**	- 38.3%	42.5	- 16.3	- 75.4%	27.4	- 20.7
RONA before tax	6.6%	1,398.6	92.9	13.7%	1,247.1	171.2
RONA after tax	4.9%			9.3%		
Share in results of associates		63.1	4.1		52.3	2.7
RONA before tax, including associates	6.6%	1,461.7	97.0	13.4%	1,299.4	173.9
RONA after tax, including associates	4.9%			10.0%		

** Recognised at market value*
*** Recognised at the lower of cost or market value*
FVG = fair value gains and losses on investment property
[1] The figures for 2007 have been restated for comparison purposes.

Projects

Location	Category	Total NLA in m²	Total NLA pro rata to our interest in m²	Pre-leased %	Estimated investment in EUR millions	Expected completion date
Schiphol Centre	Multifunction	55,000	55,000	60%	130	Q2-2012
Schiphol East	Office	11,000	11,000	55%	28	Q3-2010
Schiphol East	Office	11,000	11,000	sold	19	Q2-2011
Schiphol East	GA Terminal	4,850	4,850	16%	13	Q2-2010
Schiphol Southeast	Industrial	12,000	12,000	100%	19	Q1-2009
Schiphol Southeast	Industrial	6,000	6,000	sold	8	Q2-2010
Schiphol Southeast	Industrial	10,330	10,330	100%	17	Q2-2010
Schiphol North	Industrial	17,960	17,960	100%	22	Q3-2010
Rotterdam Airport	Office	1,950	1,950	0%	5	Q3-2010
Malpensa, Italy	Industrial	12,500	8,750	100%	5	Q2-2009
Total		**142,590**	**138,840**		**266**	

Investment property

Our investment property (including the 60.25% interest in the ACRE Fund and investments in other associates in proportion to our interest) comprises offices, industrial buildings and land at and around Amsterdam Airport Schiphol and the airports of Rotterdam, Eindhoven and Malpensa (Italy).
We manage the properties in these portfolios.

Effective 1 July 2008, ING Real Estate sold its interest in the ACRE Fund to three of the other shareholders. We increased our interest from 50% to 60.25%. The fund made no sales or purchases in 2008.
As at year-end 2008, investment property accounted for 68% of our total fixed assets (64% in 2007). The market value of these investments as at year-end 2008 amounted to EUR 961 million compared with EUR 888 million at the end of 2007. RONA before tax amounted to 9.7% (20.9% in 2007). This decrease is mostly the result of fair value losses on the existing property portfolio.

Assets under construction or development

The assets under construction or development are intended either as future investment property or as property used for operating activities. This category comprises commercial development sites and property under construction. These assets tie up capital while under development. Also in the current year under review, these assets negatively impacted the result due to sunk costs, such as costs of draft designs and surveys. These assets will only start generating a positive contribution to the RONA (in the form of fair value gains) once the buildings are completed.

The assets under construction or development are carried at historical cost. Office space totalling 28,924 m² NLA was completed in 2008.

As at year-end 2008, the total carrying value of the assets under construction and development was approximately EUR 178 million (EUR 160 million in 2007). The average carrying value was EUR 168 million

Offices in terminal building of Amsterdam Airport Schiphol

(EUR 165 million in 2007). The approved and ongoing projects as at year-end 2008 are shown in the table on page 61.

Assets used for operating activities
The category of tangible fixed assets used for operating activities includes the office space in the terminal building which we manage and operate (terminal lettings) as well as the Schiphol Group head office and a number of first-line industrial buildings located on sites to be purchased for future operational use (Other).

In the Amsterdam Airport Schiphol terminal building offices are leased to airlines and companies with airport-related activities. We manage and operate these offices.

The profitability of these activities worsened relative to 2007. Despite higher yields from rents in the terminal, operating costs also rose in 2008 and the average carrying value of the building increased. These assets are carried at historical cost less depreciation. Consequently, the yield of the terminal is higher than that of the property investments.

The above assets represented an average carrying value of EUR 265 million in 2008 (EUR 272 million in 2007) and generated a RONA before tax of 11.5% in 2008 (unchanged relative to 2007).

Other assets
The 'Other assets' category consists of infrastructure assets directly attributable to the activities of the Real Estate business area, including associated operating expenses and other Schiphol Group overheads (and including the separate Real Estate business area overhead). This means that, with an average asset base of EUR 42.5 million in 2008 (EUR 27 million in 2007) and a negative result, the 'Other assets' category caused a drop in the RONA of the Real Estate business area.

Financial fixed assets
Apart from investment property, we have investments in various associates, which are carried at net asset value and include a minority interest in the investment activities of Tradeport Hongkong Limited, a joint venture between Schiphol Real Estate, Fraport, China National Aviation Company Limited and Hong Kong Land Investment Limited. The operation of the Tradeport Hongkong logistics centre did not perform as well as expected in 2008.

The share in results of associates amounted to EUR 4.1 million (EUR 2.7 million in 2007). The main reason for this increase is land transactions by Flight Forum in Eindhoven.

Alliances & Participations

The Alliances & Participations business area is responsible for the international rollout of the AirportCity formula. Alliances & Participations comprises Schiphol Group's interests in domestic and foreign airports, other investments and Utilities.

Sources of revenue: consist mainly of airport charges and parking fees. The foreign airports contribute to the group result through performance fees and dividends accounted for as results of associates, interest on loans and intellectual property fees. The Utility activities generate revenue from the transport of electricity and gas and the supply of water. Due to application of the equity accounting method, changes in the fair value of investments are not reflected in the results.

2008 highlights

- Establishment of first global airport alliance with Aéroports de Paris
- Expansion of Schiphol Australia's stake in Brisbane Airport Corporation Holdings
- Growth in passenger numbers at Eindhoven Airport despite economic crisis
- Rotterdam Airport affected by economic crisis

Key Performance Indicators

Rotterdam Airport
Passengers x 1,000

2008	**1,014**
2007	1,093
2006	1,077
2005	1,043
2004	1,135

Brisbane Airport (Australia)
Passengers x 1,000

2008	**18,780**
2007	18,022
2006	16,772
2005	15,947
2004	15,093

Eindhoven Airport
Passengers x 1,000

2008	**1,630**
2007	1,544
2006	1,144
2005	946
2004	694

JFK IAT, New York (USA)
Passengers x 1,000

2008	**9,258**
2007	8,897
2006	7,701
2005	6,577
2004	6,184

Alliances & Participations Business Area	2008	2007	
EUR million			
Revenue	77	71	8.7%
Fair value gains on investment property	0	0	- 48.7%
Operating expenses	- 65	- 62	5.8%
EBITDA	23	20	13.5%
Operating result	12	9	28.0%
Avarage non-current assets	474	187	153.0%
RONA before tax	5.0%	12.4%	
RONA after tax	4.1%	9.8%	
Investments in fixed assets	19	10	84.0%

Departure halll international terminal of Brisbane Airport

Financial performance

The Alliances & Participations Business Area saw revenues increase by 8.7% in 2008 (7.3% in 2007), from EUR 71.0 million to EUR 77.2 million.

EUR million	2008	2007	%
Airport charges	**31.0**	26.9	15.2%
Concessions	**2.5**	2.3	10.5%
Rents	**3.1**	2.5	22.4%
Parking fees	**8.8**	8.5	3.4%
Other activities	**31.8**	30.8	3.4%
Total	**77.2**	**71.0**	**8.7%**

The most important sources of income are airport charges at the airports of Rotterdam and Eindhoven and revenues from other activities, the latter item being largely made up of revenue reported by Schiphol Telematics and Utilities.

EBITDA for 2008 went up by 13.6%, from EUR 20.0 million to EUR 22.7 million. The operating result for 2008 increased by 26.6%, from EUR 9.5 million to EUR 12.1 million. The greater part of the results on our investments in the associated airports of Brisbane, JFK New York and Aéroports de Paris is accounted for

2008

EUR million	Airport in the Netherlands	Airports in other countries	Other investments	Allocation	Total
Revenue	49.5	2.5	23.2	2.0	**77.2**
Operating result	5.9	- 0.4	10.3	- 3.7	**12.1**
Share in results, interest income and results on other investments	0.0	11.4	0.4	0.0	**11.8**
Total	**5.9**	**10.9**	**10.7**	**- 3.7**	**23.8**
Average asset base (excl. excluding deferred tax)	**72.4**	**344.2**	**53.9**	**3.4**	**474.0**
RONA after tax [1]	**6.1%**	**2.8%**	**14.7%**		**4.1%**

2007	Airport in the Netherlands	Airports in other countries	Other investments	Allocation	Total
Revenue	44.5	2.7	22.9	0.9	**71.0**
Operating result	7.1	- 1.2	7.3	- 3.8	**9.4**
Share in results, interest income and results on other investments	0.0	14.7	- 0.8	**0.0**	**13.8**
Total	**7.1**	**13.5**	**6.5**	**- 3.8**	**23.3**
Average asset base (excl. excluding deferred tax)	**72.0**	**62.1**	**50.0**	**3.3**	**187.3**
RONA after tax[1]	**7.3%**	**18.1%**	**9.7%**		**6.5%**

[1] RONA after tax, including fair value gains and losses and including share in results, interest income and results on other investments.

Departure hall Eindhoven Airport

Terminal 1 of Paris Charles de Gaulle airport

Airports in the Netherlands

EUR million	Rotterdam	Lelystad	Eindhoven	Total
Revenue	24.4	2.8	22.3	**49.5**
Operating result	2.2	- 0.8	4.5	**5.9**
Asset base as at year-end 2008	22.9	9.1	41.2	**73.3**

as share in results of associates and as financial income, together amounting to EUR 11.8 million (EUR 13.8 million in 2007). This income is therefore not included in EBITDA or the operating result.

Airports in the Netherlands

Rotterdam Airport
Rotterdam Airport received EUR 15.6 million in airport charges in 2008 (EUR 16.2 million in 2007); a drop of 3.6% (+6.2% in 2007). The operating result fell by 45.6% (against an 80.4% rise in 2007), from EUR 4.1 million in 2007 to EUR 2.2 million in 2008. This decline is partly due to the economic crisis, the impact of which became apparent particularly during the final months of this reporting year. A number of scheduled airlines shifted flights to the first quarter of 2009.
In addition, Rotterdam Airport was closed to all air traffic with the exception of helicopters for three days in the last weekend of May due to a renovation of its Runway 06-24.

The number of passengers at Rotterdam Airport fell from 1,093,095 in 2007 to 1,013,671 in 2008; a decline of 7.3% (+1.5 in 2007). The number of air transport movements fell by 6.0% (+2.0% in 2007), from 16,243 to 15,272 in 2008.

The expansion of food service facilities in the terminal resulted in a rise in revenues per passenger. December 2008 saw the commissioning of an Instrument Landing System (ILS) on Runway 06. As a result, Rotterdam Airport is now also accessible under poor weather conditions.

Eindhoven Airport
Eindhoven Airport received EUR 14.5 million in airport charges in 2008 (EUR 10.0 million in 2007), an increase of 45.6% (13.8% in 2007). The operating result went up by 32.8% (down by 7.7% in 2007), from EUR 3.4 million in 2007 to EUR 4.5 million in 2008.

The final months of 2008 also saw the economic crisis affect Eindhoven Airport. Nevertheless, the reporting year ended with passenger numbers growing to a total of 1.63 million; an increase of 5.6% (35.0% in 2007). The number of air transport movements rose from 13,470 in 2007 to 14,446 in 2008; an increase of 7.2% (21.2% in 2007). This growth can mainly be attributed to the expansion of Ryanair's network, which now includes the destinations of Stockholm and Valencia. The number of scheduled airlines making use of Eindhoven Airport remained stable in 2008, at a total of 7. In total, airlines operated flights to 19 destinations (17 in 2007).

The recommendation by the Alders Platform in which Eindhoven Airport and Lelystad Airport are part of Amsterdam Airport Schiphol's capacity expansion is entirely in line with Eindhoven Airport's ambition to grow to three million passengers over the next five years. A special Regional Alders Platform will discuss this issue in 2009.
In 2008, Eindhoven Airport invested EUR 1.4 million (EUR 1.5 million in 2007) in aspects such as car parking, the baggage system, security systems and modifications to the terminal.

Lelystad Airport
Lelystad Airport ended 2008 with an operating result of EUR -0.8 million (EUR -0.4 million in 2007). The number of aircraft movements rose by 14.4% (1.7% in 2007), from 116,519 to 133,323. Approximately 70% of air traffic is made up of instruction flights with business traffic making up around 1% of the total.

In May, Minister Eurlings (Transport, Public Works and Water Management) resumed the procedure for the expansion of Lelystad Airport. This procedure had been suspended in October 2007, following a decision of the Council of State regarding the airport's existing license. The airport's new request for a Ruling is based on 9,500 air transport movements by larger aircraft (up to 180 passengers), 5,000 of which will be operated by B737s. There is also room for 120,000 air transport movements by general aviation. The new Ruling will also allow the airport to accommodate large-volume commercial traffic. This will require lengthening the runway to 2,100 meters and building new passenger accommodation. The Ministry of Transport will have completed the procedure by October 2009.
In cooperation with the province of Flevoland and the municipality of Lelystad, preparations were made in 2008 to ensure that the necessary expansions can begin as soon as the Ruling becomes definitive and there is a healthy outlook in terms of financial and market developments.

In November, Dutch aircraft maintenance company QAPS announced its intention to establish offices at Lelystad Airport. The company submitted a request to the Lelystad municipal authorities for the construction of a hangar, to be used to maintain the interior and exterior of regional aircraft such as the Fokker 50, 70 and 100. The company is currently still located at Schiphol-Oost.

Airports in other countries

Aéroports de Paris
In December 2008, we entered into a long-term cooperation with Aéroports de Paris S.A. (AdP). This marked the establishment of the airport industry's first global alliance. AdP is a listed company that owns and operates the Charles de Gaulle, Orly and Le Bourget airports. Paris Charles de Gaulle and Amsterdam Airport Schiphol are part of the dual hub system used by the Air-France-KLM-based SkyTeam alliance.

The cooperation will initially run for a twelve-year period and is supported by a well-balanced management structure. Both companies have acquired a mutual 8% share in one another in order to underline their commitment.

We regard this alliance as an important strategic step that will yield significant joint benefits for both companies' core activities.

- Aviation – The alliance will serve to strengthen the competitiveness of both airport groups within the dual hub system. Together, the two parties operate the largest number of intercontinental destinations (143[2]) with the highest frequency (well over 30,000[3]) of all European hub airports. AdP and Schiphol Group aim to offer end users added value through high-quality services, a broader range of products and permanently competitive visit costs for airlines and passengers;
- Non-Aviation - AdP and Schiphol Group aim to stimulate the growth and profitability of their retail, real estate and telecommunications activities through the exchange of knowledge and technology. By merging our processes wherever possible, AdP and Schiphol Group expect to increase revenues and cut costs;
- International activities - AdP and Schiphol Group aim to jointly develop future international airport projects, with a focus on strengthening the dual hub within the international SkyTeam network. Other projects will be evaluated on an individual basis.

AdP and Schiphol Group believe our alliance will help achieve a joint revenue and cost synergy of EUR 71 million per year in 2013 and an average reduction of joint investment costs of EUR 18 million per year from 2013 onwards. A total of 60 initiatives have been identified in order to realise this ambition, of which the first 30 will be implemented in 2009.

The alliance seeks to play a leading role in the area of sustainable development.

In order to ensure the success of the cooperation, a well-balanced management structure has been developed:

- An Industrial Cooperation Committee (ICC) supervises joint activities. Each company is represented on the Committee by four board members. The Committee is alternately chaired by the CEOs of AdP and Schiphol Group;
- Eight steering groups, consisting of an equal number of representatives from both companies under joint chairmanship, are responsible for implementing cooperation in eight areas of operational activity;
- The CEO of AdP will have a seat on the Schiphol Group Supervisory Board and will be nominated as a member of the Board's audit committee.
- The President (CEO) and Financial Director (CFO) of Schiphol Group will have a seat on AdP's Board of Directors. The President (CEO) will be nominated as a member of the Board's strategic committee.

AdP has acquired an 8% share in Schiphol Group's share capital. The shares in question were newly issued. AdP's total investment in Schiphol Group amounts to EUR 370 million.

Schiphol Group has acquired an 8% share in AdP's share capital by purchasing shares from the French government at a price of EUR 67 per share. This constitutes a total investment of EUR 530 million (EUR 538 million including the directly related acquisition costs).

As a result of the synergy benefits and the improvement of our strategic position, the alliance will have a positive effect on the result of all our business areas. The revenues from our share in associates generated since 1 December 2008 as a result of our 8% share in AdP have been included in the results of the Alliances & Participations business area over 2008.

Brisbane

Schiphol Australia's 15.62% share in Brisbane Airport Corporation Holdings (BACH) increased by 3.1 percentage points in 2008 to a total of 18.72%, following the Queensland authorities' sale of their 12.38% share. All shares were taken over by existing shareholders. During the financial year 2007-2008, Brisbane Airport's pre-tax profit increased by 33.7% (11.2% in 2006-2007), to AUD 131 million (AUD 98 million in 2006-2007). In 2008 we received EUR 3.3 million (EUR 7.8 million in 2007) as our share in the results. In addition, we received EUR 4.5 million in interest income (EUR 4.6 million in 2007) and EUR 1.8 million (EUR 1.7 million in 2007) in intellectual property revenues, recognised under the heading 'Other operating income'. The total of EUR 9.6 million does not include the fair value gain on our interest in the airport.

The number of air transport movements went up by 5.1% in 2008 (12.6% in 2007) to 180,170. The number of passengers rose by 4.2% (6.8% in2007), from 18.0 million to 18.8 million.

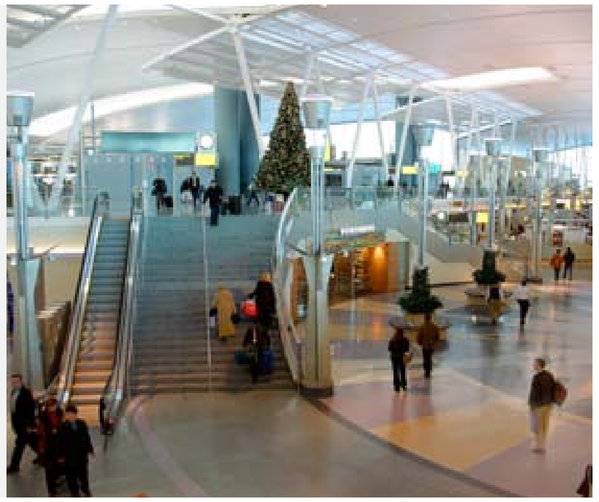
More than 8 million passengers participating in the 2008 Skytrax World Airport Awards elected Brisbane Airport the best airport in the Australia-Pacific region. The Australian airport also received an award for world's best water management programme in September from the International Water Association, the largest global organisation in the area of water sustainability. The airport received the award for its water management policy that has helped cut drinking water usage by 72% since 2004 through various measures. These include the construction of a separate water network for recycled water from other sources, for use in toilets and other applications. Due in part to its effective water management system, Brisbane Airport also received the Capital City Airport of the Year Award from the Australian Airports Association (AAA).
On 3 December, Brisbane Airport commissioned the new addition to its international terminal. This expansion involved a total investment of 340 million AUD. The existing building was enlarged by 64% to a total floor area of 33,000 m^2 and now features facilities such as 27 additional check-in counters and 30 extra shops and food service outlets. A five-storey parking garage was also constructed near the terminal. This latest expansion will allow Brisbane Airport to accommodate the new Airbus 380, the world's largest passenger aircraft, at two gates.

In May, express freight carrier Australian Air Express (AaE) opened a domestic cargo processing centre in the airport's Export Park. Brisbane Airport Corporation was responsible for developing the 8,100 m^2 complex.

²⁾ Intercontinental destinations with the exception of North Africa and Turkey. Source: OAG July 2007 (non-stop flights only)

³⁾ Weekly connections to long and medium-distance destinations at less than two hours' flying time (combined).

Terminal 4 at JFK Airport New York



Terminal 4 JFK New York

Schiphol USA has a 40% interest in the joint venture JFK IAT, which operates Terminal 4 at New York's JFK Airport. JFK IAT saw the number of passengers using Terminal 4 grow from 8.9 million to 9.3 million in 2008, an increase of 4.0% (15.5% in 2007). The number of air transport movements increased by 2.3% (19.4% in 2007), from 54,659 to 55,912.
The dividend yielded a result of EUR 2.4 million (EUR 2.0 million in 2007).

In late 2008, 40 airlines were making use of Terminal 4, eight fewer than in 2007. The airport welcomed one new airline, with nine carriers leaving the terminal. Well over 80% of all flights to and from Terminal 4 are international.

Aruba

The cooperation agreement between Schiphol and Aruba Airport Authority was renewed until 2013 on 1 January 2008. Pursuant to this contract, we received a EUR 0.5 management fee (EUR 0.5 million in 2007)

Airports in other countries

EUR million	Brisbane	JFK IAT, New York (USA)	Vienna	ADP	Other	Total
Net revenue	1.8	-	-	-	0.7	2.5
Operating result	1.8	-	-	-	- 2.2	- 0.4
Share in results, interest income and results on other investments	7.8	2.4	0.5	0.7	-	11.4
Total	**9.6**	**2.4**	**0.5**	**0.7**	**- 2.2**	**10.9**
Asset base as at year-end 2008	74.1	-	6.7	538.9	5.9	625.6

Emirates, with A380, one of the users of Terminal 4 at JFK Airport New York

in 2008. This income is presented under the heading 'Other'. Despite a sharp decline in passenger numbers in the second half of 2008 (mainly in the last four months of the year due to the cancellation of many flights to and from the US), passenger numbers rose by 6.2 percent (5.9% in 2007) to a total of 1.92 million. The number of air transport movements went up by 2.9% (8.1% in 2007) to 36,818.

Other investments

Schiphol Telematics
Schiphol Telematics, a wholly-owned subsidiary of Schiphol Group, is a service provider specialising in the area of telecommunications. The company targets business clients in complex logistical environments such as airports. The operating result of Schiphol Telematics went up by 41.1%, from EUR 4.4 million to EUR 6.2 million. Subscriptions are the company's main source of income, responsible for 90% of turnover.

At Amsterdam Airport Schiphol, Schiphol Telematics operates a wireless network covering 500,000 m^2, which is now used by 450 businesses at the airport.

In 2008, Schiphol Telematics installed a new wireless broadband IP network, in cooperation with iBand. This new network is based on the global MobileFi standard – a new technology that offers businesses even safer and more reliable wireless services.

Schiphol Telematics was established in 1991 as a joint venture by KLM, KPN and Schiphol Group. KLM and KPN were subject to a buy-out in 2006. The customer, hardware and service contracts transferred to KPN at that time, representing a total annual turnover of EUR 7.8 million, were repurchased in 2008 for a total of EUR 4.5 million. This acquisition, which included seven members of KPN's staff, became effective on 31 December 2008.

Dartagnan
Dartagnan BV, a wholly-owned subsidiary of Schiphol Group, reported a negative result of EUR -0.5 million (EUR -0.4 million in 2007) in 2008, mainly due to the delayed start of the trans-Atlantic registered traveller programme. Dartagnan is a service provider specialising in the development of automated border crossing service programmes such as Privium at Amsterdam Airport Schiphol and Saphire in Indonesia.

Other investments

EUR million	Schiphol Telematics	Dartagnan	Utilities	Other	Total
Revenue	13.2	0.2	8.2	1.6	**23.2**
Operating result	6.2	- 0.5	4.5	0.0	**10.3**
Share in results, interest income and result on other investments	-	-	-	0.4	**0.4**
Total	**6.2**	**- 0.5**	**4.5**	**0.4**	**10.7**
Asset base as at year-end 2008	24.1	0.2	24.2	8.7	**57.2**

After several years of preparation, May saw the (delayed) start of development of the first trans-Atlantic registered traveller programme between the Netherlands and the United States. The programme will be tested extensively in early 2009, and will be launched as part of the festivities surrounding the 400th anniversary of official relations between the Netherlands and the United States in the second quarter of 2009. Privium members (Netherlands) and members of the US Global Entry programme will then be able to cross borders between the Netherlands and the United States with a minimum of delay. The European Commission regards this as a spearhead initiative and is hopeful the programme will serve as an example to other EU countries using their own automatic border crossing systems.

In June, the government initiated an extensive programme aimed at updating border management processes, starting at Amsterdam Airport Schiphol. Dartagnan will play a leading role in this process. In cooperation with the Aviation business area, the Ministry of Justice and the Dutch Military Police (Koninklijke Marechaussee), to develop smarter, more efficient processes in the area of border control.

As a part of the alliance between Aéroports de Paris and Schiphol Group, a study will be conducted to assess the possible introduction of Privium at Charles de Gaulle Airport. The objective is to create a consistent customer experience and offer more services for frequent flyers, such as more automated border crossing and security facilities. A feasibility study commenced in November. The first results are expected in the second quarter of 2009.

Utilities
Utilities covers the revenue generated from the transport of electricity and gas and the supply of water and sewerage services to third parties. The operating result is made up of the profit margin from the supply of products and services to both external and internal customers. This margin primarily serves to cover the cost of capital for the utilised networks. The operating result reported for Utilities in 2008 went up by 38% in 2008 (178% in 2007), from EUR 3.2 million to EUR 4.5 million.

As a large-scale consumer, Amsterdam Airport Schiphol has been purchasing long-term electricity contracts via the ENDEX energy exchange since January of 2008. Utilities purchases these contracts for use by Schiphol Group

Business Risks

Schiphol Group is exposed to various risks as a part of its business activities. These risks can be of a strategic, operational or financial nature, or may be related to compliance with statutory rules and regulations. Because of the broad scope of activities in the various business areas, risks also differ from one business area to another. In order to manage these risks, a uniform policy has been developed, ensuring that risk management forms an integral part of day-to-day operations.

Our risk-management policy is underpinned by the following philosophy:

1. Board and management are responsible for the development and testing of internal risk management and monitoring systems. These systems are designed to identify significant risks, monitor the realisation of targets and ensure compliance with relevant legislation and regulations;
2. Effective internal risk management and monitoring systems reduce the likelihood of errors, wrong decisions and surprises due to unforeseen circumstances;
3. In order to thrive, an enterprise must take risks. The Management Board bears ultimate responsibility for determining the maximum acceptable level of risk.

The risks with the potential to affect the attainment of objectives are identified as thoroughly as possible. The most significant strategic, operational, financial and compliance-related risks are itemised below. This list also specifies whether the risks pertain mainly to one or more business areas or to Schiphol Group as a whole.
These risks should be taken into account when evaluating any forward-looking statements in other parts of this annual report.

	Aviation	Consumers	Real Estate	A&P	Schiphol Group
Strategic risks					
Political uncertainty regarding realisation of the airport's planned growth	•	•	•		
Major (unexpected) changes in demand	•	•	•		
Material, long-term contracts					•
International expansion		•	•	•	
Operational risks					
Insufficient safety and security					•
Unexpected business interruptions	•	•		•	
Dependence on third parties					•
Inadequate human resources in key positions and poor labour relations					•
Financial risks					
Insufficient insurance coverage					•
Funding of post-retirement benefit obligations					•
Market risk, credit risk and liquidity risk					•
Compliance risks					
Non-compliance with noise and environmental standards	•	•	•		
Economic regulation of Aviation and Security activities	•				
Legal action and disputes					•

Strategic risks	Risk management measure
A. Political uncertainty regarding realisation of the airport's planned growth	
The current government supports Amsterdam Airport Schiphol's ambition to expand to a greater number of air transport movements per annum, subject to certain conditions. This will require an amendment of the existing statutory rules and regulations. Political willingness to implement these amendments will depend in part on the level of local support for expansion. It is also unclear at present whether the conditions imposed upon further growth will be in line with our strategic goals regarding Amsterdam Airport Schiphol, the regional airports and their interrelationships, as these conditions will be a key factor in determining the location, manner and timing of any further growth and the relevant investment.	We participate in various consultative bodies dedicated to this issue, such as the Schiphol Regional Consultative Committee (CROS), the Schiphol Regional Airport Governance Group (BRS) and the Alders Platform. The latter body reached an agreement for growth in the short term in July 2007, allowing Schiphol to grow to 480,000 air transport movements per year in 2010. In April of 2008, the Lower House of Dutch Parliament agreed to this scenario and approved a new Airport Traffic Ruling. In the autumn of 2007 the parties involved began to implement the measures outlined in the 'Noise reduction measures' and 'Liveability' covenants. These covenants were entered into as a part of the aforementioned agreement. On 1 October 2008 the Alders Platform offered its recommendation for the medium-term to the Minister of Transport, Public Works and Water Management and the Minister of Housing, Spatial Planning and the Environment. Amongst other provisions, the recommendation calls for a cap on air transport movements, with the maximum set at 580,000 movements until 2020. 70,000 of these movements must consist of non-mainport-specific traffic outsourced to regional airports. The recommendation also stipulates the adoption of new environmental and enforcement standards and additional noise reduction measures. The government adopted the proposal and will provide the Lower House with details of its implementation by means of the Aviation Policy Document that it will provide in early 2009.
B. Major (unexpected) changes in demand	
The risk of unexpected changes in the demand for our services could result in either a shortfall in capacity or overcapacity. Such changes could be brought about by political, economic, regulatory, competitive or environmental developments, or instigated by developments in the aviation industry itself. Examples include the current global financial and economic crisis, the Air passenger Tax (ecotax), the launch of the Airbus A380, the 'open skies' treaty with the United States, as well as terrorist attacks. Developments related to Air France-KLM's hub concept also have a major impact on our overall activities.	In order to manage these risks effectively, we apply short and long-term scenarios to assess the demand for our services and the required capacity, coupled with stringent investment approval procedures. We also maintain intensive contacts with the government on the issue of legislation, and consult with airlines on their future plans in areas such as fleets and networks. Air France has provided the Dutch government with guarantees on KLM's operation of 42 key destinations from Amsterdam Airport Schiphol (until 2009) and the position of Amsterdam Airport Schiphol as its operational hub (until 2012). Risk management measures with regard to the environment will be discussed in the sections on risks A and L, while terrorism-related measures will be discussed in the section on risk E.
C. Material, long-term contracts	
Major investments will be needed in the years ahead, particularly in the areas of baggage handling systems, security, the terminal, infrastructure and property portfolio. These investments will involve material, long-term contracts. Changes to statutory rules and regulations, project delays, technological advances and developments in the aviation industry could all affect the scale of these investments.	We manage these risks by applying medium-term scenario-based planning and imposing stringent standards for the preparation of investment decisions. We apply innovation in order to limit the scale of investments. Professional project management by a specialised business unit oversees all major investment projects to ensure timely and cost-efficient completion.
D. International expansion	
Our business strategy is partly based on rolling out the AirportCity concept in other countries. Thorough knowledge of local conditions is key to the success of this endeavour. Internal harmonisation of the various activities is also essential in this regard.	Economic, political and legal risks relating to international activities are managed by ensuring the hands-on involvement of members of the relevant Schiphol Group line staff and functional staff, and through the production of management reports on our international activities. Where appropriate, we also use the services of local consultants.

Operational risks	Risk management measure
E. Insufficient safety and security	
A safety or security failure (this includes information failures) increases the risk of accidents, the transmission of infectious diseases or terrorist attacks. This could have serious consequences for passengers, visitors and employees at Amsterdam Airport Schiphol, regional airports and any businesses or government bodies located and/or active at these locations. Our operations could suffer lengthy disruptions as a result. The fact that our activities are largely concentrated at a single location (Amsterdam Airport Schiphol) works to our disadvantage in this regard.	We manage these risks by applying extensive security procedures and a safety management system designed to monitor procedural compliance. We are systematically working to ensure compliance with the latest legislation and regulations in the area of safety and security. Our efforts in this regard are conducted in close collaboration with the various branches of government. In response to the minister's decree in 2008, we ensured accelerated implementation of the 100% security check for personnel at Amsterdam Airport Schiphol. This standard was already in place for passengers.
F. Unexpected interruptions of the business process	
Our operations are exposed to the risks of fire, flood, extreme weather, power failure, technical breakdowns and explosion. Any such emergency - and the resulting legal implications - could have a serious impact on our operations, results and prospects.	We systematically update our systems and procedures – including our corporate emergency plan – to reflect any developments relating to these risk factors. Where necessary, we will invest in areas such as backup systems. We also carry insurance to protect us from the financial consequences of such emergencies.
G. Dependence on third parties	
To a large extent, the smooth operation of an airport depends on the efforts of third parties, such as air traffic control (accessibility of Amsterdam Airport Schiphol by air and (back-up of) ATC equipment), airlines (decisions regarding the various destinations served), baggage handlers, central government and national authorities (amendments to legislation), local government (aspects such as planning approvals affecting airport access and property development) and Customs and the Dutch Military Police (Koninklijke Marechaussee) (aspects such as staffing at peak times).	We are not responsible for the activities of these various parties and can only exert a limited amount of influence on their actions. This means we must constantly strive to keep current any relevant agreements and covenants and foster good relationships.
H. Inadequate human resources in key positions and poor labour relations	
Having the right people in key positions within our organisation is essential in order to achieve our objectives. This applies both on a national and international scale, today and in the future. Failure to employ skilled human resources can result in the loss of crucial expertise, the disruption of operations and loss of productivity.	We are constantly working to nurture good labour relations and recruit and retain, train and develop key managers. Important aspects in this regard are succession planning and the application of an active labour market policy. Periodic satisfaction measurements and staff performance assessments yield important information in this respect.

Financial risks	Risk management measure
I. Insufficient insurance coverage	
The insurance market for airports is not particularly competitive due to a lack of providers. As a result, we may have difficulty in obtaining adequate insurance coverage in the future on terms comparable to those of our current contracts. This is especially relevant in terms of the terrorism risk, for which the Dutch government currently provides a significant portion of the coverage for Amsterdam Airport Schiphol. The relevant contract is still awaiting clearance by the European Union. If no approval is given, we may be unable to insure our terrorism risk elsewhere.	It is our basic policy to insure all risks that can be insured at a reasonable rate, including the risk of disruptions to the business process. Each policy is assessed in order to determine the level of deductible taking into account the savings in premiums.
J. Funding of post-retirement benefit obligations	
Pension arrangements for the majority of our staff are insured with ABP. We (together with the employees themselves) are liable for the risk associated with the funding of the post-retirement benefit obligations (according to the defined benefit scheme). The amount of these liabilities depends to some extent on developments largely – and sometimes entirely – outside our control. Examples of such developments include regulations on funding ratios and the size of the return achieved on plan assets.	The ABP pension scheme does not allow for participants to make compulsory top-up payments into the pension fund. For us, the effect of underfunding will thus be limited to changes in future contribution amounts, which will depend on the (expected) financial position of the fund. More detailed information on this subject is provided on page 180 of the financial statements. There are no plans to transfer to a defined contribution scheme.
K. Market risk, credit risk and liquidity risk	
Due to the nature of our activities, we are faced with a variety of financial risks: market risk (including price risk), credit risk and liquidity risk. The current global financial and economic crisis is having a negative impact in terms of our options to obtain financing.	A central treasury department (Corporate Treasury) is responsible for financial risk management - a component of approved management policy. The financial risk management programme focuses on the unpredictability of the financial markets and is designed to minimise any adverse effects this may have on Schiphol Group's financial results.

For a more detailed description and quantification of the relevant market, credit and liquidity risks and an overview of the actions taken in response, please refer to page 126 of the financial statements.

Compliance risks	Risk management measure
L. Non-compliance with noise and environmental standards	
Our activities in the area of both aviation and property development are subject to specific noise and environmental standards. We must comply with a large number of national and international regulations, most of which are drafted outside our sphere of influence. In many cases, these regulations effectively restrict our business operations. Breaches of these standards could result in sanctions with adverse financial and operational consequences.	We work in close collaboration with project teams in each of these areas in order to ensure continued compliance with the relevant laws and regulations. We maintain a good working relationship with the regulatory authorities in order to optimise development potential where possible. As regards Amsterdam Airport Schiphol, we advocate the introduction of quieter aircraft and selective night- time operations in order to stay within the predetermined environmental restrictions. This is accomplished through instruments such as differentiated fees and operational measures.
M. Economic regulation of Aviation and Security activities	
Our Aviation and Security activities at Amsterdam Airport Schiphol are subject to regulation. As a result, there is a cap on the returns we are allowed to generate through these activities. In addition, airport charges may only be adjusted following consultation with the industry. The industry has the right to lodge objections with the Netherlands Competition Authority (NMa), which will then assess whether the charges were determined in accordance with the relevant rules. Due to the fact that many of the current regulations were established as recently as mid-2006, experience in applying the new rules and the supervision of our activities by the NMa is limited.	Compliance with all relevant regulations is adequately assured in both organisational and administrative terms. In accordance with the relevant regulations, we apply a transparent system of charges and a separate administration for activities conducted by Aviation and Security. We have also implemented an allocation system for the costs and yields of these activities, in accordance with regulatory requirements. Following consultations with industry, the NMa approved the allocation system in 2007. Any ambiguities regarding the implementation of regulations will be harmonised with the NMa at the earliest possible stage.
N. Legal action and disputes	
Legal actions and disputes could jeopardise the realisation of our objectives. For a more detailed description of legal action and disputes, please refer to page 125 of the financial statements. With regard to the dispute concerning the Groenenberg site, we also refer to the detailed overview of this particular case on www.schipholgroup.com under the heading 'About us', and the explanatory notes on page 189 of the financial statements.	At all times, we strive to comply with statutory rules and regulations, avoid legal action and, where necessary, resolve disputes.

Work of art by Escher in Lounge 4 at Amsterdam Airport Schiphol

Quantification of risks

Section B of the above table describes the risk of major (unexpected) changes in demand. In our case, demand can be primarily defined as the need for airport traffic and the transport of passengers and cargo. The accurate estimation of this demand is essential for purposes such as reliable long-term capacity and investment planning. A fall in demand will immediately cause a drop in both turnover and profitability. After all, fixed costs make up a substantial part of our overall operational expenses.
A 1% drop in passenger numbers will cause the Schiphol Group's turnover to fall by approximately EUR 10 million, with similar consequences in terms of profitability.

Our property portfolio is becoming an increasingly important aspect of our business. As of 31 December 2008, we own EUR 988 million in property (EUR 911 million as of 31 December 2007). This property is estimated at its fair value, and value movements are directly reflected in the profit and loss account. In recent years, these movements contributed significantly to our profitability, as did the results of property developments and sales. Section K in the above table describes the price risk, which is an integral part of the market risk. Developments affecting the market as a whole and the property market in particular may cause the fair value of our property to drop. An average 10% increase in the net initial yield demanded by propert investors would cause the value of our offices and business premises to fall by around EUR 68 million in total. In view of the aforementioned basis for valuation and result determination, our profitability before taxes would decrease by the same amount under such circumstances.

Internal risk management and control system

Our internal risk management and control systems are designed to reduce the probability of mistakes, wrong decisions and surprises due to unforeseen circumstances as much as possible. No such system can guarantee full protection, however. We may be exposed to risks of which we are currently unaware, or which are not considered important at this time. No internal risk management and control system can provide an absolute safeguard against failure to achieve corporate objectives nor prevent every single mistake, loss, fraud or transgression of rules and regulations.

We apply a coherent range of instruments in order to carry out our internal risk management and control duties:

- risk management: the identification and analysis of strategic, operational, financial and compliance-related risks and the implementation and monitoring of control measures designed to mitigate those risks. We have set up a risk management system based on the recommendations of the 'Internal Control – Integrated Framework' (COSO – IC) and 'Enterprise Risk Management - Integrated Framework' (COSO - ERM) reports. Responsibility for risk management is delegated to line management. All line managers are expected, as part of their day-to-day operations, to identify the risks affecting their specific field of activity and implement appropriate control measures. Twice a year, they provide a report of these activities to the Risk Committee. This procedure includes the submission of 'in control' statements for each business area, service unit and corporate staff department. The Risk Committee consists of the three members of the Management Board, the Corporate Auditor and the Corporate Controller;
- a formal planning and control cycle, which includes the preparation and approval of a long-term business plan, budgeting and monthly management information reports (financial and operational);
- procedural manuals and an integrated, detailed description of accounting policies;
- a tax control framework as control programme for fiscal risks and to professionally implement tax compliance;
- quality management systems such as the Environmental Management System, and security management systems such as the Airside Security System and the Terminal Security System;
- the Quality, Security & Environment Board, chaired by the Chief Operations Officer, which is charged with measuring the progress and results of the security and environmental management systems and responsible for the immediate appraisal of these systems;
- codes of conduct, a whistleblower scheme and regulations on how to deal with fraud;
- periodic follow-up meetings between the Chief Financial Officer and operational and commercial managers and their controllers in order to discuss the audit findings reported by the internal and external auditors;
- internal letters of representation from the Business Area Managers and Business Area Controllers to the Management Board;
- follow-up of the recommendations outlined in the external auditors' management letter.

The Management Board reports on and accounts for the internal risk management and control system to the Supervisory Board, following discussion in the Supervisory Board's Audit Committee. The Corporate Auditor plays an important role in providing an objective view and ongoing affirmation of the effectiveness of the overall internal risk management and control system.

As regards the financial reporting risk, we are thus satisfied that the internal risk management and control systems offer a reasonable degree of assurance that the financial reporting does not contain any material misstatements. We are also satisfied that the internal risk management and control systems functioned properly during the year under review and found nothing to indicate that they will not function properly in 2009.

The Management Board declares that to its knowledge

- the financial statements give a true and fair view of the financial assets, liabilities, position and profits of Schiphol Group and of the combined consolidated enterprises, and
- the annual report gives a true and fair view of the state of affairs on the balance sheet date, of developments over the course of Schiphol Group's financial year and of the associated enterprises the data of which is included in its financial statements, and
- any and all substantial risks confronting Schiphol Group are described in the annual report.

The principal strategic, operational, financial and compliance-related risks and uncertainties could result in discrepancies between actual results and the results described in forward-looking statements in this document.

Human Resource Management[4)]

We closely monitor the labour market in order to be able to anticipate future developments quickly and effectively. The main focus of our personnel policy in 2008 was on a new approach to labour market communication, greater diversity and a modern interpretation of teleworking and flexible working, the so-called 'New Style of Working'.

As development and education are the keys to a successful career, we offer all employees ample opportunities to develop and grow and support them as they pursue their career paths. Our social responsibility, however, does not stop there. Schiphol College, now two years old and already a successful institution, also offers others opportunities to expand and grow further.

Labour market

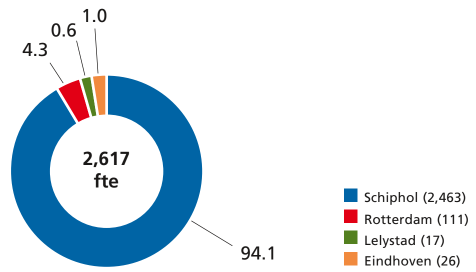
A World of Opportunities
To distinguish Schiphol Group as an employer in the labour market, we launched the recruitment campaign 'A World of Opportunities' in 2008. The thrust of this campaign is to attract sufficient numbers of qualified personnel, both now and in the future. In 2008 we participated in the Best Employer survey conducted by Intermediair magazine. In terms of job satisfaction among the organisation's own employees, we ranked 15th.

Diversity
In the area of 'diversity', we do not score any worse or much better than comparable organisations. Because we recognise the need for diversity in our workforce, in 2008 we defined the following three policy spearheads:

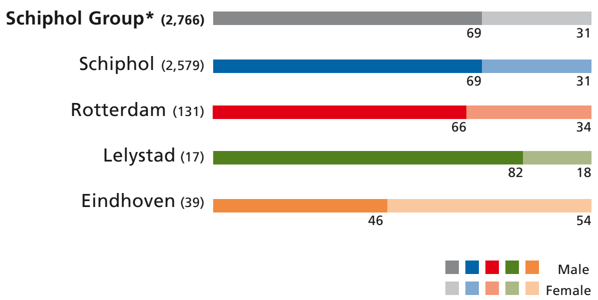
- age diversity: making use of the experience and insight offered by older co-workers;
- increasing the proportion of women in higher management positions;
- increasing the proportion of skilled and qualified employees of non-Dutch origin (also known as 'bi-cultural' employees).

We are focusing particularly on consolidating our contacts with opinion leaders and experts, since they can support us in formulating policy aimed at achieving the above spearheads.

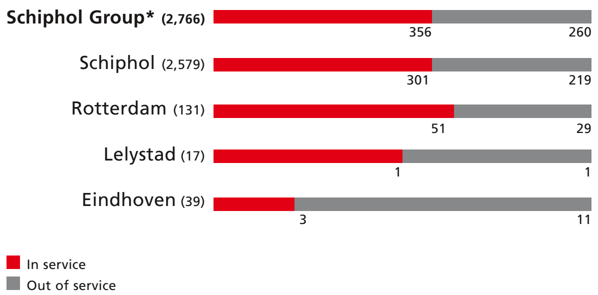
FTE's Schiphol Group* total per 31 December 2008
(per location in %)



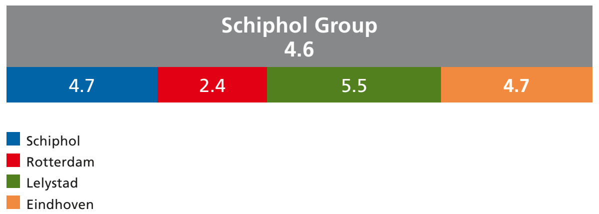
Gender split Schiphol Group*
(as a % of employees)



Staff turnover in number of employees per location 2008



Absence rate Schiphol Group* in 2008 per location (in %)



* *Employees of minority interests have not been taken into consideration.*

[4)] *This chapter is a short summary of the chapter People and Society in the Corporate Responsibility report.*

Encouraging employees to develop and grow in their careers

Development

Professional development
Schiphol Group encourages its employees to develop and grow throughout their careers. Employees and their supervisors discuss necessary and desired areas for growth during the annual coaching interviews. We offer our employees both general training courses, known as 'Development on Demand' training courses, and individual training programmes.

Management Development
With our Management Development policy, we aim to get the best out of our most talented employees. This policy distinguishes between starters, high-potentials (employees who have shown that they possess the potential to one day take up key positions) and executives (employees who already hold key positions). We offer these employees specific training programmes aimed at developing leadership qualities and expanding relevant strategic and aviation-related knowledge.

New job matrix
To achieve a better-organised, more consistent and simpler job structure, we designed a completely new job matrix in which all positions are described in the same manner, allowing them also to be assessed in the same manner. This promotes transparency in assessing employees and their development, while at the same time providing employees with a useful tool in planning their careers.

Healthy, dynamic and safe

Schiphol Group gets good marks in the area of health, safety and employee involvement. However, as an enterprise we want our 'healthy' employees to become 'dynamic' employees. According to this vision, 'health' is no more than a condition for being able to perform, while 'dynamism' is associated with energy, inspiration and stamina, both physical and mental. Accordingly, one change introduced was the replacement of the periodic work-related health examination (PAGO) for older workers by a (voluntary) preventative vitality examiniation (PMVO), which teaches these employees to recognise in an early stage any health risks associated with their work and lifestyle. This allows the employees, in consultation with the company doctor, to take appropriate action. The main idea here is that employees are facilitated by the employer to take responsibility for themselves.
This study will also be offered to younger employees in an adapted form.
Other initiatives to encourage a healthy lifestyle include extra focus on healthy food options in the staff restaurants, a stop-smoking campaign and ongoing exercise programmes offered free of charge in our own sports centre.

Safe working conditions

Our health and safety policy aims to ensure health, safety and well-being during work and to prevent physical or psychological injury to our staff and third parties working on our behalf, as well as passengers and visitors. The prevention of all accidents, no matter how small, lies at the root of this policy. In 2008 there were 25 accidents (24 in 2007) involving our staff at Amsterdam Airport Schiphol, Rotterdam Airport, Eindhoven Airport and Lelystad Airport that resulted in absenteeism from work. There were a further 14 accidents (2 in 2007) that did not result in absenteeism from work.
Again in the current year under review, we focused in on health and safety in the baggage basements, which qualify as working environments with an appreciable level of risk for employees. We are con-

31% of employees is female

stantly trying to develop new ways to reduce the physical demands on the employees who work in these areas, an example of which is the mechanical lifting aid, developed in 2007 and now being deployed in more and more baggage halls. A further example is the newly developed baggage robot, of which six will be deployed in the new baggage hall New-South over the course of 2009.
Much progress has been made in developing a detection system for preventing potentially dangerous situations involving persons on the baggage carrousels and belts. The system was tested successfully in December 2008 and will be phased in in the terminal complex over the course of 2009.
In 2008 we began work on a company-level catalogue of working conditions, which indicates the applicable control measures for each work-related risk.

The New Style of Working

With a view to encouraging sustainable mobility, cost savings, higher productivity and less absenteeism due to illness, a policy was developed in 2008 for teleworking and flexible working – also known as the New Style of Working. This policy will be implemented in 2009. The new style of working is based on three elements: teleworking, flexible working and personal responsibility, which when combined can yield successful results.

Schiphol College

In barely a year's time, Schiphol College, established by Schiphol Group in conjunction with the Amsterdam ROC (regional training centre for vocational and adult education) in 2007, has grown into a network organisation offering four professional services: work-experience places, work-placement office, day release courses and personalised training courses.
To further develop Schiphol College's working and learning concept, we have joined forces with a number of partners from the aviation and education sectors to launch the Schiphol College Innovation Package project. Five working groups have been established to further develop the working and learning concept for the next two years, supported by a subsidy awarded to the Amsterdam ROC in spring 2008.

Work-experience places
In 2008, 65 people receiving social benefit payments and residing in municipalities surrounding Amsterdam Airport Schiphol participated in a work and education project in the logistics, security or facility sectors. Fourteen of these participants were hired by Schiphol Group in 2008.

Work-placement office
In 2008, 165 pupils (from VMBO (preparatory secondary vocational education) upwards) and students in higher education took up work placements at various companies at the airport. One hundred students on work placement gained work experience at Schiphol Group.

Day release courses (BBL)
The MBO (intermediate vocational education) 'Airport Security Agent' study programme was launched in March as part of the day release courses programme. The programme is currently training three hundred employees and new employees of Amsterdam Airport Schiphol-related companies and other enterprises operating at the airport. The first diplomas were awarded on 9 December 2008.

Personalised training courses
In collaboration with the companies operating at the airport, Schiphol College is developing personalised training courses for employees, such as the Taal op de Werkvloer (language in the workplace) training course. 438 employees took a personalised training course in 2008.

Prospects

We expect a drop in passenger numbers and air transport movements at Amsterdam Airport Schiphol of between 6% and 10% in 2009, as a result of the worldwide financial and economic crisis and the introduction of the Air Passenger Tax in 2008. Likewise, we expect cargo transport to fall by approximately 15%

Schiphol Group's capital expenditure in 2009 will be around EUR 285 million, approximately half of which will concern aviation facilities at Amsterdam Airport Schiphol. As a result of these additional investments, Schiphol Group will require additional financing in 2009, most of which has already been realised by debt financing in the capital market. The sharp increase in the group's debt position in 2008 and the further increase in 2009 will contribute to the increase in financing charges in 2009.

We expect staff numbers to decline as at year-end 2009 relative to year-end 2008 as a result of the reorganisation announced in January 2009. The reorganisation is expected to result in a decrease in the number of staff of Schiphol Nederland BV by 10% to 25% by year-end 2010.

We expect that the net result for 2009 will be at least 50% lower than the 2008 net result, due to the lower demand for air transport and decreasing income from the non-aviation activities.

Amsterdam Airport Schiphol, 18 February 2009

The Management Board

Corporate Governance

Governance structure
Schiphol Group is an unlisted Public Liability Company with a full two-tier board regime which complies with the provisions of the Corporate Governance Code where possible and advisable.

Pursuant to the Decree of 26 July 2008 implementing Section 41 of Directive No. 2006/43/EC, Schiphol Nederland BV qualifies as an organisation of public interest based on the fact that it has issued bonds. Schiphol Group makes use of the exemption as described in Section 3(a) of the aforementioned Decree. The tasks and requirements associated with the compulsory audit committee for an organisation of public interest are thus carried out and observed by the audit committee of NV Luchthaven Schiphol.

Schiphol Group has taken notice of the amendments to the Corporate Governance Code as published by the Corporate Governance Code Monitoring Committee on 10 December 2008, and will implement these changes in 2009 where possible and advisable.

Corporate Governance Code
In 2004 and 2005, Schiphol Group implemented the principles and best practices of the Dutch Corporate Governance Code, as formulated by the Tabaksblat Committee. These principles and best practices were adopted almost without exception, and remained effective without amendment throughout 2008.
A document outlining the manner in which these provisions are reflected in internal rules (such as, for example, the Regulations on inside information, the holding of securities and securities transactions, and the Regulations on Whistleblowers) has been posted on our website www.schipholgroup.com under the heading Investor Relations. The internal rules governing the Supervisory Board, its subcommittees and the Management Board are also featured here.

As an unlisted company, Schiphol Group cannot effectively apply several provisions of the Corporate Governance Code.
This essentially pertains to provisions II.2 (options as a component of remuneration), IV.2 (issue of depositary receipts for shares), and IV.1.3 (public response to a private bid for part of the company).

Due to the small number of shareholders, provisions such as Corporate Governance Code provision V.2.1 (the presence of an external accountant at General Shareholders' Meetings) are not applied, with General Shareholders' Meetings attended only by a delegation of the Supervisory Board and Management Board.
When the Corporate Governance Code was first implemented in 2004, the Supervisory Board decided to honour Management Board members' existing contracts of employment. The subsequent contracts of Mr Nijhuis, Mr Rutten and Mr De Groof comply with the provisions of the Corporate Governance Code.

A more detailed explanation of the above points has been posted on our website www.schipholgroup.com under the heading Investor Relations.

The modifications proposed in response to 2004 amendments of the Netherlands Civil Code regarding the rules governing large companies were approved by shareholders in 2008 and implemented in the Articles of Association.

Securities transactions
Despite the fact that Schiphol Group shares are not listed on any stock exchange, the company has adopted a limited number of Regulations on inside information and on the holding of securities and securities transactions. Schiphol Group has issued bonds under the EMTN Programme. Members of the Management Board and Supervisory Board refrain from buying and selling these bonds as well as any Aéroports de Paris (AdP) shares. The Corporate Auditor was appointed central officer and charged with the duties referred to in the Regulations on inside information and on the holding of securities and securities transactions.

Supervisory Board
The Supervisory Board has four permanent committees: the Audit Committee, the Nominations Committee, the Remuneration Committee and the Public Affairs & Corporate Responsibility Committee.

The meetings held by these committees are reported upon during plenary Supervisory Board meetings.

Each of these permanent committees is subject to a regulatory code, available through www.schipholgroup.com under the heading 'Investor Relations'. The temporary committee installed in 2008 to prepare the decisions by the Supervisory Board regarding the long-term collaboration (and cross-participation) with Aéroports de Paris was dissolved in late 2008.

Schiphol Plaza

Audit Committee
The Audit Committee is made up of at least three members. It meets at least three times a year, and draws up a report of each meeting. Two of the current members have financial expertise, in accordance with the stipulations of the Supervisory Board profile. The Corporate Controller is secretary to the Audit Committee.

Nominations Committee
The Nominations Committee is made up of at least three members. The committee meets when necessary, and advises the Supervisory Board on the formulation of selection criteria and appointment procedures for members of the Supervisory Board and Management Board. The committee also provides recommendations on the company's management development policy.

Remuneration Committee
The Remuneration Committee consists of a minimum of three members. It meets at least twice a year and produces an annual report of its deliberations and findings, which it publishes as part of the annual report. It advises the Supervisory Board on the formulation of remuneration policy and the actual remuneration of individual Management Board members. It also draws up an annual remuneration report.
The Human Resources Director is secretary to the Remuneration Committee.

Public Affairs & Corporate Responsibility Committee
The Public Affairs & Corporate Responsibility Committee has two members and advises the Supervisory Board on issues relating to public image, public affairs and corporate responsibility policy. The committee meets at least twice a year and draws up a report on its deliberations and findings after each meeting. The Director of Corporate Affairs is secretary to the Public Affairs & Corporate Responsibility Committee.

Amsterdam Airport Schiphol, 18 February 2009

The Supervisory Board
The Management Board

Schiphol Plaza

Remuneration report

General remuneration policy for the Management Board

Procedure
In accordance with the Corporate Governance Code, the Supervisory Board has drawn up up the remuneration policy for the members of the Management Board of Schiphol Group based upon the recommendations of the Remuneration Committee. The General Meeting of Shareholders of Schiphol Group has ratified the remuneration policy. Again based on the recommendations of the Remuneration Committee, the Supervisory Board then has determined the fixed salary components, and determines the variable salary components each year within the adopted remuneration policy.

For the variable salary component, the Supervisory Board and the members of the Management Board agree a performance contract at the beginning of each year. This contract lays down specific, challenging, measurable and controllable targets that must be achieved for the short-term bonus and the long-term bonus for that year. The targets set for each Management Board member on this occasion include not only financial targets, but also sustainability and/or operational targets. After having assessed the Management Board members' performance over the previous year, the Supervisory Board determines whether they have attained their collective and individual targets. The Supervisory Board also regularly examines whether the fixed and the variable salary components are in line with the market.

General
The basic principle of the remuneration policy is that the reward should be competitive and that Schiphol Group should be able to attract, retain and motivate good managers on the basis of the approved benefits package. The policy must also foster the achievement of the company's short-term and long-term objectives. To attain these goals, the levels of remuneration should be comparable to those of other, mainly Dutch, companies. A reference group of comparable companies was compiled to this end in 2002, based on factors such as revenue, workforce, and complexity and nature of operations. At the end of 2006, external remuneration consultants carried out a market analysis to ensure continued alignment with the reference group. The reference group encompasses the logistics sector (including Netherlands Railways and Fraport), real estate sector (including Corio) and retail sector (including OPG Groep and Macintosh Retail Group). Other general information about Dutch companies with similar revenues, complexity and staff numbers was also considered. The final calculation of the total value of the remuneration package for members of the Management Board is based on information obtained from remuneration consultants and on the insights and experience of the Remuneration Committee.

The basic principle of the present remuneration policy is that, in the case of on-target performance, the total remuneration package should not exceed the median level of the reference group. In the case of excellent performance, the total remuneration package for an individual year can exceed the reference group median.
The purpose of the variable salary component is, amongst other things, to stimulate management's focus on such aspects as the continuity of the business, sustainability, climate policy, and value creation for Schiphol Group in general.

Structure of the remuneration package
The Supervisory Board considers the variable remuneration component to be an important part of the overall package. The performance criteria governing the short-term and long-term bonus are derived from the key company management parameters (financial, operational and/or sustainability). This is reflected in the type and structure of the adopted benefits package. For this reason, a significant part of the overall remuneration is variable.

Fixed salary
In order to guarantee that Schiphol Group is able to attract, retain and motivate good managers, the Supervisory Board also regularly compares Management Board members' fixed salary components with the reference group. The fixed salary component is not the same for all Board members; the ordinary members receive approximately 80% of that received by the president.

Short-term bonus
Annual bonus arrangements are based on the achievement of a financial target and various personal performance targets and on the Supervisory Board's assessment of general performance. The financial target is obtained from the net result divided by the average total return on equity (ROE), in accordance with the annual budget as approved by the Supervisory Board. The personal performance targets, which may vary from year to year, relate to aspects such as operating processes, sustainability and climate policy.

The on-target level of the short-term bonus equals 35% of the fixed salary. If the financial targets are exceeded, the bonus payable can be at most 1.625 times the on-target level for that component in the case of the president and at most 1.67 times that level for the other members of the Management Board; the maximum short-term bonus for exceptional performance is therefore 47.5% of the fixed salary in the case of the president and 45.1% thereof for the other members. The extent to which the targets have been achieved is determined in part on the basis of the externally audited financial statements.

As a percentage of fixed salary:

President

	on target		above target
ROE target	20.0%	*max. swing factor 1.625*	32.5%
Portfolio-linked	7.5%		7.5%
General performance	7.5%		7.5%
Total	**35.0%**		**47.5%**

Other members of the Board of Management

	on target		above target
ROE target	15.0%	*max. swing factor 1,67*	25.1%
Portfolio-linked 1	7.5%		7.5%
Portfolio-linked 2	7.5%		7.5%
General performance	5.0%		5.0%
Total	**35.0%**		**45.1%**

Long term bonus
Schiphol Group is not a listed company and it is therefore not possible to grant Schiphol Group shares and/or share options. Instead, to advance Schiphol Group's long-term objectives, a long-term bonus scheme that rolls forward over a three-year period has been agreed. The long-term bonus is a remuneration component payable each year and has an on-target level of 35% of the fixed salary. Actual payment depends on the cumulative economic profit achieved over a period of three successive financial years, as based on the medium-term business plan approved by the Supervisory Board. In the event of exceptional performance, the bonus may be increased to a maximum of 52.5% of the fixed salary.

At the end of each year, an estimate is made of the amount of the bonus payable at the end of the three-year period, and a pro-rata share of the amount thus calculated is accounted for in the year concerned. Only Management Board members who are still employed by the company at the end of the three-year period qualify for payment. A pro rata payment is made if the Board member retires during this period. If the contract of employment is terminated by mutual agreement, a pro rata allocation is made. It is also possible in such cases to calculate and pay out the amount of any future award.

Pension arrangements
Pensions are arranged on the basis of an average-pay scheme applicable since 1 January 2004, and in accordance with the standard Algemeen Burgerlijk Pensioenfonds rules. As regards Mr Gerlach Cerfontaine and Mr Pieter Verboom, the new arrangements do not materially alter their existing pension rights, as it has been decided to honour the previously agreed contractual rights. Mr Cerfontaine has retired upon attaining the age of 62 with defined retirement benefits amounting to 70% of his fixed salary. The resulting obligations were paid up on 31 December 2008. Mr Verboom and Mr Rutten can retire at the age of 62 with benefits amounting to 70% of their fixed salary. To this end, an additional amount will be allocated annually for the ABP Extra Pension (AEP), supplementing to the rights accrued as part of the ABP pension scheme. Mr Nijhuis and Mr De Groof take part in the ABP career average pension scheme (in which old age pension commences at age 65) under the precondition of a retirement age of 62. They do not have a final wage arrangement. However, they are entitled to a fixed annual contribution towards a life-course savings scheme in order to compensate for the missing pensionable years between age 62 and 65.

The amount of the contribution payable for the pension scheme is calculated each year by ABP and is paid by the company. Contributions towards any partner plus-pension schemes will be borne by the Management Board members themselves.

Other benefits
The secondary benefits comprise appropriate expense allowances, a company car and telephone costs. The company has also taken out personal accident insurance and directors' liability insurance on behalf of the Management Board members. No loans, advances or guarantees have been or will be granted to members of the Management Board. The company operates a restrictive policy with regard to other offices; acceptance of other offices requires the explicit approval of the Supervisory Board.

Contracts of employment
Members of the Management Board will be appointed, in accordance with the Corporate Governance Code, for an initial term of office of not more than four years. Depending on performance, a Management Board member may subsequently be reappointed for periods again not exceeding four years. The premise governing contracts of employment is that new contracts will be drawn up in line with the relevant provisions of the Corporate Governance Code and existing contracts agreed before 1 January 2004 will be honoured. Specifically, this means that Mr Verboom's contract of employment has not been renegotiated, while the contracts of employment concluded with Mr Nijhuis, Mr Rutten and Mr De Groof are consistent with the provisions of the Corporate Governance Code.
Mr Verboom's contract provides for a redundancy payment of one and a half times the fixed salary as paid in the preceding year.

Remuneration of the Management Board for 2008
Effective 1 January 2008, the fixed salaries of the Management Board members were increased by 2.75%, reflecting current salary increases for employees covered by the CLA. The members of the Management Board met the ROE target in 2008 by a swing factor of 1.25. Efforts to meet the personal targets for 2008 were also largely successful. These targets included preparing an energy blueprint for Amsterdam Airport Schiphol, developing a business plan for Lelystad Airport, drawing up a plan to secure clean surface water for Amsterdam Airport Schiphol, effectuating anticipatory noise management for Amsterdam Airport Schiphol, drafting a proposal for the development of a golf course and golf hotel near Amsterdam Airport Schiphol, preparing a business case (including a plan of approach) for the development of 60 ha near Hoofddorp in order to reduce ground noise in this area, upgrading Departure Lounge 3 in the terminal of Amsterdam Airport Schiphol, and developing a sustainable mobility perspective for Amsterdam Airport Schiphol.
The Economic Profit targets contained in the Business Plan were attained as well.

Remuneration of the Supervisory Board

General
The Chairman of the Supervisory Board's remuneration amounts to EUR 33,000 per annum. The ordinary members' remuneration is EUR 24,000 per annum. All the members of the Supervisory Board also receive an expense allowance of EUR 1,600 per annum.

Members of a Supervisory Board committee are entitled to an additional fee. Members of the Audit Committee receive EUR 6,000 per annum, members of one of the other committees receive a fee of EUR 5,000 per annum.

Remuneration of the Supervisory Board for 2008
Information on the remuneration of the Supervisory Board for 2008 can be found on page 192 of this annual report.

Amsterdam Airport Schiphol, 18 February 2009

The Supervisory Board

Events after balance sheet date

Reorganisation of Schiphol Group

As a result of sharply falling transport figures and increasing international competition, we announced in January 2009 that the number of Schiphol Nederland BV employees working at Amsterdam Airport Schiphol (currently: 2,200) is to be cut by 10-25% by late 2010. The staff reduction will be achieved through natural attrition, outsourcing of activities and job cuts. Schiphol Group has agreed with the trade unions that a redundancy plan is to be drawn up. The Central Works Council will be given an opportunity to issue recommendations regarding the plans.

Interlocutory judgment on Groenenberg site

On 28 January 2009, the Court of Haarlem ruled in an interlocutory judgment in the case concerning Section 55 of the Aviation Act that, in brief, there would be no increase in value immediately following the building ban on the Groenenberg site. The court deferred a final decision given that there are still cassation proceedings pending before the High Court concerning the Section 50 case. With respect to the complaints against the earlier interlocutory judgments of the Court of Haarlem, the High Court has since dismissed the appeals in cassation of both Chipshol and Amsterdam Airport Schiphol concerning complaints about procedural aspects of the case. In the main proceedings, documents have since been exchanged and procedural actions will be completed shortly, after which the High Court will issue a ruling.

On 18 February 2009, the Council of State declared Chipshol's appeal to the Haarlem court against the decision by the Minister of Transport, Public Works and Water Management to lift the ban on building (on 28 June 2007) unfounded on this substantive point. As a result of the Council's ruling, the lifting of the ban has now become definite.

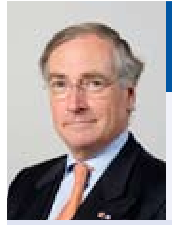
The Board & Management

Supervisory Board

P.J. Kalff
(1937, Dutch nationality)

Chairman of the Supervisory Board
First appointed in 1997; third and final term of office expires in 2009

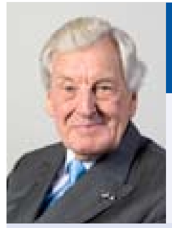
- Member of the Board of Directors of Aon Corporation
- Member of the Supervisory Board of HAL Holding NV
- Member of the Supervisory Board of Het Concertgebouw NV
- Former Chairman of the Board of Management of ABN Amro Holding NV



A. Ruys
(1947, Dutch nationality)

Vice Chairman of the Supervisory Board
First appointed in 2006; first term of office expires in 2010

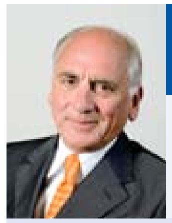
- Member of the Board of Management of Lottomatica SpA
- Member of the Board of Management of British American Tobacco PLC
- Member of the Supervisory Board of Janivo Holding BV
- Member of the Supervisory Board of ABN Amro NV
- Chairman of the Supervisory Board of the Aidsfonds/ Stop Aids Now foundations
- Chairman of the Supervisory Board of the Rijksmuseum
- Former Chairman of the Board of Management of Heineken NV



T.H. Woltman
(1937, Dutch nationality)

First appointed in 1998; third and final term of office expires in 2010

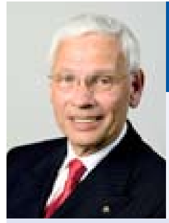
- Member of the Supervisory Board of BCD Holding NV
- Member of the Supervisory Board of Royal Saan BV
- Member of the Supervisory Board of Royal Porceleyne Fles NV
- Former Chairman of the Chamber of Commerce of Amsterdam
- Former Senior Vice President of KLM North America



W.F.C. Stevens
(1938, Dutch nationality)

First appointed in 2002; second term of office expires in 2010

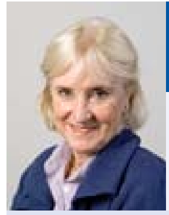
- Member of the Supervisory Board of Aegon NV
- Member of the Supervisory Board of TBI Holdings
- Member of the Supervisory Board of Nederlandse Staatsloterij
- Member of the Supervisory Board of Holland Casino
- Former Senior Partner at Caron & Stevens/Baker & McKenzie
- Former Member of the Dutch Upper House (First Chamber)



H. van den Broek
(1936, Dutch nationality)

First appointed in 2000; third and final term expires in 2012

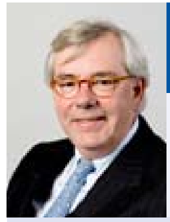
- Minister of State
- Chairman of the Emergencies Committee of Stichting Calamiteiten Fonds
- Member of the Board of Advisors of Stuart Lammert&Co
- Member of the Global Leadership Foundation
- Former Member of the European Commission
- Former Minister of Foreign Affairs



T.A. Maas - de Brouwer
(1946, Dutch nationality)

First appointed in 2001; second term of office expires in 2009

- Chairman of the Supervisory Board of Koninklijke Philips Electronics Nederland BV
- Member of the Supervisory Board of ABN Amro NV
- Member of the Supervisory Board of Arbo Unie
- Member of the Supervisory Board of Twynstra Gudde
- Member of the Governing Council of Van Leer Group Foundation
- Chairman of Bernard van Leer Foundation
- Former President of HayVision Society
- Former Member of the Dutch Upper House (First Chamber)

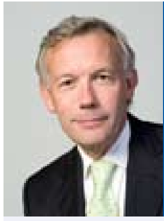


Dr. F.J.G.M. Cremers
(1952, Dutch nationality)

First appointed in 2006; first term of office expires in 2010

- Investigator, on behalf of the Enterprise Section of the Amsterdam Court, charged with examining the policies and practices of Fortis NV
- Vice Chairman of the Supervisory Board of Fugro NV
- Member of the Supervisory Board of NV Netherlands Railways
- Member of the Supervisory Board of Royal Vopak NV
- Member of the Supervisory Board of Unibail-Rodamco SA
- Member of the Supervisory Board of Parcom Capital BV
- Member of the Capital Markets Committee of the AFM
- Member of the Philips, Océ and Heijmans protection board
- Former CFO and Member of the Board of Management of VNU NV
- Former CFO of Shell Expro UK

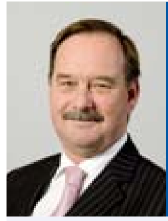
Management Board



J.A. Nijhuis
(1957, Dutch nationality)

President since 1 January 2009

- Member of Supervisory Board of SNS Reaal (as of 15 April 2009[5])
- Board member of Aéroports de Paris SA (as of 15 July 2009[5])



A.P.J.M. Rutten
(1951, Dutch nationality)

Member of the Management Board and COO since 1 September 2005

- Member of the Board of Advisors of NIVR
- Member of the Executive Committee of ACI Europe
- Member of the Board of Advisors of ROC van Amsterdam
- Member of the Board of Advisors of Hogeschool van Amsterdam - Aviation Studies
- Member of the Board of Advisors of National Aerospace Laboratory - NLR

Aviation

Dr. P.M. Verboom
(1950, Dutch nationality)

Member of the Management Board and CFO since 1 September 1997

- Member of the Supervisory Board of VastNed Retail NV
- Member of the Supervisory Board of Super de Boer NV
- Board member of Aéroports de Paris SA (as of 15 July 2009[5])
- Member of the Supervisory Board of Eindhoven Airport NV
- Non-executive director Brisbane Airport Corp. Pty Ltd.

Consumers *

Real Estate *

Alliances & Participations

M.M. de Groof
(1957, Dutch nationality)

Member of the Management Board and CCO since 1 February 2008

- Member of the Board of Amsterdam Connecting Trade
- Member of the Board of KennisKring Amsterdam

Consumers **

Real Estate **

[5] *Pending formal approval by the shareholders' meeting.*

* *until 1 February 2008*

** *as of 1 February 2008*

Managers of the Business Areas & Staff Departments

Business Areas	
Ad Rutten	BA Aviation
Otto Ambagtsheer	BA Consumers
André van den Berg	BA Real Estate
Pieter Verboom	BA Alliances & Participation

Regional and International activities	
Enno Osinga	Schiphol International
Roland Wondolleck	Rotterdam Airport
Joost Meijs	Eindhoven Airport
Lex Oude Weernink	Lelystad Airport
Koen Rooijmans	Brisbane Airport Corporation
Alain Maca	JFK IAT
Peter Steinmetz	Aruba Airport Authority
Anne-Marie Zuidweg	Arlanda Schiphol Development Company
Dieme Ketel	Angkasa Pura Schiphol
Frits Bosch	Dartagnan Biometric Solutions

Staff & support	
Paul Luijten	Corporate Affairs
Jan Stringer	Corporate Audit
Charles Evers	Corporate Controller
Joris Backer	Corporate Legal and company secretary
Frits Bosch	Corporate Procurement
Gerard Ellerman	Corporate Treasury
Wim Mul	Human Resources
Joop Krul	Airport Development
Ad Benschop	Project Management Schiphol
Kees Jans	Information & Communication Technology

Central Works Council

Rick Krebbers	*Chairman*
Jan Koomen	*Vice Chairman*
Frans Sam	*Secretary*
Hans Fritzsche	*Vice Secretary*
Frieda van Barneveld	
Marja Goeman	
Rob Holtslag	
Siard Hovenkamp	
Joost Peetoom	
Henk Bakker	
Erik Koppedraaijer	
Remon Mersmann	
Wim Roozendaal	
Rob van der Zee	
Joop Zorn	

New Supervisory Board members

The Supervisory Board has decided to appoint Mr H.J. Hazewinkel (1949, Dutch Nationality) to the position vacated by Mr P.J. Kalff on 16 April 2009. Until 1 January 2009, Mr Hazewinkel was chairman of the Board of Directors of VolkerWessels.

In accordance with the terms of the 8% cross-shareholding agreement with Aéroports de Paris, the Supervisory Board also has decided to appoint Mr P. Graff (1947, French Nationality) as a member of the Supervisory Board of Schiphol Group and the Audit Committee by no later than 15 July 2009 at the latest. Mr Graff is Président Directeur Général of Aéroports de Paris S.A.

Following the appointment of Mr Graff, the Supervisory Board will consist of eight members.
The Board has decided that Mr Ruys, currently vice chairman, is to succeed Mr Kalff as chairman of the Supervisory Board in April. Ms Maas-de Brouwer will then assume the role of vice chairwoman.

Schiphol Group Financial Statements 2008

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Consolidated financial statements

Corporate financial statements

(in EUR 1,000)	Note	2008	2007
Revenue	1	**1,153,951**	1,146,219
Sales of property		**10,330**	8,942
Cost of sales of property		**7,849**	6,132
Result on sales of property	2	**2,481**	2,810
Fair value gains and losses on property		**19,056**	111,673
Other income, from property		**21,537**	114,483
Costs of outsourced work and other external charges	4	**515,236**	486,511
Employee benefits	5	**182,393**	167,960
Depreciation and amortisation	6	**172,022**	170,763
Impairment	7	**298**	3,935
Other operating expenses	8	**11,398**	11,846
Total operating expenses		**- 881,347**	- 841,015
Operating result		**294,141**	419,687
Financial income and expenses	9	**- 53,682**	- 35,413
Share in results of associates	10	**10,187**	10,896
Result before tax		**250,646**	395,170
Corporate income tax	11	**- 63,768**	- 79,146
Result		**186,878**	316,024
Attributable to:			
Minority interests	12	**2**	238
Shareholders (net result)		**186,876**	315,786
Earnings per share (in euros)	13	**1,083**	1,844
Diluted earnings per share (in euros)	13	**1,083**	1,844

Consolidated Balance Sheet as at 31 December 2008

Assets

((in thousands of euros))	Note	31 December 2008	31 December 2007
Non-current assets			
Intangible assets	14	**46,995**	41,722
Assets used for operating activities	15	**2,092,957**	2,085,464
Assets under construction or development	16	**677,963**	537,079
Investment property	17	**988,324**	911,361
Deferred tax	18	**210,376**	234,267
Investments in associates	19	**615,193**	46,626
Loans to associates	20	**46,053**	46,180
Other financial interests	21	**6,668**	16,590
Lease receivables	22	**7,489**	9,230
Other loans	23	**3,994**	3,400
Derivative financial instruments	32	**42,290**	1,071
Other non-current receivables	24	**15,628**	12,131
		4,753,930	3,945,121
Current assets			
Lease receivables	22	**1,741**	1,540
Other loans	23	**105**	41
Assets held for sale	25	**15,851**	15,851
Derivative financial instruments	32	**7,155**	-
Trade and other receivables	26	**232,127**	182,827
Cash and cash equivalents	27	**398,429**	141,786
		655,408	342,045
		5,409,338	4,287,166

Equity and liabilities

(in thousands of euros)	Note	31 December 2008	31 December 2007
Share capital and reserves attributable to shareholders			
Issued share capital	28	**84,511**	77,712
Share premium	28	**362,811**	-
Retained profits	29	**2,442,372**	2,848,570
Other reserves	30	**- 21,404**	11,667
		2,868,290	2,937,949
Minority interests	31	**18,305**	18,644
Total equity		**2,886,595**	2,956,593
Non-current liabilities			
Borrowings	32	**1,528,512**	699,270
Lease liabilities	33	**117,454**	121,465
Employee benefits	34	**40,474**	43,794
Other provisions	35	**10,000**	10,000
Derivative financial instruments	32	**3,546**	15,558
Other non-current liabilities	36	**97,978**	78,186
		1,797,964	968,273
Current liabilities			
Borrowings	32	**167,431**	83,103
Lease liabilities	33	**4,110**	3,463
Derivative financial instruments	32	**7,474**	129
Corporate income tax	37	**8,655**	8,617
Trade and other payables	38	**537,109**	266,988
		724,779	362,300
		5,409,338	4,287,166

The dividend per share paid in 2008 and 2007 can be calculated as follows:

	dividend for 2007, paid in 2008	dividend for 2006, paid in 2007
Dividend attributable to shareholders (in euros)	**93,036,000**	79,057,000
Number of shares in issue during the year, entitled to dividend	**171,255**	171,255
Dividend per share (in euros)	**543**	462

In addidtion to the ordinary dividend mentioned above, a super dividend of EUR 500 million was distributed to the shareholders in 2008. With 171,255 shares outstanding at that time, this is equivalent to an additional dividend per share of EUR 2,920.

On 1 December 2008, Schiphol Group and Aéroports de Paris SA acquired an 8% shareholding in each other. In that context, Schiphol Group issued 14,892 new shares to Aéroports de Paris SA, increasing the total number of outstanding shares to 186,147. These newly-issued shares did not confer an entitlement to the dividend for 2007 or the super dividend distributed in 2008.

(in thousands of euros)		Attributable to shareholders					
	Note	Issued share capital	Share Premium	Retained profits	Other reserves	Minority interests	Total
Balance as at 31 December 2006		**77,712**	**-**	**2,611,841**	**14,322**	**18,489**	**2,722,364**
Translation differences	30	-	-	-	499	-	**499**
Changes in fair value on hedge transactions	30	-	-	-	- 4,120	28	**- 4,092**
Changes in fair value on other financial interests	30	-	-	-	966	-	**966**
Changes recognised directly in equity		-	-	-	- 2,655	28	**- 2,627**
Result		-	-	315,786	-	238	**316,024**
Sum of the result and changes recognised directly in equity		-	-	315,786	- 2,655	266	**313,397**
Dividend paid	29	-	-	- 79,057	-	- 111	**- 79,168**
Balance as at 31 December 2007		**77,712**	**-**	**2,848,570**	**11,667**	**18,644**	**2,956,593**
Translation differences	30	-	-	-	- 969	-	**- 969**
Changes in fair value on hedge transactions	30	-	-	-	- 22,180	- 230	**- 22,410**
Changes in fair value on other financial interests	30	-	-	-	- 9,922	-	**- 9,922**
Changes recognised directly in equity		-	-	-	- 33,071	- 230	**- 33,301**
Result		-	-	186,876	-	2	**186,878**
Sum of the result and changes recognised directly in equity		-	-	186,876	- 33,071	- 228	**153,577**
Issue of shares	28	6,761	362,811	-	-	-	**369,572**
Dividend paid	29	-	-	- 593,036	-	- 111	**- 593,147**
Other movements	28	38	-	- 38	-	-	**-**
Balance as at 31 December 2008		**84,511**	**362,811**	**2,442,372**	**- 21,404**	**18,305**	**2,886,595**

The cash flow statement has been prepared on the basis that the balance of cash and cash equivalents is equal to the net amount of cash and cash equivalents and bank overdrafts, the latter item being presented in the balance sheet as part of trade and other payables.

(in thousands of euros)	Note	2008	2007
Cash and cash equivalents	27	**398,429**	141,786
Bank overdrafts	38	**- 161,246**	- 82
		237,183	141,704

Consolidated Cash Flow Statement for 2008

(in thousands of euros)	Note	2008	2007
Cash flow from operating activities:			
Cash flow from operations	40	**503,805**	462,677
Corporate income tax paid		**- 51,249**	- 125,260
Interest paid		**- 53,705**	- 46,227
Interest received		**14,029**	11,923
Dividend received		**7,849**	10,357
		- 83,076	**- 149,207**
Cash flow from operating activities		**420,729**	**313,470**
Cash flow from investing activities:			
Investment in intangible assets	14	**- 18,309**	- 10,613
Investment in property, plant and equipment	16	**- 331,543**	- 339,452
Proceeds from disposals of investment property	2	**10,330**	8,942
Proceeds from disposals of property, plant and equipment	15	**70**	259
Acquisitions	41	**- 584,006**	- 25,203
Contributions of share capital to associates	19	**- 532**	- 343
New loans to associates	20	**- 7,809**	-
New other loans	23	**- 444**	-
Repayment on other loans	23	**26**	-
New long leases purchased	24	**- 5,214**	-
Finance lease instalments received	22	**2,922**	2,860
Cash flow from investing activities		**- 934,509**	**- 363,550**
Free cash flow		**- 513,780**	**- 50,080**
Cash flow from financing activities:			
New borrowings	32	**937,734**	135,094
Repayment of borrowings	32	**- 91,287**	- 120,737
Settlement derivative financial instruments	30	**-**	- 37,104
Issue of shares	28	**369,572**	-
Dividend paid	29	**- 593,147**	- 79,168
New long leases purchased	36	**-**	7,940
Finance lease instalments paid	33	**- 13,216**	- 13,357
Cash flow from financing activities		**609,656**	**- 107,332**
Net cash flow		**95,876**	**- 157,412**
Opening balance of cash and cash equivalents	27	**141,704**	299,255
Net cash flow		**95,876**	- 157,412
Exchange differences	9	**- 397**	- 139
Closing balance of cash and cash equivalents	27	**237,183**	**141,704**

General information

NV Luchthaven Schiphol is a public limited liability company (NV – a large company within the meaning of the Netherlands Civil Code), based at Schiphol in the municipality of Haarlemmermeer. The address of the company's registered office is Evert van der Beekstraat 202, 1118 CP, Schiphol, Netherlands. NV Luchthaven Schiphol trades under the name of Schiphol Group.

Schiphol Group is an airport operator and, more particularly, an operator of AirportCities. Schiphol Group wants to rank among the world's leading airport companies. The company's aim is to create sustainable value for its stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as the most prominent and efficient of transport hubs for air, rail and road links, offering its visitors and locally-based businesses the services they require on a 24/7 basis.

At the Supervisory Board Meeting held on 18 February 2009, the Supervisory Board agreed the financial statements as prepared by the Management Board. The Management Board will present the financial statements for adoption to the General Meeting of Shareholders to be held on 16 April 2009.

This is an English translation of the Dutch version of Schiphol Group's 2008 annual accounts. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.

Accounting policies

Set forth below are the accounting policies providing the basis of consolidation, valuation of assets, equity and liabilities and determination of results for Schiphol Group. These policies are in accordance with IFRS, as endorsed for use in the EU, and are applied consistently to all the information presented unless otherwise indicated.

New standards and amended standards that are mandatory with effect from 2008

Various new interpretations have been issued which are mandatory from 1 January 2008, provided they have been endorsed by the European Union. In specific circumstances, IFRIC 11, Group and Treasury Share Transactions, offers a guideline for the application of IFRS 2, Share-based Payment. IFRIC 12, Service Concession Arrangements, deals with the valuation and recognition of concession contracts whereby the government or another public body awards contracts to concession holders in the private sector for the provision of public services. IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, provides guidelines for the assessment of the ceiling laid down in IAS 19, Employee Benefits, in respect of the surplus that can be recorded as an asset. IFRIC 11 does not apply to Schiphol Group. IFRIC 12 and 14 were not applied, because they have not yet been endorsed by the European Union. However, the application of these two interpretations would not have affected Schiphol Group's financial statements.

Furthermore, an amendment to IAS 39 and IFRS 7 on Financial Instruments has been in force since 1 July 2008 with regard to the reclassification of financial assets. The amendment to IAS 39 ensures that the reclassification of particular financial instruments is permitted in certain situations. The application of the amendments to IAS 39 and IFRS 7 did not affect the 2008 financial statements of Schiphol Group.

New standards and amended standards that are mandatory with effect from 2009 or afterwards

Schiphol Group has not voluntary applied new standards, amended standards or new interpretations in advance that will not be mandatory until 2009 or afterwards.

IFRS 8, Operating Segments, will be mandatory with effect from the financial year 2009. The same applies to the amendments to standards IAS 1, Presentation of Financial Statements, and IAS 23, Borrowing Costs. The revised standards IFRS 3, Business Combinations, and, by extension, IAS 27, Consolidated and Separate Financial Statements, will be mandatory from the 2010 financial year. IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 16, Hedges for a Net Investment in a Foreign Operation, IFRIC 17, Distribution of Non-Cash Assets to Owners, and the amendments made in the context of the Annual Improvements Project 2008 are mandatory with effect from the 2009 financial year, provided they have been endorsed by the European Union. The potential consequences of these new regulations for Schiphol Group are still under investigation.

Where applicable, the statutory provisions relating to annual reporting contained in Part 9, Book 2, of the Netherlands Civil Code have also been complied with.

Schiphol Group adheres to the historical cost convention except for buildings and land in the investment property portfolio, derivative financial instruments and other financial interests, which are stated at fair value.

Consolidation

(a) General

Where necessary, appropriate adjustments are made to the accounting policies of subsidiaries, joint ventures and associates so that they comply with the Schiphol Group accounting policies.

(b) Subsidiaries

The financial information of NV Luchthaven Schiphol and its subsidiaries is fully consolidated. Subsidiaries are those companies in which NV Luchthaven Schiphol has control over operating and financial policy.

The share of the other shareholders in consolidated equity and consolidated results is presented in the balance sheet as minority interests (part of total equity) and in the profit and loss account as result attributable to minority interests.

(c) Joint ventures

The financial information of joint ventures is consolidated in proportion to the size of the interest. A joint venture is an activity performed by either a legal entity or a partnership in which there is contractually agreed sharing of control by a limited number of venturers, with decisions requiring their unanimous consent.

The results of subsidiaries and interests in joint ventures acquired in the course of the year are consolidated as from the date on which the company gains sole or joint control of them. The financial information relating to subsidiaries and interests in joint ventures disposed of in the course of the year continues to be included in the consolidation up to the date on which sole or joint control ceases.

(d) Associates

An associate is an entity over which the company has significant influence. Investments in associates are accounted for by applying the equity method, i.e. the investment is initially recognised at cost and adjusted thereafter for the company's post-acquisition share in the change in the associate's net assets. The carrying amount of these investments in associates includes the goodwill arising on their acquisition. The company's share in the results of associates over which the company has significant influence is recognised in the profit and loss account (share in results of associates). The cumulative changes in the net assets of associates are accounted for in proportion to the company's interest under the heading of investments in associates. The company ceases to recognise its share in the result of an associate in the profit and loss account and its share of the net asset value of that associate immediately if recognition would cause the carrying amount of the investment to become negative and the company has not entered into any commitments or made any payments on behalf of the associate. Investments in associates are accounted for as other financial interests with effect from the date on which the company ceases to have significant influence or control.

(e) Acquisition of subsidiaries, joint ventures and associates

An acquisition of a subsidiary, an interest in a joint venture or an investment in an associate is accounted for according to the purchase method. Under this method, the cost of such an acquisition is the aggregate of: the fair values of assets given, liabilities incurred or assumed and equity instruments issued plus any costs directly attributable to the acquisition. The identifiable assets, liabilities and contingent liabilities acquired are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the company's interest in the net fair value of the acquired assets, equity and liabilities is recognised as goodwill in the consolidated financial statements and included under intangible assets (in the case of subsidiaries and joint ventures) or as part of the carrying amount in the case of associates. If the net fair value exceeds cost, the difference is recognised immediately in the profit and loss account.

(f) Eliminations

Transactions between the company and its subsidiaries, associates and joint ventures are eliminated, in the case of joint ventures and associates in proportion to the company's interest in those entities, along with any unrealised gains and assets and liabilities arising out of them. Unrealised losses are also eliminated unless there are indications of impairment of the assets concerned.

Corporate profit and loss account

Use has been made of the option of presenting the corporate profit and loss account in abridged form provided by Section 402, Book 2, of the Netherlands Civil Code.

Cash flow statement

The cash flow statement has been prepared using the indirect method.

Segment information

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Schiphol Group recognises four separate business segments (Business Areas), viz. Aviation, Consumers, Real Estate and Alliances & Participations. The Management Board's direction of activities reflects this segmentation, as does the financial information received by the Management Board for that purpose. Group overheads are allocated to the business segments largely on the basis of their relative share in the costs of Schiphol Group.

Since Schiphol Group's activities are mainly concentrated in the Netherlands, there is no geographical segmentation.

Foreign currency

(a) Functional currency and presentation currency

The primary economic environment of Schiphol Group is the Netherlands. Both the functional currency and the presentation currency of Schiphol Group therefore are the euro. Financial information is presented in thousands of euros unless otherwise indicated.

(b) Transactions, assets and liabilities

Transactions (investments, income and expenses) in foreign currencies are accounted for at the settlement rate of exchange. Monetary assets and liabilities (receivables, payables and cash) in foreign currencies are translated at the rate prevailing on the balance sheet date. The exchange differences arising on translation and on settlement of these items are recognised in the profit and loss account under financial income and expenses. The same applies to exchange differences on non-monetary assets and liabilities unless these items are included directly in equity, in which case the exchange differences are also accounted for in equity.

An exception to the above concerns exchange differences on financial instruments denominated in foreign currencies against which derivative financial instruments are held with the object of hedging exchange risks on future cash flows. The exchange differences on these financial instruments are recognised directly in shareholders' equity provided the hedge is determined to be highly effective. The ineffective portion is recognised in the profit and loss account under financial income and expenses.

(c) Subsidiaries, joint ventures and associates

Income and expenses denominated in foreign currencies are translated at average rates. Assets and equity and liabilities are translated at the rate prevailing on the balance sheet date. Goodwill and fair value adjustments arising on the acquisition of investments in associates are treated as assets and liabilities of the entity concerned and are likewise translated at the rate prevailing on the balance sheet date. Exchange differences arising on the translation of balance sheets and profit and loss accounts of subsidiaries, joint ventures and associates outside the eurozone are recognised directly in equity under the translation differences reserve. On disposal of subsidiaries, joint ventures and associates outside the eurozone, the accumulated translation differences initially recognised in the translation differences reserve are recognised in the profit and loss account as part of the result on disposal.

Revenue

Many of Schiphol Group's activities generate turnover that qualifies as turnover from the provision of services (airport charges, concession fees, rents and leases and parking fees). This turnover is recognised by reference to the stage of completion at the balance sheet date, provided that the result can be reliably estimated. The turnover from retail sales is generated by the sale of goods and is recognised at the moment when these sales transactions, effected exclusively in cash, take place.

Revenue represents the income from the supply of services less discounts and tax (VAT and excise duty). Costs are recognised in the profit and loss account in the year in which the related revenue is recognised.

Financial income and expenses

Interest income and expense is recognised on a time proportion basis that takes into account the effective yield on the asset. Royalties are recognised on an accrual basis. Dividends are recognised when Schiphol Group's right to receive payment is established.

Earnings per share

The undiluted earnings per share are calculated by dividing the profit attributable to holders of ordinary shares by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share are in fact equal to the undiluted earnings per share since there are currently no shares to be issued, in connection with options or convertible bonds, that could potentially lead to dilution of the earnings per share.

Intangible assets

Intangible assets relates to the cost of goodwill purchased from third parties, contract related assets and the cost of software.

Goodwill arising on the acquisition of subsidiaries and interests in joint ventures is included in intangible assets. Goodwill arising on the acquisition of investments in associates is included in the carrying amount of the investments concerned. Goodwill is initially recognised at cost, this being the difference between the cost of acquisition and the company's share in the fair value of the acquired assets and liabilities. The carrying amount of goodwill is subsequently reduced by accumulated impairment losses. Goodwill is not amortised. The above impairment losses are identified by an impairment test performed annually, comparing the carrying amount with the recoverable amount. In order to perform this test, goodwill is allocated to the cash-generating unit (subsidiary, joint venture or associate) to which it relates. This allocation is described in greater detail in the note to the balance sheet item of intangible assets. Reversal of goodwill impairment losses is not permitted.

The item contract related assets concerns contracts, acquired upon the acquisition of activities from third parties. The fair value of these contracts, determined in accordance with the purchase method (as described under Consolidation, letter e), has been set at cost, which is amortised over the remaining contract period.

Software concerns both purchased and internally developed software. In the case of internally developed software, both internal and external hours involved in the development and implementation stages of ICT projects are capitalised according to records of hours charged. Internal and external hours charged in the initiative and definition stages are not capitalised. Software is amortised on a straight-line basis over its useful life.

Assets under construction or development

All capital expenditure except for that relating to intangible assets is initially recognised as assets under construction or development, falling into one of two categories:

- assets under construction for operating activities; and
- assets under construction or development as future investment property.

Assets under construction or development are carried at historical cost including:

- interest during construction in the case of major capital projects, i.e. interest payable to third parties on borrowed capital attributable to the project; and
- hours charged at cost to capital projects by Schiphol Group employees during the construction stage.

Assets under construction or development are not depreciated, although it may be necessary to recognise impairment losses.

On completion or commissioning, the assets are transferred either to investment property (at fair value), or to assets used for operating activities (at historical cost). In the latter case, straight-line depreciation charged to the profit and loss account commences on the same date. The criteria for the recognition of initial capital expenditure as assets used for operating activities, as well as the addition of subsequent expenditure to existing assets, are that it is probable that future economic benefits will flow to the company and the amount can be measured reliably. For the other accounting policies relating to investment property, reference is made to the separate note under this heading.

Assets used for operating activities

Assets used for operating activities include runways, taxiways, aprons, car parks, roads, buildings, installations and other assets. These assets are carried at historical cost less investment grants received, straight-line depreciation and impairment losses.

Assets used for operating activities, with the exception of land, are depreciated by the straight-line method over the useful life of the assets concerned, which depends on the nature of the asset and the components into which each asset can be divided for depreciation purposes. Useful lives and residual values are reappraised each year-end.

The net result on the disposal of assets used for operating activities is recognised in the profit and loss account as part of revenue from other activities.

Depreciation and amortisation

The intangible assets and assets used for operating activities are amortised and depreciated on a straight-line basis according to the schedule below, depending in part on the nature of the asset. Goodwill is not amortised and no depreciation is charged on investment property, assets under construction or land.

The amortisation and depreciation periods applied by Schiphol Group, based on the expected useful life, are as follows:

Intangible assets	
■ Contract related assets	5 years
■ ICT hours charged to application development	3 years
■ Software licences	3 years
Assets used for operating activities	
■ Runways and taxiways	15–60 years
■ Aprons	30–60 years
■ Paved areas etc.	
Car parks	30 years
Roads	30 years
Tunnels and viaducts	40 years
Drainage systems	20–40 years
■ Buildings	20–40 years
■ Installations	5–30 years
■ Other assets	3–20 years

Impairment

The carrying amounts of non-current assets are periodically compared with their recoverable amounts if there are indications of impairment. In the case of goodwill, the impairment test is performed annually, regardless of any such indications. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The above test is performed at cash-generating unit level.

If the recoverable amount is lower than the carrying amount, the difference is recognised as an impairment loss in the profit and loss account and the carrying amount of the asset is reduced by the same amount. Also, where applicable, the straight-line depreciation over the remaining useful life of the asset concerned is adjusted accordingly. In certain circumstances, it may also be appropriate to reverse an impairment loss. Reversal of impairment losses on goodwill, however, is not permitted.

Investment property

While still included in assets under construction or development, investment property is carried at cost. On completion, however, it is transferred, at internally appraised fair value, to investment property, the difference between fair value and cost being recognised in the profit and loss account under fair value gains and losses on property at that time.

Property purchased from outside the Group is initially recognised at cost, including transaction costs. Expenditure after property has been commissioned is capitalised if it can be measured reliably and it is probable that future economic benefits will flow to the Group. Other expenditure is recognised immediately in the profit and loss account.

The buildings classified as investment property are carried at fair value, i.e. their market value as let property. At least 50% of the properties in the portfolio are appraised each year by independent surveyors, the remaining properties being appraised internally. This means that each property is independently appraised at least once every two years. To prevent double counting, the fair value of investment property as presented in the balance sheet takes account of the lease incentives included in the balance sheet.

Land in the investment property portfolio is also carried at fair value, subject to internal appraisal only. The market value of land leased out on a long lease is calculated by discounting the value of the future annual ground rents under the contracts concerned (DCF method), using a discount rate based on the interest rate on Dutch government bonds plus a risk mark-up.

In view of the long-term nature of the contracts, the use to which the land will be put on expiry of the lease is uncertain. A reliable measurement of residual values is therefore only possible where the lease expires within 20 years. No residual value is recognised in the case of contracts where the lease has longer than 20 years to run.

Fair value gains and losses on investment property are recognised in the profit and loss account in the year in which the change occurs. On disposal of assets, realised gains or losses, i.e. differences between carrying amount and net selling price, are taken to the profit and loss account. Investment property is not depreciated.

Deferred tax

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amount of assets and liabilities according to tax rules and according to the accounting policies used in preparing these financial statements.

Deferred tax assets, including those arising from tax loss carry-forwards, are recognised when it is probable that there will be sufficient future taxable profits against which tax losses can be set off, allowing the assets to be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except to the extent that Schiphol Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets and liabilities are calculated at the tax rates expected to be applicable to the period in which an asset is realised or a liability is settled, based on the tax rates (and tax legislation) in respect of which the legislative process has been concluded (or materially so) on the balance sheet date.

Leases

(a) Classification

Assets where the company or one of its subsidiaries has economic ownership under a lease contract are classified as finance leases. The company, or a subsidiary, has economic ownership if substantially all the risks and rewards incidental to ownership are transferred to it. Contracts where economic ownership remains with third parties are classified as operating leases. Whether a lease is a finance lease or an operating lease depends on the economic reality (substance of the transaction rather than the form of the contract).

(b) Schiphol Group as lessee in a finance lease

These assets are recognised as either assets used for operating activities or investment property. The borrowings associated with such lease contracts are accounted for as lease liabilities. The assets and liabilities concerned are initially recognised at the lower of the amount equal to the fair value of the leased assets and the present value of the minimum lease payments at the inception of the lease. The assets are depreciated, using a method consistent with that used for identical assets owned by the company. The depreciation period may be shorter if the lease term is shorter, if it cannot be extended and if ownership will not be obtained. The lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to present a constant periodic effective rate of interest on the remaining balance.

(c) Schiphol Group as lessee in an operating lease

In the case of leases where economic ownership is in the hands of third parties, recognition is restricted to presenting the lease payments in equal instalments, allowing for lease incentives, as expenses in the profit and loss account.

(d) Schiphol Group as lessor in a finance lease

Assets leased out on a contract that qualifies as a finance lease are included in the balance sheet as a lease receivable and carried at the present value of the minimum lease payments receivable at the inception of the lease. The lease payments receivable are apportioned between the finance income and the reduction of the outstanding receivable so as to present a constant periodic effective rate of interest on the remaining balance.

(e) Schiphol Group as lessor in an operating lease

Assets leased out on a contract that qualifies as an operating lease are recognised in the balance sheet and accounted for according to the type of asset. The lease payments receivable under such leases are recognised as income in equal instalments, allowing for lease incentives, in the profit and loss account.

Loans to associates and other loans

Loans to associates and other loans are recognised initially at cost, representing the fair value of the loans granted. Transaction costs are deducted from this amount. Loans to associates and other loans are subsequently carried at amortised cost, with differences between the redemption value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method.

Other financial interests

In the case of other financial interests, the company has neither control nor significant influence. This generally concerns interests of less than 20%. Such interests are carried at fair value, derived from quoted share prices or, if the entity is not listed, other valuation methods. If it is not possible to estimate the fair value reliably using valuation methods, owing to a lack of information or up-to-date information, other investments are carried at cost. Movements in the fair value of these other financial interests are recognised in the reserve for other financial interests included in equity in the year in which the movement occurs. The dividend received from these interests and, in the event of disposal of such interests, the difference between net selling price and carrying amount are recognised in the profit and loss account in financial income and expenses.

Derivative financial instruments

The company makes use of derivative financial instruments exclusively to hedge the risk of changes in future cash flows connected with periodic interest payments and repayments on loans as a result of movements in market interest rates and exchange rates. The instruments used to hedge these risks are interest rate swaps, interest rate caps and currency swaps. In view of their specific use, hedge accounting is applicable in the case of all these hedging instruments, with all the hedging transactions being treated as cash flow hedges.

Derivative financial instruments are initially recognised at cost and subsequently carried at fair value, based either on quoted prices or a model for valuing derivative financial instruments. Movements in the fair value are recognised in the reserve for hedging transactions (part of equity), provided the hedge is highly effective. The ineffective portion of the hedges is recognised in the profit and loss account under financial income and expenses.

At the inception of a hedge, the contract is formally documented. The parameters (maturity, face value and so on) of the underlying instrument and the hedge will correspond exactly. The effectiveness of hedging transactions is nevertheless measured periodically to determine whether the hedge has been effective over the preceding period and whether it is probable that it will be effective over the period ahead.

If a hedging instrument expires or is sold, ends or is exercised or the hedge ceases to satisfy the hedge accounting criteria, hedge accounting is discontinued immediately. The fair value gains and losses accumulated up to that date continue to be carried in the hedging transactions reserve and are subsequently recognised in the profit and loss account simultaneously with the realisation of the hedged cash flow.

Other non-current receivables

In the case of prepaid ground rents, the amount paid to acquire the leasehold is included as a lease asset in the balance sheet and recognised as an expense in the profit and loss account in equal instalments over the lease term.

Assets held for sale

Non-current assets are presented as held for sale if it is clear that the carrying amount will be recovered principally through sale. Land falling into this category is carried at the lower of cost and fair value less costs to sell. The historical cost also includes the costs associated with acquiring the land and site preparation costs. Assets held for sale are not depreciated.

Trade and other receivables

Trade and other receivables are included at fair value, normally face value, less a provision for credit risks. Amounts added to and released from this provision are recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise current account credit balances with banks and deposits with original maturities of less than three months. Bank overdrafts are accounted for in trade and other payables. Cash and cash equivalents are carried at fair value, which is normally the same as face value.

Equity

(a) Issued share capital

The issued share capital consists of the amounts paid up on the shares issued, up to their nominal value.

(b) Share premium reserve

The share premium reserve consists of the amounts paid up on the shares issued, insofar as these payments exceed the nominal value of the shares in question.

(c) Retained profits

Retained profits refers to net results (i.e. that part of the result which is attributable to shareholders) accumulated in previous years.

(d) Other reserves

Other reserves comprise the reserve for hedging transactions, the reserve for other financial interests and the reserve for translation differences.

The reserve for other financial interests is increased or reduced in respect of movements in the fair value of Schiphol Group's other financial interests. On disposal of other financial interests the accumulated fair value gains and losses are recognised in the profit and loss account as part of the result on disposal.

The policies with respect to the reserve for hedging transactions are discussed under the heading of derivative financial instruments. The policies with respect to the reserve for translation differences are discussed under (c) under the heading of foreign currency.

Borrowings
This item relates to bonds, private placements and bank loans. Borrowings are initially carried at cost, i.e. the amount raised, allowing for any premium or discount and net of transaction costs. Subsequently borrowings are carried at amortised cost, with differences between the redemption value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method.

Borrowings expected to be repaid within twelve months of balance sheet date are presented under current liabilities.

Employee benefits
There are four categories of employee benefits:

a) short-term employee benefits;
b) post-employment benefits;
c) other long-term employee benefits; and
d) termination benefits.

Definitions of these categories and brief descriptions of the Schiphol Group employee benefits falling into them are given below.

(a) Short-term employee benefits
Short-term employee benefits are benefits payable for current employees within twelve months of the end of the year in which the service is rendered. Within Schiphol Group, this category includes wages and salaries (including paid annual leave and holiday allowances) and other fixed and variable allowances, social security contributions, paid sick leave, profit sharing and variable remuneration components (other than long-term bonuses). The costs in respect of these employee benefits are recognised in the profit and loss account at the time when the service is rendered or the rights to benefits are accrued (e.g. holiday entitlements).

(b) Post-employment benefits
This category of benefits covers employee benefits that may be due following termination of employment. They include pensions and other retirement benefits, job-related early retirement benefit, payment of healthcare insurance costs for pensioners and supplementary incapacity benefit.

Schiphol Group's pension scheme is administered by ABP. The pension scheme is treated as a group scheme involving more than one employer. Based on the formal terms of the pension scheme, it qualifies as a defined benefit plan. However, Schiphol Group does not have access to sufficient information to apply the proper method of accounting for defined benefit plans. According to information from ABP, ABP is currently not in a position to supply the information necessary in order to account for the pension scheme as a defined benefit plan. Consequently, the scheme is provisionally accounted for as a defined contribution plan.

Accordingly, in measuring the obligations arising from the pension scheme, Schiphol Group merely recognises the pension contributions payable as an expense in the profit and loss account.

For the defined benefit pension schemes of several subsidiaries and joint ventures, however, the information needed in order to account for a defined benefit plan is available. In those cases, a net asset or liability is recognised in the balance sheet, comprising:

1. the present value of the defined benefit obligation at the balance sheet date measured using the projected unit credit method, under which the present value of the pension obligations is determined on the basis of the number of active years of service prior to the balance sheet date, the estimated salary level at the expected date of retirement and the market interest rate;
2. plus any actuarial gains (less any actuarial losses) not yet recognised in the profit and loss account. Actuarial gains and losses are not recognised in the profit and loss account unless the total amount of the accumulated gains and losses falls outside a band of 10% of the higher of the maximum obligation under the scheme and the fair value of the associated investments. That part which falls outside the band is credited or debited to the profit and loss account over the remaining years of service of the plan members (corridor approach);
3. minus any past service cost not yet recognised. If, owing to changes in the pension schemes, the expected obligations based on future salary levels with respect to prior years of service (past service costs) increase, the amount of the increase is not recognised in full in the period in which the rights are granted but is charged to the profit and loss account over the remaining years of service; and
4. minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly.

The other provisions for employee benefits falling into this category (job-related early retirement benefit, payment of healthcare insurance costs for pensioners and supplementary incapacity benefit) are also calculated according to actuarial principles and accounted for using the method as described under 1–4 above.

(c) Other long-term employee benefits
This category concerns employee benefits payable twelve months or more after the end of the period in which the service is rendered by the employee. At Schiphol Group, this includes long-term bonuses for the members of the Management Board and senior executives in charge of corporate staff departments and the business areas, long-service bonuses, supplementary income for employees in receipt of incapacity benefit (long-term paid sick leave) and paid sabbatical leave.

The long-term bonus is a performance-related remuneration component which is conditional on the executives concerned having satisfied certain performance criteria (economic profit) cumulatively over a period of three years (the reference period) from the time of award of the bonus. Payment is only made if the executive is still employed by the company at the end of that period. If it is mutually agreed that the contract of employment should be ended, the award is made pro rata. At each year-end, an estimate is made of the bonus payable at the end of the three-year period. During the reference period a pro rata part thereof is charged each year to the result for the relevant year.

The expected costs of supplementary income for employees in receipt of incapacity benefit are recognised in full in the profit and loss account effective on the date on which an employee is declared wholly or partially incapacitated. A provision for paid sabbatical leave entitlements is recognised in the balance sheet, the costs being accounted for in the year in which the leave entitlements are granted.

The long-service bonus provisions are recognised at the present value of the obligation. Other long-term employee benefit obligations are not discounted.

(d) Termination benefits

Termination benefits are employee benefits payable as a result of either a decision by Schiphol Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The scheme supplementing the statutory amount of unemployment benefit is an example of a termination benefit. The costs are recognised in full in the profit and loss account as soon as such a decision is taken.

Termination benefits are recognised at the present value of the obligation.

Other provisions

Provisions are made for legally enforceable or constructive obligations existing on the balance sheet date when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Other provisions are included at the present value of the obligation, if the effect of the time value of money is material.

Other non-current liabilities

In the case of prepaid ground rents, the amount paid to acquire the leasehold is included as a lease liability in the balance sheet and recognised as income in the profit and loss account in equal instalments over the lease term.

Trade and other payables

Trade and other payables are carried at fair value, which is normally the same as face value.

Judgement regarding application of accounting policies

The preceding pages provide a comprehensive description of Schiphol Group's accounting policies. In certain situations, management's judgement will be decisive in determining the way in which the accounting policies are applied.
This is particularly true of the following.

Control, joint control and significant influence

Control is the power to govern an entity's financial and operating policies so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). The existence of a contractual arrangement distinguishes interests that involve joint control from investments in associates in which the investor has significant influence. Activities that have no contractual arrangement to establish joint control are not joint ventures. The contractual arrangement establishes joint control over the joint venture. Such a requirement ensures that no single venturer is in a position to control the activity unilaterally.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. If an investor holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The latter will be the case, for example, if the investor is represented on the Management Board or an equivalent administrative body, and is involved in the decision-making process. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event. In assessing whether potential voting rights contribute to control, Schiphol Group examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights, except the intention of management and the financial ability to exercise or convert.

Distinction between assets used for operating activities and investment property
Investment property is distinguished from operating property on the basis of the following criteria:
- investment property is held to earn rentals, for growth or for a combination of the two;
- investment property generates cash flows that are largely independent of the other assets held by the company.

The above assessment is made for each individual property.

Some properties comprise a portion that is used for operating activities and another portion that is investment property. If these portions could be sold separately or leased out separately, the portions are accounted for separately as assets used for operating activities and as investment property. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in connection with operating activities.

Investment property does not include property for immediate or future use by the company or property under construction or development intended for future use as investment property.

Key assumptions and estimates

In applying the accounting policies, management in some cases inevitably has to make use of estimates and assumptions that could affect the amounts presented, the disclosures and the other information contained in the financial statements. Actual figures may differ from the estimates and assumptions used.
This is particularly true of the following.

Impairment of goodwill and other non-current assets
Impairment tests are performed on non-current assets comparing their carrying amounts with the recoverable amounts, should there be evidence of impairment. For non-current assets where the carrying amount is not amortised (goodwill), an impairment test is performed at least once a year. The need to recognise an impairment loss may be indicated if, in management's estimation, there has been, for example, a more rapid decline in the market value of an asset than would result from the passage of time or normal use, a significant change in the use of an asset or in the business strategy, performance falling well below forecast levels, a significant deterioration in the sector or in the economy as a whole, accelerated obsolescence of an asset or damage to an asset. It is also possible for circumstances, in management's estimation, to indicate the need to reverse a previously recognised impairment loss. Reversal of impairment losses on goodwill, however, is not permitted.

Deciding whether impairment losses should indeed be recognised, or reversed, in the above circumstances involves determining the recoverable amount. To do this, management makes use of estimates and assumptions with regard to defining cash-flow-generating units, the future cash flows and the discount rate. The assessments underpinning such estimates and assumptions may differ from year to year, depending on the state of the economy, market conditions, changes in the business or regulatory environment or other factors outside the company's control. If the projected recoverable amounts need revising, it may be necessary to recognise impairment losses or (except in the case of goodwill) to reverse existing impairment losses.

Useful life and residual value of assets used for operating activities
Assets used for operating activities constitute a significant part of the company's total assets and the scheduled straight-line depreciation charges form a significant part of the annual operating expenses. The useful lives and residual values arrived at on the basis of management's estimates and assumptions have a major impact on the valuation of assets used for operating activities. The useful life of assets used for operating activities is estimated on the basis of design life, experience with similar assets, an asset's maintenance history and the period for which economic benefits will flow to Schiphol Group from the operation of the asset. Existing estimates and assumptions are reviewed each year-end for any changes warranting adjustment of an asset's useful life and/or residual value. Such adjustments are applied prospectively.

Valuation of investment property at fair value

As previously mentioned, the annual measurement of the fair value of part of the investment property portfolio depends on internal appraisal and, in that context, the following estimates and assumptions are important. The best evidence of fair value is current prices in an active market for similar investement property and other contracts. In the absence of such information, Schiphol Group determines the amount within a range of reasonable fair value estimates.

In making its judgement, Schiphol Group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessment of the uncertainty in the amount and timing of the cash flows.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rents, expected future market rentals, vacancy levels, maintenance requirements and appropriate discount rates. These valuations are regularly compared with actual market yield data and actual transactions by Schiphol Group and those reported by the market.

Deferred tax assets

Deferred tax assets, including tax loss carry-forwards, are recognised if it is probable that sufficient taxable profits will be available in the future against which the losses can be set, enabling the deferred tax assets to be utilised. In its assessment of this probability, management makes use of estimates and assumptions which also affect the carrying amount of the asset.

Actuarial assumptions with regard to employee benefit provisions

Provisions relating to employee benefit schemes as well as the net assets or liabilities in respect of pension schemes of associates are measured actuarially, based on assumptions relating to future trends in pay levels, mortality rates, staff turnover, returns on plan assets and other factors. Changes in these estimates and assumptions can result in actuarial gains and losses which, if they fall outside a band of 10% of the greater of the obligations under the plan and the fair value of the plan assets, are credited or debited to the profit and loss account over the average remaining years of service of the plan members (corridor approach).

Assets and liabilities with regard to claims and disputes

A receivable in respect of a claim or dispute is recognised in the balance sheet as soon as there is a high degree of certainty that an inflow of resources embodying economic benefits will occur. If such an inflow of resources is merely probable, the receivable is disclosed in the notes as a contingent asset. A provision is recognised for present obligations when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent obligations are disclosed in the note on contingent assets and liabilities.

Management periodically reviews all claims and disputes. The outcome of this review determines which claims and disputes should give rise to the recognition of assets or liabilities and which merely require disclosure as contingent assets or obligations. Where an asset or liability is recognised, estimating the probability and amount of any inflow or outflow of resources to a large extent involves arbitrary decisions. In arriving at these decisions, management also draws on legal opinion.

Financial risk factors

Due to the nature of its activities, Schiphol Group faces a variety of risks: market risk, credit risk and liquidity risk. The financial risk management programme (which is part of Schiphol Group's total risk management programme) focuses on the unpredictability of the financial markets and on minimising any adverse effects this may have on Schiphol Group's financial results. Schiphol Group uses derivative financial instruments to hedge certain risk positions. The financial risk management is carried out by a central treasury department (Corporate Treasury) and is part of approved Management Board policy. In addition to drawing up written guidelines for financial risk management, the Management Board determines the policy for specific key areas such as currency risk, interest-rate risk, credit risk, the use of derivative and non-derivative financial instruments (derivatives), and the investment of a temporary liquidity surplus.

Market risk

Market risk comprises three types of risk: currency risk, price risk and interest-rate risk.

(a) Currency risk

Currency risk occurs if future business transactions, recognised assets and liabilities and net investments in activities outside the euro zone are expressed in a currency other than the functional currency of the entity (in the case of Schiphol Group this is the euro). Schiphol Group operates at international level and faces currency risks via several currency positions, in particular the Japanese yen (borrowings), the US dollar (net investments in activities outside the euro zone) and the Australian dollar (net investments in activities outside the euro zone).

Schiphol Group manages the currency risk with regard to borrowings by using futures contracts. The financial risk management policy is that virtually 100% of the expected cash flows is hedged. As at 31 December 2008, 11.7% of total borrowings had been drawn in foreign currency (EUR 198.5 million, being the equivalent of 25 billion Japanese yen) compared with 3.9 % of total borrowings (EUR 30.3 million, being the equivalent of 5 billion Japanese yen) a year earlier. These positions are fully hedged by means of currency swaps, in accordance with the aforementioned policy. Therefore a change in the rate of the relevant foreign currency will not affect the results relating to these borrowings. The effect on equity is temporary (i.e., only for the duration of the hedging transaction) and relatively small (given the development in the balance of the reserve for hedging transactions from EUR 2.2 million as at 31 December 2007 to EUR 20.0 million negative as at 31 December 2008).

Schiphol Group has a number of strategic investments in activities outside the euro zone, of which the net investments, recognised in the balance sheet under 'investments in associates' and 'loans to associates', are affected by a translation risk. In accordance with the policy, the currency position relating to Schiphol Group's net investments in the activities outside the euro zone, totalling EUR 74.2 million as at 31 December 2008 (EUR 46.2 million as at 31 December 2007), is not hedged, with the exception of the Redeemable Preference Shares included herein which Schiphol Group owns in Brisbane Airport Corporation Holdings Pty Ltd. The currency risk on this receivable, with a book value as at 31 December 2008 of EUR 46.1 million (EUR 46.2 million as at 31 December 2007), is hedged with forward exchange transactions for a nominal value of EUR 43.6 million (EUR 43.9 million as at 31 December 2007). A change in the rate of the relevant foreign currency will not, therefore, affect the results relating to this receivable. Accordingly, the currency position is not hedged up to an amount of EUR 30.6 million as at 31 December 2008 (EUR 2.3 million as at 31 December 2007). Translation differences on this position are recognised in the reserve for translation differences, and have no direct influence on the result. The effect on equity is small (given the development in the balance of the reserve for translation differences from zero as at 31 December 2007 to 1.0 million negative as at 31 December 2008).

Corporate Treasury is responsible for the management of the net position in the individual foreign currencies.

(b) Price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices. Schiphol Group is affected especially by the price risk of land and buildings which it recognises at fair value under 'property investments'. This fair value is influenced by developments in supply and demand and changes in interest rates and the rate of inflation. An average increase of 10% in the net initial yield on offices and industrial buildings demanded by property investors would reduce the value of our offices and industrial buildings by a total amount of approximately EUR 68 million. Given the aforementioned accounting policy, our profitability before tax in that situation would fall by the same amount.

Furthermore, Schiphol Group owns shares that also involve a price risk. These shares are recognised under 'other financial interests' at their fair value, which is derived from the market price of these shares. Changes in the fair value are recognised in the reserve for other financial interests, which is part of equity. Therefore these changes have no direct influence on the result. The effect on equity is relatively small (given the development in the balance of the reserve for other financial interests from EUR 9.5 million as at 31 December 2007 to EUR 0.4 million negative as at 31 December 2008).

(c) Interest-rate risk

The interest-rate risk is divided into a fair value interest-rate risk and a cash flow interest-rate risk.

Fair value interest-rate risk

The fair value interest-rate risk is the risk of fluctuations in the value of a financial instrument as a result of fluctuations in the market interest rate. Schiphol Group does not have any significant financial assets that attract a fair value interest-rate risk. Schiphol Group is affected by the fair value interest-rate risk via fixed-interest borrowings. Schiphol Group's policy is to take out at least 75% of the funds borrowed at a fixed interest rate, where necessary by using derivative financial instruments. With regard to Airport Real Estate Basisfonds CV (AREB CV), at least 60% of all borrowings should be fixed-interest or capped-interest borrowings. As at 31 December 2008, the percentage of fixed-interest borrowings for Schiphol Group was 94.9% (against 81.6% as at 31 December 2007). For AREB CV this percentage was 65.4% as at 31 December 2008 (against 60.2% as at 31 December 2007. It is the management's intention to retain borrowings until the end of the term. As a result, these borrowings are valued at amortised cost. This means that interim fluctuations in the fair value of borrowings have little effect on the financial position and the result.

Cash flow interest-rate risk

The cash flow interest-rate risk is the risk of fluctuations in the future cash flows of a financial instrument as a result of fluctuations in the market interest rate. Except for liquid resources, Schiphol Group has no significant financial assets that attract a cash flow interest-rate risk. If the average interest paid on deposits during the year 2008 had been 1% lower, the interest income relating to deposits would have been lower by EUR 2.1 million (EUR 1.5 million as at 31 December 2007).

In addition, Schiphol Group runs a cash flow interest-rate risk in respect of long-term borrowings at a variable interest rate. This position is hedged by Schiphol Group's policy to take out no more than 25% of the funds borrowed at a variable interest rate, where necessary by using derivatives, excluding the loan portfolio of Airport Real Estate Basisfonds CV (AREB CV). For AREB CV, a maximum of 40% applies. As at 31 December 2008, the percentages of variable-interest borrowings were for Schiphol Group 5.1 % and for AREB CV 34.6% (18.4% and 39.8% respectively as at 31 December 2007).

The cash flow interest-rate risk is managed by using interest rate swaps, with which a variable interest rate can be changed to a fixed interest rate, and interest rate caps, with which any increase in interest rates is limited. As part of an interest rate swap, Schiphol Group agrees with a counterparty to effect a swap, at predetermined moments, of the difference between a fixed contract rate and a variable interest rate. This difference is calculated on the basis of the underlying principal sum agreed. In the event of an interest rate cap, the increase in the variable interest rate in excess of a pre-arranged maximum is paid by the counterparty. If the average variable interest rate during the year 2008 had been 1% higher, the interest expense relating to borrowings would have been higher EUR 0.7 million. (2007 EUR 1.4 million)

Credit risk

Credit risk is the risk that one party to a financial instrument fails to fulfil its obligations, causing the other party to sustain a financial loss.

Schiphol Group's counterparties in derivative financial instruments and liquidities transactions are limited to financial institutions with high creditworthiness (a minimum S&P credit rating of A), whereby the net position (balance of receivables and payables relating to financial instruments) for each counterparty should not exceed EUR 200.0 million.

On 15 September 2008, Lehman Brothers International (Europe), Limited went into administration. In response, Schiphol Group adjusted the minimum currency risk requirement for counterparties to a rating of at least AA (S&P) and set a maximum position in euros for each counterparty where the currency risk was concerned.

The maximum net position as at 31 December 2008 was EUR 351 million (against a maximum of EUR 53.0 million as at 31 December 2007) and thereby temporarily exceeded the net position limit. This overrun is attributable to the large temporarily cash surplus at the end of 2008 resulting from the public bond issues in the 4th quarter of 2008, totalling EUR 800 million. In addition, it was decided to place the greater part of the cash surplus with one financial institution (ABN AMRO) in view of the turbulent situation in the financial markets and the uncertainty with regard to the (future) creditworthiness of various financial institutions, bearing in mind that ABN AMRO had been taken over by the Dutch State and therefore represented a minimal counterparty risk.

As at 31 December 2008, the item accounts receivable is EUR 99.9 million (EUR 82.0 million as at 31 December 2007). This amount includes a bad debt provision of EUR 4.2 million (EUR 3.8 million as at 31 December 2007) and EUR 1.8 million in security deposits received (EUR 1.1 million as at 31 December 2007). The provision fully covers receivables owed by debtors that went into liquidation or applied for a moratorium. The same applies to receivables older than one year and larger receivables younger than one year which are expected to be irrecoverable.

The movements in the bad debt provision are as follows:

(in millions of euros)	2008	2007
Carrying amount 1 January	3.8	2.9
Utilised during the year	- 1.6	- 1.1
Added during the year	2.0	2.0
Carrying amount 31 December	4.2	3.8

The ageing analysis of accounts receivable is as follows:

(in millions of euros)	2008	2007
Younger than 60 days	96.7	82.6
Older than 60 days	7.7	2.3
Older than 360 days	1.4	1.9
Bankruptcies	0.1	0.1
	105.9	86.9
Provision for bad debt	- 4.2	- 3.8
Security deposits received	- 1.8	- 1.1
Total Trade receivables	99.9	82.0

Of the 'accounts receivable' of EUR 99.9 million (EUR 105.9 million before deduction of the provision for bad debt and the security deposits received), an amount of EUR 14.9 million fell due without a provision having been made. Expectations are that these accounts receivable will be paid, as the debtors concerned have no default history.

The ageing analysis of these accounts receivable is as follows:

(in millions of euros)	2008
Younger than 30 days	6.6
Younger than 60 days	2.8
Older than 60 days	5.5
Total past due, not impaired	14.9

Parties procuring services from Schiphol Group are first assessed on their creditworthiness. Depending on the outcome of this assessment, the buyer may be required to provide security (in the form of a bank guarantee or deposit) in order to limit the bad debt risk. As at 31 December 2008, Schiphol Group has an amount of EUR 24.1 million in bank guarantees and security deposits. The debtors include five enterprises with an individual balance in excess of EUR 2.0 million and a joint average balance of EUR 2.6 million. One company, Koninklijke Luchtvaartmaatschappij N.V. (KLM), has an individual balance in excess of EUR 10.0 million.

Liquidity risk

Liquidity risk is the risk that Schiphol Group will have difficulty in raising the financial resources required to honour the commitments relating to financial instruments. Careful liquidity risk management entails that Schiphol Group maintains sufficient liquid resources and has access to sufficient financing opportunities, in the form of promised (and preferably committed) credit facilities and in the form of the ECP and the EMTN programme. Our financing policy is also aimed at reducing the refinancing risk. For brevity's sake, reference is made to note 32, dealing with borrowings, in which the aforesaid margin and facilities are explained in more detail.

The remaining term as at 31 December 2008 and 31 December 2007 respectively of the (net) obligations relating to borrowings, finance lease contracts and derivative financial instruments is as follows:

(in thousands of euros)	Total 2008	≤ 1 year	> 1 year	> 1 year and ≤ 5 years	> 5 years
Borrowings	**1,695,943**	167,431	1,528,512	238,411	1,290,101
Finance lease liabilities	**121,564**	4,110	117,454	17,797	99,657
Finance lease receivables	**- 9,230**	- 1,741	- 7,489	- 7,489	-
Derivative financial instrument liabilities	**11,020**	7,474	3,546	3,546	-
Derivative financial instrument receivables	**- 49,445**	- 7,155	- 42,290	- 121	- 42,169
	1,769,852	**170,119**	**1,599,734**	**252,144**	**1,347,589**

(in thousands of euros)	Total 2007	≤ 1 year	> 1 year	> 1 year and ≤ 5 years	> 5 years
Borrowings	**782,373**	83,103	699,270	367,788	331,482
Finance lease liabilities	**124,928**	3,463	121,465	18,853	102,612
Finance lease receivables	**- 10,770**	- 1,540	- 9,230	- 9,230	-
Derivative financial instrument liabilities	**15,687**	129	15,558	15,558	-
Derivative financial instrument receivables	**- 1,071**	-	- 1,071	- 1,071	-
	911,147	**85,155**	**825,992**	**391,898**	**434,094**

All the items in the above overview are shown at the amounts for which they are also recognised in the balance sheet, together with the year of redemption or settlement agreed for each item with the other party. Schiphol Group's policy dictates that no more than 25% of obligations may have a term of less than one year. As at 31 December 2008, this percentage was 9.6% (against 9.3 % as at 31 December 2007).

Fair value estimate

The fair value of financial instruments that are traded on active markets (such as negotiable derivative financial instruments and securities held for sale) is based on their market prices on the balance sheet date.

The fair value of financial instruments that are not traded on active markets (such as derivative financial instruments traded over the counter, loans to associates, other receivables and loans) is determined with the aid of valuation techniques. Schiphol Group uses various methods for this purpose and applies assumptions based on the market conditions on the balance sheet date.

With regard to borrowings, market prices or prices quoted by traders for comparable instruments are used. Other valuation techniques, such as expected cash flow models, are used to determine the fair value of the remaining financial instruments. The fair value of interest rate swaps is calculated as the discounted value of the expected future cash flows. The fair value of forward exchange contracts is determined on the basis of the price on the forward exchange market on the balance sheet date.

It is assumed that the nominal value, reduced by the estimated adjustments for trade receivables and trade payables, approximates the fair value. For information provision purposes, the fair value of financial assets and liabilities is estimated by factoring in the future contractual cash flows at the current market interest rate which Schiphol Group applies to comparable financial instruments. Furthermore, account is taken of the possibility of early repayments; the chance that such repayments will be made is presently estimated at zero.

Capital management

Schiphol Group's long-term capital strategy and dividend policy is geared towards returning value to its shareholders, facilitating sustainable long-term growth and preserving an appropriate financial structure and sound creditworthiness whilst bearing in mind its limited access to the capital market. Schiphol Group has only access to the debt market. Nonetheless, Schiphol Group has a continued focus on further optimising its capital structure and cost of capital.

Schiphol Group makes use of certain financial ratios, including cash flow-based metrics to capture the dynamics of capital structure, dividend policy and cash flow generation and monitor its capital structure in line with credit rating agencies and comparable best practices. In this context, key financial ratios employed include:

- Funds From Operations (FFO) Interest Coverage concerns the FFO plus interest charges divided by the interest charges
- Leverage concerns interest-bearing debt divided by equity plus the interest-bearing debt
- Funds From Operations (FFO) / Total debt. Funds From Operations and Total debt are structured as follows:

(in thousands of euros)	2008	2007
Operating result	**294,141**	419,687
Depreciation and amortisation	**172,022**	170,763
Impairment	**298**	3,935
Other income, from property	- **21,537**	- 114,483
Movements in provisions	- **3,320**	- 9,055
Income tax paid	- **51,249**	- 125,260
Interest paid	- **53,705**	- 46,227
Interest received	**14,029**	11,923
Funds From Operations	**350,679**	**311,283**

The item 'Funds From Operations' is calculated specifically for the purpose of determining the financial ratios and differs from the cash flow from operations, as calculated in accordance with our accounting policies in the consolidated cash flow statement.

(in thousands of euros)	2008	2007
Non-current liabilities		
Borrowings	**1,528,512**	699,270
Lease liabilsities	**117,454**	121,465
Current liabilities		
Borrowings	**167,431**	83,103
Lease liabilities	**4,110**	3,463
Totale debt	**1,817,507**	**907,301**

For capital management purposes, debt capital consists of the non-current and current liabilities as shown under Total debt. The increase in the total debt concerns two placements under the Euro Medium Term Note programme of EUR 120 million and EUR 800 million, which are primarily related to the funding of the super dividend and the purchase of our 8% interest in Aéroports de Paris SA. Equity for capital management purposes is equal to equity shown in the consolidated balance sheet. As at 31 December 2008, equity was EUR 2,886.6 million (EUR 2,956.6 million as at 31 December 2007).

As at 31 December, the FFO / Total debt and leverage were:

	2008	2007
FFO / Total debt	**19.3%**	34.3%
Leverage	**38.6%**	23.5%

The FFO / Total debt fell from 34.3% in 2007 to 19.3 % in 2008. This is primarily attributable to the increase in the total debt from EUR 907 million as at 31 December 2007 to EUR 1,817 million. This is also the reason the leverage increased from 23.5% in 2007 to 38.6% in 2008. The ratios as at 31 December 2008 are consistent with Schiphol Group's policy to maintain a single A credit rating (S&P).

The FFO / Interest coverage for 2008 was 6.5x (against 7.7x for 2007).

Tax risk factors

Because of its diverse range of activities, Schiphol Group deals with many different types of tax. The internal control procedures for the related tax risks (also known as the 'tax control framework') are part of Schiphol Group's overall risk management and control system. This system serves to identify tax risks and monitor internal control. Tax risk management is facilitated by the central control department (Corporate Control) and is part of approved Management Board policy. This policy proceeds from the assumption that Schiphol Group is a reliable taxpayer through the application of professional tax compliance procedures. In addition, Schiphol Group seeks to develop and implement a reasoned tax planning framework.

The general tax risk for Schiphol Group concerns the submission in time of complete tax returns and the payment of the taxes concerned, as well as compliance with all other aspects of tax laws and regulations. Activities abroad entail an increased risk in that context, because the knowledge of local tax laws may not be adequate. For Schiphol Group this risk is limited, since most of our activities are carried out in the Netherlands.

Segment Information

Schiphol Group recognises four separate areas of business, namely Aviation, Consumers, Real Estate and Alliances & Participations.

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & participations	2008
Profit and loss account					
Total revenue	654,871	323,630	172,219	136,744	**1,287,464**
Elimination of internal revenue	- 15,127	- 21,807	- 37,053	- 59,526	**- 133,513**
Revenue	**639,744**	**301,823**	**135,166**	**77,218**	**1,153,951**
Fair value gains and losses on investment property	-	-	19,284	- 228	**19,056**
Depreciation and amortisation	- 119,087	- 24,871	- 17,448	- 10,616	**- 172,022**
Impairment	-	-	- 251	- 47	**- 298**
Other non-monetary expenses	- 2,663	- 191	- 124	- 114	**- 3,092**
Operating result	50,991	138,213	92,872	12,065	**294,141**
Share in results of associates*	644	-	4,106	11,762	**16,512**
Balance sheet					
Total assets	2,386,242	293,848	1,824,200	905,048	**5,409,338**
Total non-current assets (excluding corporate income tax)	2,004,314	246,816	1,532,229	760,191	**4,543,554**
Investments in associates and other financial interests	2,742	-	37,072	582,047	**621,861**
Total liabilities (excluding corporate income tax)	812,233	62,373	871,627	767,855	**2,514,088**
Capital expenditure **	216,167	21,606	93,298	18,781	**349,852**

*) The share in results of associates includes the share in results of associates presented as such in the profit and loss account and the share of interest income and dividends presented as part of financial income and expenses that is attributable to investments in associates, lease receivables and other financial interests.

The Aviation business area operates solely at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates the charges which are levied and sets limits on the returns generated. Sources of revenue include airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies for the right to provide aircraft refuelling services).

The activities of the Consumers business area concern independent operation of retail outlets and car parks, the granting and management of concessions for airport shopping and cafe, bar and restaurant facilities and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The business area also has activities outside the Netherlands such as the operation of retail outlets via management contracts. Sources of revenue include retail sales, parking charges, concession fees, advertising and management fees.

The Real Estate business area develops, manages, operates and invests in property at and around airports at home and abroad. The greater part of the portfolio, comprising both operational buildings and commercial properties is located at and around Amsterdam Airport Schiphol. Sources of revenue include income from development and letting out buildings and sites. The business area also makes a significant contribution to Schiphol Group results via other property results (sales, the fair value gains or losses on property and the granting of long lease of land).

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & participations	2007
Profit and loss account					
Total revenue	664,988	321,367	162,641	120,904	**1,269,900**
Elimination of internal revenue	- 14,612	- 20,888	- 38,302	- 49,879	**-123,681**
Revenue	**650,376**	**300,479**	**124,339**	**71,025**	**1,146,219**
Fair value gains and losses on investment property	-	-	112,119	- 446	**111,673**
Depreciation and amortisation	- 121,291	- 22,154	- 16,809	- 10,509	**-170,763**
Impairment	-	-	- 3,852	- 83	**- 3,935**
Other non-monetary expenses	- 1,028	- 574	- 225	- 606	**- 2,433**
Operating result	95,080	143,936	171,244	9,427	**419,687**
Share in results of associates**	743	-	2,702	13,846	**17,291**
Balance sheet					
Total assets	2,168,897	285,494	1,615,978	216,797	**4,287,166**
Total non-current assets (excluding corporate income tax)	1,877,337	247,115	1,398,746	187,656	**3,710,854**
Investments in associates and other financial interests	2,815	25	35,749	24,627	**63,216**
Total liabilities (excluding corporate income tax)	646,648	53,199	542,022	80,087	**1,321,956**
Capital expenditure **	208,264	47,499	109,395	10,207	**375,365**

**) The investments in 2008 concern investments in intangible assets of EUR 18.3 million (EUR 34.6 million in 2007), including the cost of contract-related intangible assets of EUR 3.9 (EUR 24 million in 2007) obtained through acquisitions, and tangible assets of EUR 331.5 million (EUR 340.8 million in 2007, including EUR 1.3 million obtained through acquisitions).

The Alliances & Participations business area rolls out the AirportCity formula nationally and internationally. Alliances & Participations consists of Schiphol Group's interests in regional airports as well as its interests in airports abroad, other associates and Utilities. Airport charges and parking charges are the main sources of revenue of the regional airports. The airports abroad contribute to the group result through performance fees and dividends as accounted for in share in results, through the interest paid on loans and through intellectual property fees. Schiphol Telematics delivers telecomservices on and around the airport. The Utility activities generate revenue from the transport of electricity and gas and from the supply of water.

Information relating to alliances specifically associated with a particular business area is presented under the business area of Aviation, Consumers or Real Estate. The information relating to other alliances is presented under the Alliances & Participations business area. Group overheads are allocated to the business segments largely on the basis of their relative share in the costs of Schiphol Group.

Since Schiphol Group's current activities are largely concentrated in the Netherlands (99.3% of the consolidated revenue in 2008), there is no geographical segmentation.

Notes to the Consolidated Profit and Loss Account

1. Revenue

The analysis by activity and business segment is as follows:

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & Participations	2008
Airport charges	613,154	-	-	30,979	**644,133**
Concessions	11,790	112,310	1,918	2,542	**128,560**
Rent and leases	-	13,547	123,150	3,060	**139,757**
Parking fees	-	81,564	1,277	8,786	**91,627**
Retail sales	-	64,162	-	-	**64,162**
Other activities	14,800	30,240	8,821	31,851	**85,712**
	639,744	**301,823**	**135,166**	**77,218**	**1,153,951**

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & Participations	2007
Airport charges	629,522	-	-	26,939	**656,461**
Concessions	11,709	112,835	1,972	2,312	**128,828**
Rent and leases	162	14,981	108,994	2,476	**126,613**
Parking fees	-	79,795	1,068	8,534	**89,397**
Retail sales	-	64,437	-	-	**64,437**
Other activities	8,983	28,431	12,305	30,764	**80,483**
	650,376	**300,479**	**124,339**	**71,025**	**1,146,219**

By far the greater part of the operating income is earned in the Netherlands.

Airport charges

The activities of the Aviation business area (the operation of Amsterdam Airport Schiphol) are regulated. This means, among other things, that the annual process of fixing the airport charge rates is overseen by the Netherlands Competition Authority (NMa) and that the aviation industry should be consulted as part of this process. The Aviation business area's profitability is also limited to an average weighted cost of capital (WACC) calculated according to a formula laid down in the Aviation Act. Under the Aviation Act Schiphol Group is obliged to settle any surpluses or deficits relative to the aforementioned WACC with the industry each year. The settlement of the airport charges is required to take place after the close of each year using the new airport charge rates then applicable. In accordance with the accounting policies, surpluses and deficits due to be settled in the airport charge rates are not presented as assets and liabilities in the balance sheet. The above procedure does not apply to the airport charges of Rotterdam, Eindhoven and Lelystad, which are accounted for by the Alliances & Participations business area.

For the financial years 2005 and 2006 a settlement takes place in the rates applicable from 1 November 2007 to 31 October 2008 inclusive. Following applications from a number of airlines, the NMa ruled that Schiphol Group had incorrectly settled a number of cost items from 2005 and 2006, involving a total amount of more than EUR 39 million, in the rates which would apply to Amsterdam Airport Schiphol from 1 November 2007. As a result of this ruling, Schiphol Group is obliged to reduce the intended aircraft and passenger charges (but not the security charges) in the period from 1 November 2007 to 31 October 2008 inclusive by nearly EUR 37 million (8.71%). As at 31 December 2008, there are no further airport charges to be settled in respect of 2005 and 2006. Schiphol Group appealed against the aforementioned decision of the NMa. The Court of Rotterdam pronounced judgement on 20 January 2009, whereby Schiphol Group's appeal with regard to the item 'corporate costs' was partly allowed. The NMa dismissed the other applications from the airlines concerning the proposed charges from 1 November 2007 as well as the procedure followed in this respect.

As regards the 2007 financial year, the settlement of airport charges is included in the rates applicable from 1 April 2009. In respect of Aviation this involves airport charges refundable in the amount of EUR 2.7 million. In respect of Security this involves airport charges receivable in the amount of EUR 4.2 million.

The income from airport charges has the following analysis:

(in thousands of euros)	2008	2007
Aircraft-related fees	**177,893**	188,897
Passenger-related fees	**223,448**	234,110
Security service charge	**235,866**	226,543
Aircraft parking fees	**6,926**	6,911
	644,133	656,461

Concessions

Schiphol Group's Consumers business area has a total of 101 concession contracts (2007: 102 concession contracts) concerning the performance of various commercial activities at Amsterdam Airport Schiphol.

A concession involves granting non-exclusive rights to a concession holder to operate and manage a commercial activity (outlet) in a specific location designated by Schiphol Group. The concession charges are calculated according to an agreed scale as a percentage of the sales generated by the concession holder. A separate contract is entered into with concession holders for the required space, for which a fixed rent is payable. The concessions run for an average of 3–5 years. At balance sheet date, around 63% of the concessions had a remaining term of less than three years (2007 around 56%), 22% had between three and five years to run (2007 around 28%) and 15% had more than five years to run (2007 around 14%).

The income from concessions generated by the Aviation business area of EUR 11.8 million (EUR 11.7 million in 2007) concerns concession contracts relating to the third-party supply of fuel and cleaning services to the airlines.

Rents and leases

The analysis is as follows:

(in thousands of euros)	2008	2007
Investment property buildings, including service costs	**56,511**	46,999
Investment property sites	**24,708**	23,736
Operating property, including service costs	**58,538**	55,878
	139,757	**126,613**

Average occupancy of the buildings in the Real Estate business area portfolio in 2008 was 92.2% (88% in 2007). The occupancy figure as at 31 December 2008 was 91.4% (88% as at 31 December 2007) in the Real Estate business area.

The proportion of all leases (measured in terms of income from rents and leases) expiring within one year is approximately 6% (2% in 2007). Approximately 47% expires after one year and within five years (57% in 2007) and approximately 47% expires after more than five years (41% in 2007).

Property management expenses can be analysed as follows:

(in thousands of euros)	2008	2007
Occupied buildings	**38,856**	32,657
Unoccupied buildings	**3,420**	4,498
	42,276	**37,155**

In the case of buildings that are only partially leased up, the management expenses have been apportioned on the basis of floor area.

Parking fees

The analysis is as follows:

(in thousands of euros)	2008	2007
Parking at Amsterdam Airport Schiphol:		
Short-stay car park	**43,499**	42,438
Long-stay car park	**23,887**	23,969
Other public car parking	**3,850**	3,592
Business parking	**11,606**	10,864
	82,842	80,863
Parking at other locations	**8,785**	**8,534**
	91,627	**89,397**

The parking fees generated on other sites relate to Rotterdam, Eindhoven and Lelystad and are accounted for by the Alliances & Participations business area.

Retail sales

The turnover from retail sales in 2008 of EUR 64.2 million (EUR 64.4 million in 2007) represents revenue from the liquor, tobacco and chocolate retail activities. The cost of sales of EUR 36.0 million (EUR 38.1 million in 2007) related to this revenue is accounted for on the line ‘Costs of outsourced work and other external charges’ under operating expenses.

Other activities

The analysis is as follows:

(in thousands of euros)	2008	2007
Advertising	**18,064**	15,796
Services and activities on behalf of third parties	**23,870**	27,284
Electricity, gas and water	**6,744**	6,459
Other operating income	**25,060**	18,914
Miscellaneous	**11,974**	12,030
	85,712	**80,483**

2. Result on sales of property

The result from property sales amounted to EUR 2.5 million in 2008. This relates primarily to our 47.44% share in the result of EUR 3.5 million on the sale of office building 2 of Villa Carmen SrL in Italy. The sales proceeds amounted to EUR 20.5 million, and the cost consisted of the book value of the property sold of EUR 17.0 million.

The result of EUR 2.8 million from property sales in 2007 concerned the sale of the Flight Square office building in Eindhoven. The cost of sales of property sales consisted of the fair value of the property sold of EUR 5.3 million and costs related to these sales of EUR 0.9 million.

3. Fair value gains and losses on property

The analysis is as follows:

(in thousands of euros)	2008	2007
New long leases granted	**26,743**	1,935
Acquisition and completions of buildings	**20,100**	65,566
Residual values on long leases	**800**	2,684
Market value adjustments	**- 28,587**	41,488
	19,056	**111,673**

The gains resulting from the granting of new long leases are connected with the change in valuation on the release of land from historical cost to fair value upon the release of the leasehold land. The fair value is calculated by discounting the annual ground rents from the leases concerned (DCF method), using a discount rate based on the interest rate on Dutch State Loans plus a risk mark-up.

Prior to completion, new buildings are carried at cost. On completion they are revalued at an internally appraised fair value. Furthermore, existing buildings (some of which were purchased recently) are regularly reconstructed in order to improve the lease conditions of these buildings, which increases their fair value.

The gains resulting from attributing residual values to long leases concern contracts where the lease expires in less than 20 years from the year under review. The very nature of long leases means that there is uncertainty regarding the use of the land concerned on expiry of the lease. Consequently it is only possible to make a reasonably reliable assessment of the residual value in the case of leases expiring within 20 years. No residual value is recognised in the case of leases with longer than 20 years to run.

The fair value of all the properties is reassessed each year and adjusted as necessary on the basis of internal and external appraisals. The fair value takes account of any lease incentives granted. The resulting adjustments to the fair value are included in the market value adjustments in the above analysis.

4. Costs of outsourced work and other external charges

The analysis is as follows:

(in thousands of euros)	2008	2007
Outsourcing	**257,905**	237,015
Maintenance	**65,367**	57,780
Energy and water	**25,095**	22,506
Cost price retail sales	**35,985**	38,089
Insurance	**22,890**	22,487
Other external charges	**107,994**	108,634
	515,236	**486,511**

The outsourcing costs concern costs incurred by Schiphol Group in connection with such things as security, cleaning, renting and leasing and hiring contract staff.

As at 31 December 2008, there were commitments (not included in the balance sheet) in respect of long-term security, maintenance and cleaning contracts etc. totalling EUR 613.7 million (31 December 2007: EUR 650.3 million). The size of these commitments is primarily attributable to five-year contracts (2007 to 2011 inclusive) in relation to security, with a total value of EUR 448.1 million.

Under operating leases with Schiphol Group as lessee, the following future lease instalments are payable (not included in the balance sheet):

(in thousands of euros)	Total	≤ 1 year	> 1 year	> 1 year but ≤ 5 years	> 5 years
Rental and lease contract commitments	**49,641**	5,796	43,845	16,074	27,771

Auditor's fees

Included in the 'other external charges' are the following costs with respect to auditor's fees.

(in thousands of euros)	2008	2007
Audit of the financial statements	**667**	668
Other audit services	**642**	688
Tax advisory	**66**	163
Other non-audit services	**660**	349
	2,035	**1,868**

The above fees concern the activities carried out at Schiphol Group and the consolidated group companies by the audit firm within the meaning of Section 1(1) of the Act on the Supervision of Audit Firms and represent the fees charged by the entire network of which this audit firm is a part. The fees of PricewaterhouseCoopers Accountants N.V. make up EUR 1.7 million (in 2007: EUR 1.4 million) while the activities performed by other members of the PwC network amount to EUR 0.3 million (against EUR 0.5 million in 2007).

The other non-audit services in 2008 mainly relate to activities regarding the acquisition of the 8% interest in Aéroports de Paris SA. In 2007, this involved primarily advisory services in respect of ICT implementation at Schiphol Telematics BV.

5. Employee benefits

The analysis is as follows:

(in thousands of euros)	2008	2007
Short-term employee benefits		
Salaries	**146,708**	137,005
Social security charges	**11,949**	11,968
Internal hours capitalised	**- 14,099**	- 12,552
	144,558	136,421
Post-retirement benefits		
Pension charges (defined contribution plans)	**18,619**	16,143
Pension charges (defined benefit plans)	**1,360**	2,023
Early retirement benefits	**2,116**	2,101
Pensioners' medical expenses	**- 600**	- 6,541
	21,495	13,726
Other long-term employee benefits		
Long-service bonuses	**460**	410
Management long-term bonuses	**1,069**	827
Other employee benefits	**200**	115
	1,729	1,352
Termination benefits	**544**	**3,089**
Other staff costs	**14,067**	**13,372**
Total employee benefits	**182,393**	**167,960**

The average number of employees, on a full-time equivalent basis, of NV Luchthaven Schiphol and its subsidiaries totalled 2,506 (2007: 2,459).

The capitalised internal hours concern capitalised own production in the form of internal hours charged by staff in the implementation phases of investment projects.

The release in 2007 (caused inter alia by a change to the scheme) with regard to post-retirement benefits concerns the allowance for medical expenses paid to retired employees. In 2007, agreement was reached with the retired employees about the surrender of their allowance for medical expenses, which resulted in a release of the provision of EUR 6.5 million.

The costs of post-retirement benefits, other long-term employee benefits and redundancy payments are explained in more detail in note 34, dealing with employee benefits.

6. Depreciation and amortisation

The analysis is as follows:

(in thousands of euros)	2008	2007
Intangible assets		
Contract related assets	**4,800**	4,800
Automated application development	**5,742**	4,993
Software licences	**2,166**	2,161
	12,708	11,954
Assets used for operating activities		
Runways, taxiways and aprons	**21,083**	20,705
Paved areas, roads etc.	**10,729**	10,216
Buildings	**28,671**	27,938
Installations	**70,567**	72,362
Other assets	**25,331**	24,853
	156,381	156,074
Depreciation and amortisation relating to disposals	**2,933**	**2,735**
Total depreciation and amortisation	**172,022**	**170,763**

7. Impairment

The analysis is as follows:

(in thousands of euros)	2008	2007
Intangible assets		
Goodwill	**251**	3,852
	251	3,852
Assets used for operating activities		
Other assets	**47**	83
	47	83
Total impairment losses	**298**	**3,935**

The goodwill impairment over 2008 and 2007 concerns Villa Carmen BV. A more detailed explanation can be found in note 14, dealing with intangible assets.

In connection with the projected short and medium-term losses and negative cash flows from operating activities, an impairment loss of EUR 0.047 million (in 2007 EUR 0.083 million) was recognised on the assets of NV Luchthaven Lelystad in 2008.

8. Other operating expenses

The other operating expenses included various operating cost items. In 2008, as in 2007, no exceptional cost items were recorded.

9. Financial income and expenses

The analysis is as follows:

(in thousands of euros)	2008	2007
Interest expense		
Borrowings	**- 53,389**	- 36,635
Lease liabilities	**- 9,852**	- 9,993
Tax collection	**-**	- 3,680
	- 63,241	- 50,308
Interest income		
Cash and cash equivalents	**8,594**	6,995
Loans to associates	**4,483**	4,551
Lease receivables	**1,382**	1,497
Capitalised construction period borrowing costs	**5,119**	3,062
Tax collection	**1,091**	-
Other	**817**	585
	21,486	16,690
Other financial gains and losses		
Exchange differences on loans to associates	**75**	- 5
Exchange differences on cash and cash equivalents	**- 397**	- 139
Exchange differences on other assets and liabilities	**- 491**	- 250
Derivative financial instruments	**- 11,500**	- 1,244
Dividends from other financial interests	**460**	347
Other	**- 74**	- 504
	- 11,927	- 1,795
Total financial income and expenses	**- 53,682**	**- 35,413**

When the settlement agreement concerning the opening balance sheet for tax purposes as at 1 January 2002 was concluded with the Tax Authorities in September 2006, it became possible to prepare revised tax returns from the financial year 2002 onwards. The amounts of corporate income tax receivable and payable as a result of these revised returns entail interest charges on overpaid and underpaid tax respectively. Consequently, interest was paid and received in 2007 and 2008 with regard to tax returns for previous years.

The capitalised construction period borrowing cost concerns interest charges incurred during the construction phase of investment projects.

The exchange differences on loans to associates concern the redeemable preference shares (RPS) of Brisbane Airport Corporation Holdings Pty Ltd held by Schiphol Group. In view of the terms requiring repayment of the nominal value to the shareholders within a period of 10 years, among other conditions, the shares are considered not to be part of the net investment in the associate. Consequently, the exchange differences have been accounted, in principle, for in the profit and loss account instead of in the exchange differences reserve.
Where the nominal value is concerned, the currency risk relating to this long-term receivable is hedged by using annual forward transactions. By means of these transactions, the Australian dollar position is hedged to euros. The hedge transactions are recognised as a cash flow hedge. The exchange differences on the difference between amortised cost and nominal value and the period between the successive annual forward transactions are recognised in the profit and loss account. The other exchange differences are included in the reserve for hedging transactions.

The collapse of Lehman Brothers International (Europe), Limited on 15 September 2008, resulted in the early terminiation by Schiphol Group of a swap contract which it had concluded with this bank to hedge a currency risk. This lead to the inclusion of an one-off expense of EUR 9.5 million under ‘derivatives’. For brevity’s sake, reference is made to note 32, dealing with derivatives.

10. Share in results of associates

The item ‘share in results of associates’ presents the share in the results of non-consolidated associates, including Aéroports de Paris SA (AdP), Brisbane Airport Corporation Holdings Ltd (BACH) en JFK IAT LLC.

Management estimates AdP’s financial effect during the period from 1 December 2008 to 31 December 2008 at EUR 0.7 million. On the one hand, this amount consists of the share of 8.0% of 8.3% (one month) of twice the result for the first half year of EUR 127 million, being EUR 1.7 million. On the other hand, this result includes an expense of EUR 1.0 million as management’s estimate of the effect of the *purchase price allocation* in accordance with IFRS 3, *Business Combinations,* in respect of December 2008. This is explained in more detail in note 41.

If the acquisition had taken place on 1 January 2008, our share in AdP’s result would have amounted to EUR 21 million, excluding the effect of the *purchase price allocation,* according to an estimate by Schiphol Group management.

Management must estimate AdP’s final results for 2008 which are not made publicly prior to the date on which Schiphol Group publishes its financial statements. All estimates are provisional and are based on the results published by AdP in respect of the first halfyear result 2008, results of 2007, and on the traffic and transport figures of 2008.

11. Corporate income tax

The corporate income tax charge in the profit and loss account can be analysed as follows:

(in thousands of euros)	2008	2007
Profit before tax	**250,646**	395,170
Share in result of associates *	- **6,719**	- 9,128
	243,927	**386,042**
Standard rate of corporate income tax	**25.5%**	**25.5%**
Corporate income tax calculated at the standard tax rate	**62,201**	98,441
Different rate for foreign associates	**3,243**	2,620
Income related to the management of foreign associates	**8**	- 833
Other	**-**	- 309
Corporate income tax before extraordinary items	**65,452**	**99,919**
Effective rate of corporate income tax before extraordinary items	**26.8%**	**25.9%**
Release of current corporate income tax liabilities	- **1,684**	- 21,935
Opening balance sheet for tax purposes Eindhoven Airport NV	**-**	1,162
Corporate income tax in the profit and loss account	**63,768**	79,146
Effective rate of corporate income tax after extraordinary items	**26.1%**	**20.5%**

*) In calculating the corporate income tax payable, the share in results of associates is deducted because they satisfy the substantial holding privilege tax rule. This does not apply to the results of limited partnerships (CVs), which are not independently liable for tax and whose results are included in the result of the NV Luchthaven Schiphol fiscal entity.

In 2008, the effective corporate income tax rate was 26.1% at a nominal rate of 25.5%. This difference is primarily attributable to higher tax rates on the part of foreign associates and a one-off benefit of EUR 1.7 million from the release of current liabilities relating to corporate income tax.

In 2007 the effective corporate income tax rate was 20.5% at a nominal rate of 25.5%. This difference is primarily attributable in particular to non-recurring income from the provisional settlement of the corporate income tax returns for 2004 and 2005, amounting to EUR 21.9 million.

12. Result attributable to minority interests

Included in the result attributable to minority interests is the share of third parties in the results of the group companies Eindhoven Airport NV and Avioport SpA.

13. Earnings per share

Earnings per share is calculated as follows:

	2008	2007
Result attributable to shareholders (net result in euros)	**186,876,000**	315,786,000
Average number of shares in issue during the year	**172,496**	171,255
Earnings per share (in euros)	**1,083**	**1,844**

On 1 December 2008, 14,892 new shares were issued to Aéroports de Paris SA. This brings the average number of shares outstanding during 2008 to 172,496.

At the moment, there is no question of potential share issues resulting from options or convertible equity instruments that might dilute the profit per share.

14. Intangible assets

The analysis and movements were as follows:

(in thousands of euros)	Goodwill	Contract released assets	Automated application development	Software licences	Software under development	Total
Analysis as at 31 December 2006						
Cost	7,591	-	12,474	6,304	5,585	**31,954**
Cumulative amortisation and impairment	- 1,247	-	- 5,206	- 2,563	-	**- 9,016**
Carrying amount	**6,344**	**-**	**7,268**	**3,741**	**5,585**	**22,938**
Movements in 2007						
Additions	-	-	-	-	10,613	**10,613**
Completions	-	-	6,151	1,270	- 7,421	**-**
Acquisitions	-	24,000	-	8	-	**24,008**
Amortisation	-	- 4,800	- 4,993	- 2,161	-	**- 11,954**
Impairment	- 3,852	-	-		-	**- 3,852**
Reclassification	-	-	- 46	30	-	**- 16**
Disposals	-	-	- 15	-	-	**- 15**
Total movements in the year	**- 3,852**	**19,200**	**1,097**	**- 853**	**3,192**	**18,784**
Analysis as at 31 December 2007						
Cost	7,591	24,000	18,564	7,612	8,777	**66,544**
Cumulative amortisation and impairment	- 5,099	- 4,800	- 10,199	- 4,724	-	**- 24,822**
Carrying amount	**2,492**	**19,200**	**8,365**	**2,888**	**8,777**	**41,722**
Movements in 2008						
Additions	-	3,884	-	-	14,425	**18,309**
Completions	-	-	4,830	2,539	- 7,369	**-**
Amortisation	-	- 4,800	- 5,742	- 2,166	-	**- 12,708**
Impairment	- 251	-	-	-	-	**- 251**
Disposals	-	-	- 77	-	-	**- 77**
Total movements in the year	**- 251**	**- 916**	**- 989**	**373**	**7,056**	**5,273**
Analysis as at 31 December 2008						
Cost	7,591	27,884	23,317	10,151	15,833	**84,776**
Cumulative amortisation and impairment	- 5,350	- 9,600	- 15,941	- 6,890	-	**- 37,781**
Carrying amount	**2,241**	**18,284**	**7,376**	**3,261**	**15,833**	**46,995**

The goodwill recognised under intangible assets as at 31 December 2008 consists of an amount of EUR 0.8 million that relates to Schiphol Telematics BV and an amount of EUR 1.4 million that relates to Villa Carmen BV.

Schiphol Group acquired an additional interest of 16.66% in Schiphol Telematics BV in 2001. At year-end 2008, an impairment test was performed on the carrying amount of the related goodwill, comparing it with the value in use of the related cash-generating unit (Schiphol Telematics BV) calculated on the basis of information taken from its 2009–2013 business plan using a discount rate of 6.6%. The test did not indicate any need to recognise an impairment loss.

Malpensa Real Estate II BV (MRE II BV, a subsidiary of Schiphol Group) acquired an interest of 47.44% in Villa Carmen BV in 2005. The goodwill this created is derived from the appreciation of the land contributed by MRE II BV on acquisition of its share. The fair value of the land decreased in 2007. This resulted in a goodwill impairment of EUR 3.9 million in 2007. In 2008, an office building was sold. The book value of the remaining goodwill, insofar as related to the land underneath this office building up to an amount of EUR 0.3 million, was impaired in 2008.

Of the payment agreed with regard to the takeover in the beginning of 2007 of liquor and tobacco retailing activities an amount of EUR 24.0 million has been allocated to the concession contracts taken over from KLM Tax Free Services. At the end of 2008, Schiphol Telematics BV took over a number of contracts from KPN NV. These contracts were assigned a value of EUR 3.9 million. All the above contracts are accounted for as contract related intangible assets in Schiphol Nederland BV. These assets are amortised according to the straight-line method over a period of five years, and taken to the depreciation/amortisation item in the profit and loss account.

Automated application development relates to internal and external hours charged to ICT projects in the implementation and completion phases. Software licences relates to third-party packages.

15. Assets used for operating activities

The analysis and movements were as follows:

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Analysis as at 31 december 2006						
Cost	591,097	531,959	997,140	1,153,117	269,678	**3,542,991**
Cumulative depreciation and impairment	- 209,018	- 113,612	- 367,143	- 609,592	- 174,986	**- 1,474,351**
Carrying amount	**382,079**	**418,347**	**629,997**	**543,525**	**94,692**	**2,068,640**
Movements in 2007						
Completions	33,775	29,132	26,760	58,281	21,996	**169,944**
Depreciation	- 20,705	- 10,216	- 27,938	- 72,362	- 24,853	**- 156,074**
Impairment	-	-	-	-	- 83	**- 83**
Sales	-	-	-	-	- 48	**- 48**
Acquisitions	-	-	31	63	1,198	**1,292**
Disposals	- 1,845	-	- 200	- 555	- 120	**- 2,720**
Reclassification	4,012	- 4,181	3,940	2,759	- 2,020	**4,510**
Exchange differences	-	-	-	-	3	**3**
Total movements in the year	**15,237**	**14,735**	**2,593**	**- 11,814**	**- 3,927**	**16,824**
Analysis as at 31 december 2007						
Cost	627,685	556,726	1,022,779	1,209,541	281,017	**3,697,748**
Cumulative depreciation and impairment	- 230,369	- 123,644	- 390,189	- 677,830	- 190,252	**- 1,612,284**
Carrying amount	**397,316**	**433,082**	**632,590**	**531,711**	**90,765**	**2,085,464**
Movements in 2008						
Completions	13,603	8,192	26,280	73,451	26,804	**148,330**
Depreciation	- 21,083	- 10,729	- 28,671	- 70,567	- 25,331	**- 156,381**
Impairment	-	-	-	-	- 47	**- 47**
Sales	-	-	-	-	- 49	**- 49**
Disposals	-	- 2	- 497	- 1,841	- 515	**- 2,855**
Reclassification	- 1,504	1,473	16,020	2,561	-	**18,550**
Exchange differences	-	-	-	-	- 57	**- 57**
Total movements in the year	**- 8,984**	**- 1,066**	**13,132**	**3,604**	**805**	**7,491**
Analysis as at 31 december 2008						
Cost	639,784	566,389	1,064,583	1,283,713	307,201	**3,861,670**
Cumulative depreciation and impairment	- 251,452	- 134,373	- 418,860	- 748,397	- 215,631	**- 1,768,713**
Carrying amount	**388,332**	**432,016**	**645,723**	**535,316**	**91,570**	**2,092,957**

Included under the heading of buildings in the assets used for operating activities is an amount of EUR 40.8 million (31 December 2007: EUR 42.2 million) relating to the carrying amount of assets (P1 car park/walkway) to which the company does not have legal title (finance lease). The related liabilities are included in lease liabilities.

For an explanation of the impairment losses, see note 7.

16. Assets under construction or development

The analysis and movements were as follows:

(in thousands of euros)	Assets under construction for operating activities	Assets under construction for investment property	Total
Carrying amount as at 31 December 2006	**312,078**	**171,818**	**483,896**
Movements in 2007			
Capital expenditure	234,162	105,290	**339,452**
Construction period borrowing cost capitalised	2,438	624	**3,062**
Completed assets and investment property	- 169,944	- 119,542	**- 289,486**
Reclassification	-	155	**155**
Total movements in the year	**66,656**	**- 13,473**	**53,183**
Carrying amount as at 31 December 2007	**378,734**	**158,345**	**537,079**
Movements in 2008			
Capital expenditure	271,926	59,617	**331,543**
Construction period borrowing cost capitalised	4,652	467	**5,119**
Completed assets and investment property	- 148,330	- 58,628	**- 206,958**
Acquisitions	-	462	**462**
Reclassification	-	10,718	**10,718**
Total movements in the year	**128,248**	**12,636**	**140,884**
Carrying amount as at 31 December 2008	**506,982**	**170,981**	**677,963**

The capitalisation of borrowing costs during the construction period is calculated by applying a percentage that is determined on a quarterly basis according to the current ratio of equity to borrowed capital. In 2008, the rate varied between 1.2% and 1.4% per annum.

As at 31 December 2008, Schiphol Group was committed to investments in assets under construction or development totalling EUR 123.6 million, of which EUR 21.6 million concerned property (31 December 2007: EUR 202.6 million, including EUR 31.8 million in property).

17. Investment property

The analysis and movements were as follows:

(in thousands of euros)	Buildings	Sites	Total
Carrying amount as at 31 December 2006	**443,141**	**246,916**	**690,057**
Movements in 2007			
Completions	113,565	5,977	**119,542**
Fair value gains and losses	110,773	900	**111,673**
Sales	- 5,264	-	**- 5,264**
Reclassification	7,569	- 12,216	**- 4,647**
Total movements in the year	**226,643**	**- 5,339**	**221,304**
Carrying amount as at 31 December 2007	**669,784**	**241,577**	**911,361**
Movements in 2008			
Completions	54,803	3,825	**58,628**
Acquisitions	36,396	-	**36,396**
Fair value gains and losses	- 12,904	31,960	**19,056**
Sales	- 7,849	-	**- 7,849**
Reclassification	- 29,268	-	**- 29,268**
Total movements in the year	**41,178**	**35,785**	**76,963**
Carrying amount as at 31 December 2008	**710,962**	**277,362**	**988,324**

The acquisition of investment property in 2008 is related to the increase by Schiphol Group on 1 July 2008 of its interest in Airport Real Estate Basisfonds CV (ACRE Fund), from 50% to 60.25%.

Airport Real Estate Basisfonds CV (AREB CV) has encumbered 15 of its investment properties with liens in favour of ING Bank NV and Fortis Bank NV for a combined amount of EUR 342.5 million. The proportionate consolidation of AREB CV means that 60.25% of this amount in respect of investment property is reflected in the Schiphol Group balance sheet as at 31 December 2008.

Buildings includes an amount of EUR 99.2 million (31 December 2007: EUR 100.8 million) in respect of the fair value of assets (Triport) where the company has the risks and rewards incidental to ownership but not legal title (finance lease). Sites includes land leased under long-lease contracts.

The calculation of the cash flows (which are a factor in determining the fair value at which investment property is presented in the balance sheet) takes into account the existence of deferred lease incentives. For an explanation of the sales and fair value gains and losses, see notes 2 and 3, respectively, in the notes to the consolidated profit and loss account.

All the long-lease, ground rent and rental contracts relating to buildings or parts thereof contain a clause covering the use of the land, the building or both. Schiphol Group has the right to cancel these contracts at any time if the land and/or buildings or parts thereof are needed for airport activities.
It is Schiphol Group policy to grant rights to all sites solely on either a long-lease or a ground rent basis except for those sites which management intends to sell. This concerns sites away from Amsterdam Airport Schiphol, which are presented in the balance sheet as assets held for sale.

18. Deferred tax

With effect from 1 January 2002, Schiphol Group has been subject to corporate income tax. Schiphol Group and the Tax Authorities signed the settlement agreement on 8 September 2006. Among other things, this agreement specifies the final opening balance sheet for tax purposes and contains some further agreements on the determination of Schiphol Group's taxable profit.

Assets used for operating activities and assets under construction are valued at cost both for reporting purposes and for tax purposes. However, the aforementioned settlement agreement resulted in differences between the cost for reporting and tax purposes respectively of assets held as at 1 January 2002. The balance sheet for tax purposes equates the cost with the market value as at 1 January 2002, whereas the balance sheet for reporting purposes equates the cost with the (lower) historical cost. In addition, property investments and derivative financial instruments are valued at fair value for reporting purposes and at cost for tax purposes. Furthermore, the property investments are depreciated for tax purposes, whereas there is no depreciation of this property for reporting purposes. Deferred tax assets and liabilities are recognised in respect of all these valuation differences.

The deferred tax assets and liabilities arise from the following balance sheet items:

(in thousands of euros)	2008	2007
Deferred tax assets		
Assets used for operating activities	**158,709**	158,709
Assets under construction or development	**76,201**	76,201
Derivative financial instruments	**-**	3,734
Deferred tax liabilities		
Investment property	**- 16,508**	- 4,377
Derivative financial instruments	**- 8,026**	-
	210,376	**234,267**
Non-current (settlement is not expected)	**84,939**	84,939
Non-current (expected to be recovered or settled after longer than 12 months)	**123,531**	149,328
Current (expected to be recovered or settled within 12 months)	**1,906**	-
	210,376	**234,267**

Pursuant to IAS 12, Income Taxes, a deferred tax asset should be included insofar as it is likely that sufficient taxable profit will be available against which the deductible temporary difference can be utilised. However, it is not to be expected that the deferred tax assets will actually be realised in relation to a part of the operating assets (EUR 84.9 million). The difference between the value for reporting and tax purposes respectively will be realised only in the event of a sale (resulting in a lower profit for tax purposes and a lower corporate income tax liability), in the event of impairment (resulting in higher costs for tax purposes and a lower corporate income tax liability), or upon termination of the aviation activities (resulting in higher costs for tax purposes, because compensation will only be obtained up to the book value for reporting purposes). Schiphol Group is not authorised to sell the land for operating activities. The expectations with regard to future cash flows do not suggest that impairment losses will be necessary. Finally, it is not likely either that the activities will be terminated.

As at 31 December 2008, a total amount of EUR 2.5 million was recognised in deductible temporary differences and tax losses carry forward in relation to Tradeport Hong Kong Ltd , for which no deferred tax assets were recognised owing to the uncertainty regarding the availability of future taxable profits allowing such assets to be utilised by offsetting deductible temporary differences and tax losses. There are no other deductible temporary differences or tax losses carry forwards for which no deferred tax asset was recognised.

The deferred tax assets and liabilities are netted, because these assets and liabilities are part of the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

The movements in the deferred tax assets and deferred tax liabilities during the year were as follows:

(in thousands of euros)	Assets used for operating purposes	Assets under construction or development	Investment property	Derivative financial instruments	Total
Carrying amount as at 31 December 2006	**158,709**	**76,201**	**33,973**	**14,348**	**283,231**
Movements in 2007					
Deferred tax on depreciation for tax purposes on investment property	-	-	- 4,763	-	**- 4,763**
Deferred tax on reinvestment reserve	-	-	- 4,738	-	**- 4,738**
Deferred tax on fair value gains recognised in the profit and loss account	-	-	- 28,893	-	**- 28,893**
Deferred tax on fair value gains recognised in equity	-	-	-	- 10,614	**- 10,614**
Other movements	-	-	44	-	**44**
Total movements in the year	**-**	**-**	**- 38,350**	**- 10,614**	**- 48,964**
Carrying amount as at 31 December 2007	**158,709**	**76,201**	**- 4,377**	**3,734**	**234,267**
Movements in 2008					
Deferred tax on depreciation for tax purposes on investment property	-	-	- 3,678	-	**- 3,678**
Deferred tax on reinvestment reserve	-	-	- 2,529	-	**- 2,529**
Deferred tax on fair value gains recognised in the profit and loss account	-	-	- 5,939	-	**- 5,939**
Deferred tax on fair value gains recognised in equity	-	-	-	- 11,889	**- 11,889**
Other movements	-	-	15	129	**144**
Total movements in the year	**-**	**-**	**- 12,131**	**- 11,760**	**- 23,891**
Carrying amount as at 31 December 2008	**158,709**	**76,201**	**- 16,508**	**- 8,026**	**210,376**

The valuation of property as at 1 January 2002 for reporting and tax purposes equals the fair value as at that date. Because property is subsequently depreciated for tax purposes (whereby account should be taken of a residual value of 25%) and no depreciation takes place for reporting purposes, a valuation difference arises. From the 2007 financial year, the Working on Profit Act has been in force. This Act limits the depreciation of both commercial buildings and operational buildings to the so-called base value. The base value is 50% of the WOZ value (i.e., the value under the Valuation of Immovable Property Act) of operational buildings and 100% of the WOZ value of commercial buildings. This limitation on depreciation also causes a valuation difference. With regard to these differences, a transfer was made from current tax liabilities to deferred tax liabilities, which in 2008 amounted to EUR 3.7 million (against EUR 4.7 million in 2007).

In 2008, account was taken of the creation of a reinvestment reserve. The gain on sales of operating assets are reserved for tax purposes with a view to reinvestment. For reporting purposes, the gain on sales are recognised immediately in the profit and loss account. In this context, EUR 2.5 million was transferred from current tax liabilities to deferred tax liabilities in 2008 (against EUR 4.7 million in 2007).

In addition, a revaluation of the property for reporting purposes gave rise to a valuation difference. For tax purposes, property is not revalued. With regard to this difference, EUR 5.9 million was recognised under deferred taxes relating to property investments in 2008 (EUR 28.9 million in 2007). This concerns the taxable part of the fair value gains on property of EUR 19.1 million (EUR 111.7 million in 2007) as recognised in the profit and loss account.

In 2008, the fair value of derivatives developed from a liability of EUR 14.6 million into a receivable of EUR 38.4 million. This caused a movement of EUR 11.9 million in 'deferred taxes'. In 2007, EUR 42.3 million in derivatives associated with a number of loans was settled at the time when these loans were repaid. The deferred tax asset of EUR 10.8 million recognised in respect of these derivatives therefore ceased to apply, and is part of the total movement of EUR 10.6 million in 'deferred tax on derivatives' in 2007.

19. Investments in associates

The movements were as follows:

(in thousands of euros)	2008	2007
Carrying amount as at 1 January	**46,626**	**45,654**
Movements in the year		
Acquisitions	**566,252**	-
Increase in share capital	**532**	343
Share in results	**10,187**	10,896
Dividend	**- 7,389**	- 10,010
Exchange differences	**- 1,015**	- 281
Other movements	**-**	24
Total movements in the year	**568,567**	**972**
Carrying amount as at 31 December	**615,193**	**46,626**

Of the total acquisitions of EUR 566.3 million made in 2008, EUR 538.2 million relates to Aéroports de Paris SA (AdP) and EUR 28.1 million to Brisbane Airport Corporation Holdings Pty Ltd (BACH). On 1 December 2008, Schiphol Group and AdP acquired an 8% shareholding in each other. Furthermore, Schiphol Group increased its interest in BACH by 3.1% to 18.72%. According to provisional calculations of the purchase price allocation in conformity with IFRS 3, Business Combinations, and based on management estimates, EUR 312 million of the above investment amount will be allocated to differences between the fair value and the book value of assets, intangible assets not shown in the balance sheets of the associates and goodwill. For brevity's sake, reference is made to note 41. Prior to these investments, the item 'associates' did not yet include goodwill.

Further details on the associates can be found in the chapter entitled 'Related Party Disclosures'. Further details on the share in the results of associates can be found in note 10.

20. Loans to associates

The movements were as follows:

(in thousands of euros)	2008	2007
Carrying amount as at 1 January	**46,180**	**45,628**
Movements in the year		
Acquisitions	**7,809**	-
Exchange differences not hedged	**75**	- 5
Exchange differences hedged	**- 8,006**	60
Accrued interest	**- 5**	497
Total movements in the year	**- 127**	**552**
Carrying amount as at 31 December	**46,053**	**46,180**

The loans to associates relate exclusively to the redeemable preference shares in Brisbane Airport Corporation Holdings Pty Ltd. (BACH) held by Schiphol Group. The 3.1% increase of Schiphol Group's interest in Brisbane Airport Corporation Holding (BACH) concerned not only the ordinary shares shown under 'associates', but also the redeemable preference shares issued by BACH. The cost (equalling the fair value on the acquisition date) of the 3.1% increase, representing a nominal value of EUR 7.6 million (AUD 14.6 million), is EUR 7.8 million (AUD 15.8 million).

The redeemable preference shares confer a cumulative dividend entitlement. The nominal value of these shares is also repayable to the shareholders within a period of not more than 10 years (by 2014 at the latest). On the basis of these features, the redeemable preference shares, amounting to AUD 93.0 million (EUR 46.1 million), are classified as a long-term loan to an associate and the dividend on these shares is treated as interest income.

The accrued interest concerns the valuation of the redeemable preference shares at amortised cost. Measuring against the higher carrying amount at amortised cost means that, if BACH should decide to exercise its option of early redemption, Schiphol Group would then have to recognise a loss equal to the difference between the amortised cost and the nominal value. As at 31 December 2008, this difference amounted to EUR 2.4 million.

Where the nominal value is concerned, the currency risk relating to this long-term receivable is hedged by using annual forward transactions. By means of these transactions, the Australian dollar position is hedged to euros. The hedge transactions are recognised as a cash flow hedge. The exchange differences on the difference between amortised cost and nominal value and the period between the successive annual forward transactions are recognised in the profit and loss account. The other exchange differences are included in the reserve for hedging transactions.

The fair value of the loans to associates as at 31 December 2008 amounted to EUR 99.2 million (AUD 200.0 million). The effective interest rate was 5.6%. The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments.

21. Other financial interests

Other financial interests concern the 1% interest in Flughafen Wien A.G. The investment is recognised at fair value, derived from the quoted price of the shares. In 2008, the fair value decreased by EUR 9.9 million from EUR 16.6 million to EUR 6.7 million. The decrease in value has been recognised in the other financial interests reserve.

22. Lease receivables

The movements were as follows:

(in thousands of euros)	2008	2007
Carrying amount as at 1 January	**10,770**	**12,134**
Movements in the year		
Accrued interest on lease receivables	**1,382**	1,497
Lease instalments received	**- 2,922**	- 2,861
Total movements in the year	**- 1,540**	**- 1,364**
Carrying amount as at 31 december	**9,230**	**10,770**

The current portion of the lease receivables as at 31 December 2008, amounting to EUR 1.7 million (31 December 2007: EUR 1.5 million), is presented under current assets.

Beheer- en beleggingsmaatschappij Balnag BV (Balnag – a wholly-owned subsidiary of Schiphol Group) took out a 20-year lease on the air traffic control tower at the centre of the airport from a financing company, Abinton BV, in 1992. The control tower was in turn leased to Air Traffic Control the Netherlands (LVNL) for a similar period. Both contracts qualify as finance leases, resulting in the recognition of a lease receivable under the lease to LVNL and a lease liability to Abinton BV. On expiry of the lease, LVNL has the option of purchasing the control tower for a payment of EUR 6.8 million from Balnag. The effective interest rate of the lease contract between Balnag and LVNL is 13.0%.

The remaining terms of the lease receivables as at 31 December 2008 can be analysed as follows. The portion of the lease receivables due within one year is presented under current assets (trade and other receivables).

(in thousands of euros)t	Total	≤ 1 year	> 1 year	> 1 year but ≤ 5 years	> 5 years
Face value of finance lease instalments	11,700	2,737	8,963	8,963	-
Interest component in finance lease instalments	- 2,470	- 996	- 1,474	- 1,474	-
Carrying amount of finance lease receivables	**9,230**	**1,741**	**7,489**	**7,489**	**-**

23. Loans

The movements were as follows:

(in thousands of euros)	2008	2007
Carrying amount as at 1 January	**3,441**	**4,469**
Movements in the year		
New loans granted	**444**	-
Accrued interest	**171**	156
Changes in the consolidation	**69**	416
Repayments	**- 26**	-
Write-off	**-**	- 1,600
Total movements in the year	**658**	**- 1,028**
Carrying amount as at 31 December	**4,099**	**3,441**

The current portion of the other loans as at 31 December 2008, amounting to EUR 0.1 million (31 December 2007: EUR 0.04 million) is presented under current assets.

The other loans include two loans to the Ministry of Transport, Public Works and Water Management with a combined redemption value of EUR 2.7 million at an interest rate of 0% and with a remaining term to maturity of 4 years. The carrying amount of the loans as at 31 December 2008 amounted to EUR 1.9 million. The fair value amounted to EUR 2.7 million and the effective interest rate was 3.0%.

Also included in other loans is a loan to the aviation museum Aviodrome with a redemption value of EUR 1.6 million. In view of the Aviodrome's current financial situation, it was decided in 2007 to recognise a provision covering the loan in full.

24. Other long-term receivables

The composition of the other long-term receivables is as follows:

(in thousands of euros)	2008	2007
Purchased long leases	**3,679**	3,781
Lease incentives	**11,949**	8,350
Total other non-current receivables	**15,628**	**12,131**

The purchased long leases concern the rent instalments which Schiphol Group paid in advance in respect of land it acquired on a long lease.

Lease incentives concerns the cost of benefits which Schiphol Group provided to tenants at the start of their lease. Both items are charged to the profit and loss account over the term of the underlying contracts.

In establishing the cash flows underlying the determination of the fair value of property, account is taken of the existence of lease incentives.

25. Assets held for sale

Land which is intended to be sold is presented as held for sale. This land concerns the A4-zone East and West, an extensive logistics site adjacent to the A4 motorway to the south of Amsterdam Airport Schiphol cargo zones, and the Schiphol Logistics Park industrial estate.

December 1999 saw the conclusion of a cooperation agreement on the acquisition of land in the A4-zone (known as SOK 1). In December 2005, the shareholders signed a renewed cooperation agreement. The purpose of this agreement is to acquire the lands in the aforementioned area together with the partners, the Municipality of Haarlemmermeer, SADC NV and SRE BV, and subsequently to develop this area together. At the start of the development, SRE BV will contribute the A4-zone East and West to the land bank as yet to be established, in which SRE BV will own a 33.3% stake.

In 2008, it was decided in the context of the said cooperation agreement that the Municipality of Haarlemmermeer would acquire two other plots on behalf of the partners. To fund this acquisition, the Municipality of Haarlemmermeer will take out a loan from Bank Nederlandse Gemeenten. The associated costs will be equally divided among the three partners at the time of the contribution to the land bank as yet to be established. SRE BV's share in this will amount to EUR 8.0 million, to be increased by financing and acquisition costs.

26. Trade and other receivables

The analysis is as follows:

(in thousands of euros)	2008	2007
Trade receivables	**99,950**	82,002
Accrued income	**31,547**	27,367
Value-added tax reclaimable	**17,255**	25,332
Prepayments	**17,449**	16,596
Stock	**8,070**	5,571
Lease incentives	**2,495**	1,503
Receivable from shareholders and associates	**16**	72
Purchased long leases	**90**	80
Other receivables	**55,255**	24,304
	232,127	**182,827**

The trade and other receivables are included at the fair value of the consideration receivable, which is usually the face value, less a provision for bad debts.

Trade receivables as at 31 December 2008 takes account of bad debt provisions of EUR 4.2 million (31 December 2007: EUR 3.8 million) and received security deposits of EUR 1.8 million. With respect to these provisions, an amount of EUR 1.6 million (2007: EUR 1.1 million) was utilised for bad debts and an amount of EUR 2.0 million (2007: EUR 2.0 million) was added and charged to the profit and loss account in 2008.

In connection with the closure announced by the Municipality of Haarlemmermeer of the present detention centre at Schiphol-Oost by 31 December 2012, the Government Buildings Agency (RGD) has decided to acquire a new plot at Schiphol Noordwest from Schiphol Group on a long lease for the purpose of building a new detention centre. The leasehold was granted in December 2008 for a period of 75 years. The RGD will pay the amount of EUR 30.5 million for this buyout, recognised under 'other receivables', by 1 October 2009.

As in previous year, the other receivables include an amount of EUR 19.0 million which Schiphol Group paid to Chipshol. A more detailed explanation can be found in note 35, dealing with other provisions.

27. Cash and cash equivalents

Cash concerns for EUR 380 million as at 31 December 2008 (31 December 2007: EUR 101.7 million) deposits with original terms ranging from 1 week to 2 months (average: 1 month). The average interest rate on these deposits as at 31 December 2008 is 2.7% (31 December 2007: 4.0 %). The cash is freely available.
Cash is included at fair value, which is usually the face value.

28. Issued share capital

On 1 December 2008, Schiphol Group increased its authorised share capital by 14,892 shares of EUR 454 each, and issued these shares to Aéroports de Paris SA (AdP). This resulted in AdP having an 8% interest in Schiphol Group.
AdP paid an amount of EUR 24,816.79 on each share with a nominal value of EUR 454. Of the total proceeds of EUR 369,571,637, EUR 6,760,968 was added to the issued capital and EUR 362,810,669 to the share premium reserve.
The authorised share capital amounts to EUR 142,960,968 as at 31 December 2008. This capital is divided into 314,892 shares of EUR 454. As at 31 December 2008, 186,147 shares had been issued and paid up. The shareholders' interests are as follows:

	Issued share capital		
	(in numbers)	(percentage)	(in thousands of euros)
Shareholder:			
State of the Netherlands	129,880	69.77%	58,966
City of Amsterdam	37,276	20.03%	16,923
Aéroports de Paris	14,892	8.00%	6,761
City of Rotterdam	4,099	2.20%	1,861
	186,147	**100%**	**84,511**

The other movement in the issued share capital relates to the conversion into euros in the financial statements for 2003. At the time of conversion the nominal value of the shares was rounded off to EUR 454 per share at the expense of the retained profits. The exact amount was EUR 453.78 per share. Accordingly, the issued capital as at 1 January 2008 was EUR 77,750 (against EUR 77,712 before rounding off), divided into 171,255 shares of EUR 454.

29. Retained profits

On a resolution proposed by the Management Board and following Supervisory Board agreement, the General Meeting of Shareholders voted to declare a dividend of EUR 93.0 million for 2007. This amount, paid in 2008, was deducted from retained profits. The dividend for 2006, which amounted to EUR 79.1 million, was paid out in 2007 and deducted from retained profits.

On a resolution proposed by the Management Board and approved by the Supervisory Board, the General Meeting of Shareholders voted in 2008 to distribute a super dividend of EUR 500 million in addition to the above ordinary dividend, which super dividend was also deducted from retained profits.
The entire amount of the net result for 2008 has been added to retained profits so that retained profits as at 31 December 2008 still includes the proposed dividend distribution for 2008, as detailed in the Other information section.

30. Other reserves

The movements were as follows:

(in thousands of euros)	Exchange difference reserve	Other financial interests reserve	Hedging transactions reserve	Total
Balance as at 31 December 2006	**539**	**8.566**	**6.295**	**14.322**
Movements in 2007				
Exchange differences	499	-	-	**499**
Fair value changes	-	966	-	**966**
Exchange differences on hedged borrowings	-	-	2.138	**2.138**
Exchange differences on hedged loans to associates	-	-	60	**60**
Fair value changes on derivative financial instruments	-	-	- 2.034	**- 2.034**
Of which are reported through the profit and loss account	-	-	1.244	**1.244**
Deferred tax on fair value changes	-	-	157	**157**
Settlement of hedge transactions	-	-	- 5.635	**- 5.635**
Other	-	-	- 50	**- 50**
Total movements in the year	**499**	**966**	**- 4.120**	**- 2.655**
Balance as at 31 December 2007	**- 40**	**9.532**	**2.175**	**11.667**
Movements in 2008				
Exchange differences	- 969	-	-	**- 969**
Fair value changes	-	- 9.922	-	**- 9.922**
Exchange differences on hedged borrowings	-	-	- 48.489	**- 48.489**
Exchange differences on hedged loans to associates	-	-	- 8.005	**- 8.005**
Fair value changes on derivative financial instruments	-	-	53.354	**53.354**
Of which are reported through the profit and loss account	-	-	1.892	**1.892**
Deferred tax on fair value changes	-	-	- 11.889	**- 11.889**
Settlement of hedge transactions	-	-	- 289	**- 289**
Termination of derivative financial instrument Lehman Brothers International (Europe)	-	-	- 8.749	**- 8.749**
Other	-	-	- 5	**- 5**
Total movements in the year	**- 969**	**- 9.922**	**- 22.180**	**- 33.071**
Balance as at 31 December 2008	**- 1.009**	**- 390**	**- 20.005**	**- 21.404**

Translation differences reserve

The translation differences reserve is made up of exchange differences arising on the translation of the net investments in subsidiaries, joint ventures and associates outside the eurozone.

Other financial interests reserve

This concerns movements in the fair value of financial interests in which Schiphol Group does not have either control or significant influence.

Hedging transactions reserve

This comprises the movements in the fair value of derivative financial instruments used in cash flow hedges, net of deferred tax assets and liabilities. Also included in the hedging transactions reserve are the translation differences arising on the translation of loans at closing rates. In both cases, for recognition in the hedging transactions reserve, the hedge must be determined actually to have been highly effective.

The collapse of Lehman Brothers International (Europe), Limited on 15 September 2008, resulted in the early terminiation by Schiphol Group of a swap contract which it had concluded with this bank to hedge a currency risk. The movement of EUR 8.7 million in the hedging transaction reserve is related to this. For brevity's sake, reference is made to note 32, which deals with derivatives.

The settlement of hedging transactions of EUR 5.6 million in 2007 concerns the repayment of EUR 88.0 million, consisting of USD 75 million and JPY 5 billion. The cumulative translation differences on the two loans, amounting to EUR 37.1 million, were released upon repayment from the reserve for hedging transactions, as was the fair value of the associated derivative financial instruments of EUR 42.3 million, reduced by the deferred tax liability of EUR 10.8 million.

Further details of the restrictions on the distribution of reserves can be found in note 44 shareholders' equity included in the corporate balance sheet.

31. Minority interests

Minority interests as at 31 December 2008 represents the shares of third parties in the net assets of the group companies Eindhoven Airport NV and Avioport SpA.

32. Leningen

The analysis is as follows:

(in thousands of euros)	Year redeemable	Interest rate	Currency	Nominal (x 1,000)	Hedging reference	2008	2007
ISIN603	2008	Euribor+mark-up	EUR	50,000		-	50,000
ISIN798	2009	1.08%	JPY	5,000,000	A	**39,761**	30,318
ISIN392	2009	4.67%	EUR	70,000		**70,000**	70,000
ISIN052	2009	Euribor+mark-up	EUR	27,000	B	**27,000**	27,000
ISIN610	2010	Euribor+mark-up	EUR	30,000		**30,000**	30,000
ISIN269	2013	4.38%	EUR	300,000		**299,267**	299,104
B148	2014	6.63%	EUR	700,000		**696,018**	-
B149	2014	6.63%	EUR	100,000		**100,998**	-
ISIN245	2018	5.16%	EUR	30,000		**29,933**	29,925
B146	2038	3.16%	JPY	20,000,000	C	**158,723**	-
EMTN programme						**1,451,700**	**536,347**
ING Bank	2011	Euribor+mark-up	EUR	26,168	D,E,F	**26,168**	21,715
Fortis Bank	2011	Euribor+mark-up	EUR	12,608	G	**12,608**	10,463
ING Bank	2011	Euribor+mark-up	EUR	5,696		**5,696**	4,727
ING Bank	2011	Euribor+mark-up	EUR	14,373		**14,373**	11,927
ING Bank	2011	Euribor+mark-up	EUR	15,000	H	**15,000**	12,448
Fortis Bank	2011	Euribor+mark-up	EUR	18,239	I	**18,239**	15,135
ING Bank	2011	Euribor+mark-up	EUR	8,917	J	**8,917**	-
Fortis Bank	2011	Euribor+mark-up	EUR	2,742	K	**2,742**	-
Fortis Bank	2011	Euribor+mark-up	EUR	2,259	L	**2,259**	-
Loans AREB CV						**106,001**	**76,415**
European Investment bank	2006-2011	3.75%	EUR	150,000		**78,481**	**107,888**
Avioport phase 2	2010	Euribor+mark-up	EUR	21,750	M	**13,686**	8,157
Villa Carmen phase 1	2011	Euribor+mark-up	EUR	14,100	N	**9,064**	5,195
Avioport phase 1	2013	Euribor+mark-up	EUR	28,000	O	**28,000**	28,000
Other						**9,011**	20,371
Other borrowings						**59,761**	**61,723**
Total borrowings						**1,695,943**	**782,373**

The current portion of the borrowings as at 31 December 2008, amounting to EUR 167.4 million (31 December 2007: EUR 83.1 million), is presented under current liabilities.

Schiphol Group launched a Euro Medium Term Note (EMTN) programme in 1999, making it possible to raise funds as required in the years ahead up to a maximum of EUR 1.0 billion, provided the prospectus is updated annually. The prospectus was updated in 2008 and the programme was increased to EUR 2.0 billion. As at year-end 2008, borrowings under the programme totalled EUR 1,451.7 million. Schiphol

Group could be obliged to redeem the notes prematurely in the event of specific circumstances commonly stipulated for this type of instrument. No such circumstances arose in 2008.

On 4 August 2008, Schiphol Group issued debt of JPY 20 billion with a term of 30 years under the EMTN programme. The JPY loan was immediately converted to EUR 120 million by means of a currency rate swap. The loan has a fixed interest coupon of 5.64% on a half-yearly basis (equivalent to 5.72% on an annual basis).

On 12 November 2008, Schiphol Group placed a benchmark EUR 700 million Eurobond under its EMTN programme. The bonds were issued at a price of 99.618% with a coupon of 6.625%. The issue date was 19 November 2008. On 8 December, Schiphol Group reopened the Eurobond raising an additional EUR 100 million. The 8 December issue price was 101.777% with a coupon of 6.625%. With the Eurobond, totalling EUR 800 million in the fourth quarter of 2008, expiring on 23 January 2014, in 2013 Schiphol Group may exceed its policy limit of a maximum of 25% in short-term loans. Schiphol Group will mitigate this refinancing risk by a timely refinancing.

In June 2008, Schiphol Group launched a Euro-Commercial Paper (ECP) programme with a limit of EUR 750 million in addition to the existing EMTN programme. To support the ECP programme, Schiphol Group structured an EUR 400 million syndicated and committed facility with a group of eight banks. A considerable part of the current liabilities assumed in 2008 under the Euro-Commercial Paper (ECP) programme was refinanced in November 2008 with the proceeds from the bond issue under the EMTN programme. On 31 December 2008, an amount of EUR 161.2 million in short-term loans is still outstanding under the ECP programme, with an average remaining term of 1 month.

Apart from the aforementioned committed facility, Schiphol Group has two committed credit facilities with ABN AMRO and ING, up to a combined total of EUR 100 million.

In 2002 the company contracted a facility of EUR 150.0 million with the European Investment Bank. This amount was drawn down in 2003. Repayment commenced in August 2006, involving ten six-monthly instalments. Schiphol Group could be obliged to repay the loan prematurely if (in addition to the usual circumstances) other loans are repaid early or shareholders' equity falls below 30% of total assets. These conditions did not occur in 2008. Additional security may be demanded if the company's credit rating falls below A (S&P's) or A2 (Moody's). In anticipation of the payment of a super dividend to its shareholders and an adjustment of the financial structure, partly through additional debt financing, NV Luchthaven Schiphol and Schiphol Nederland BV were awarded credit ratings in 2008 of A (formerly AA-) by S&P and A1 (formerly Aa3) by Moody's.
The debt raised under the EMTN programme, the ECP programme and the loanfacility with the European Investment Bank are not subordinate to other liabilities and are eligible for voluntary early repayment.

All of AREB CV's borrowings are mortgage loans. For all these loans, there is an obligation to make early repayments of 0.5% per quarter if the amount of the loan exceeds 55% of the appraised value of the individual properties financed by each loan. For the mortgage loans granted by Fortis Bank, there is a further obligation to make early repayments of 0.5%, 0.75% and 1% per quarter if the amount of the loan exceeds 60%, 65% or 75% of the appraised value, respectively. If the annual rental income on the properties mortgaged to Fortis Bank is less than EUR 8.5 million (excluding VAT and service charges) (our share being EUR 5.1 million), there will be an obligation to make early repayments of 1% per quarter on the loans from Fortis Bank.

To provide collateral security for the repayment, AREB CV has granted the banks a lien on the receivables relating to the leasehold and rental rights enjoyed by the property company vis-à-vis the tenants of the properties in its portfolio as at balance sheet date. AREB CV has also pledged all existing and future rent receivables relating to the properties that are already available for pledging.

On 3 June 2008, AREB CV took out three new loans. The interest rates are 3 months Euribor + mark-up. The term of the loans runs to the end of 2011. The other terms and conditions are as set out above.

Avioport Spa (a 70% subsidiary of Schiphol Group) arranged a mortgage loan with two banks (Efibanca and Banca Popolare Italiana) for a total amount of EUR 49.8 million (EUR 28.0 million for phase 1 and EUR 21.8 million for phase 2). Of this loan, EUR 41.7 million was utilised as at 31 December 2008 (EUR 28.0 million for phase 1 and EUR 13.7 million for phase 2). The collateral for phase 1 consists of the buildings, the shares and the rental income, while the collateral for phase 2 is the entire project. Furthermore, the shareholders have committed themselves to contributing financial resources – in addition to the aforementioned loan – in order to fund the overall project.

Villa Carmen Srl (a subsidiary of the joint venture Villa Carmen BV, in which Schiphol Group owns a 47.44% interest) arranged a mortgage loan with three banks (Efibanca, Banca Popolare Italiana and Unicredit) for a total amount of EUR 33.1 million (our proportional share being EUR 15.7 million). Of this loan, EUR 18.8 million was utilised as at 31 December 2008 (our proportional share being EUR 8.9 million). The buildings constitute the collateral. As a shareholder in Villa Carmen BV, Malpensa Real Estate II BV (MRE II BV) has committed itself to contributing its share (47.44%) of EUR 11 million in the form of equity or non-interest-bearing debt capital, subordinated to the aforementioned loans.

Of the total loan amount, EUR 198.5 million has been drawn in Japanese yen (JPY 25 billion). Loans in the amount of EUR 221.4 million carry a variable interest rate. In line with the financial risk management policy, interest rate swaps, interest rate caps, currency swaps and, in some cases, combined currency and interest rate swaps have been contracted on the loans to hedge the risks inherent in exposure to movements in interest rates and exchange rates. In principle, the transactions concerned correspond to the underlying loans in all relevant characteristics, such as maturity, amount and so on, and hedge the positions with respect to the euro or to either fixed or capped interest rates, or both. All hedging transactions are accounted for as cash flow hedges.

The derivative financial instruments comprise the following contracts, with the references relating to various loans in the analysis of borrowings.

Reference	Counterparty	Type	Interest rate	Currency	Notional amount	Maturity	Fair value in thousands of euros 31 December 2008	31 December 2007
A	UBS AG	Currency swap	5.59%	JPY	5,000,000	2009	**6,406**	14,566
B	UBS AG	Rate swap	5.63%	EUR	27,000	2009	**1,067**	992
C	JP Morgan	Currency swap	3.16%	JPY	20,000,000	2038	**- 42,169**	-
D	ING	Rate swap	4.84%	EUR	13,084	2011	**484**	- 146
E	ING	Rate cap	4.25%	EUR	8,737	2011	**- 24**	- 124
F	ING	Rate cap	4.12%	EUR	4,338	2011	**- 13**	- 71
G	ING	Rate cap	4.12%	EUR	1,085	2011	**- 3**	- 18
H	ING	Rate cap	3.50%	EUR	13,015	2011	**- 81**	- 399
I	ING	Rate swap	4.12%	EUR	15,184	2011	**572**	- 168
J	ING	Rate swap	5.11%	EUR	8,917	2011	**612**	-
K	Fortis Bank	Rate swap	5.16%	EUR	2,742	2011	**183**	-
L	Fortis Bank	Rate swap	5.16%	EUR	2,259	2011	**151**	-
M	Efibanca	Rate swap	3.75% - 4.95%	EUR	15,331	2010	**444**	-
N	Efibanca	Rate swap	4.30%	EUR	12,041	2011	**197**	- 22
O	Efibanca	Rate swap	4.32%	EUR	21,000	2013	**902**	- 123
P	ING	Forward	n.v.t.	AUD	73,500	2009	**- 6,697**	-
P	ABN AMRO	Forward	n.v.t.	AUD	14,600	2009	**- 458**	-
P	ING	Forward	n.v.t.	AUD	73,500	2008	**-**	129
Total							**- 38,426**	**14,616**
			Recognised in the balance sheet under:					
			Non-current assets				**- 42,290**	- 1,071
			Current assets				**- 7,155**	-
			Non-current liabilities				**3,546**	15,558
			Current liabilities				**7,474**	129
							- 38,426	14,616

Simultaneously with the drawdown on 17 July 2008 of the loan of JPY 20 billion, a currency rate swap was arranged with Lehman Brothers International (Europe), Limited (LBIE). Following the collapse of LBIE on 14 September 2008, this swap contract was terminated prematurely. On 17 September 2008, a new swap contract was concluded with JPMorgan (reference C). This was done at the interest rate of the contract date and the exchange rate of 17 July 2008. In total, JPMorgan was paid EUR 18.2 million under the new swap contract. Of this payment, EUR 8.7 million has been added to the hedging transactions reserve and is allocated to the term of the contract. The remainder of EUR 9.5 million was charged directly to the profit and loss account under 'financial income and expenses'. The claim against LBIE was determined at EUR 11.5 million, excluding additional costs and financing charges. Based on the information currently available to us as to the possibility of collecting this receivable, the claim was valued at zero in the balance sheet as at 31 December 2008.

The risk borne by Schiphol Group in respect of the currency rate swap (reference C) is mitigated by a cash collateral agreement with JPMorgan, which results in a maximum net position for both parties depending on the parties' credit rating. If the credit rating of either party is reduced, the maximum net position for that party will decrease as well. Under the cash collateral agreement, the difference between the market value of the swap and the applicable maximum net position is settled on a weekly basis. As at 30 January 2009, the maximum net position of both parties amounted to EUR 10 million while the market value of the swap was approximately EUR 72 million in Schiphol Group's favour, so that JPMorgan paid Schiphol Group approximately EUR 62 million by way of collateral.

Reference P concerns the derivative financial instruments for the translation differences on the redeemable preference shares presented in loans to associates.

Reference M and N concern hedges of the funding of the property development in Avioport phase 2 respectively Villa Carmen Srl. The assumptions concerning the growth of the loans have not been realised, which means that its growth is now lagging behind the growth of the derivatives. For this reason, these hedging transactions cannot be regarded as effective in 2008. The movements in the fair value of the derivatives are recognised in the profit and loss account under 'financial income and expenses'.

The interest rates shown against the various currency swaps and interest rate swaps and the combined currency and interest rate swap are the fixed rates at which interest is payable to the counterparty, for which interest at the variable (or fixed) rate that Schiphol Group in turn has to pay on the loans concerned is receivable from the counterparty. The interest rates shown against the interest rate caps are the maximum interest rates agreed with the counterparty. The counterparty is under contract to pay the excess if the rate of interest payable by Schiphol Group exceeds the capped rate. The interest rate caps are exclusive of any credit risk mark-up.

The remaining terms of the borrowings as at 31 December 2008 can be analysed as follows. The portion of the borrowings due within one year is presented under current liabilities.

(in thousands of euros)	Total	≤ 1 year	> 1 year	> 1 yearbutn ≤ 5 years	> 5 year
EMTN programme	**1,451,700**	135,994	1,315,706	27,010	1,288,696
AREB CV borrowings	**106,001**	-	106,001	106,001	-
European Investment Bank	**78,481**	30,520	47,961	47,961	-
Other borrowings	**59,761**	917	58,844	57,439	1,405
Total borrowings	**1,695,943**	**167,431**	**1,528,512**	**238,411**	**1,290,101**

The total carrying amount of the borrowings (at amortised cost) has the following fair value analysis:

(in thousands of euros)	Carrying amount as at 31 December 2008	Fair value as at 31 December 2008
EMTN programme	**1,451,700**	**1,552,528**
AREB CV borrowings	**106,001**	**106,001**
European Investment Bank	**78,481**	**78,774**
Other borrowings	**59,761**	**59,761**
Total borrowings	**1,695,943**	**1,797,064**

(in thousands of euros)	Carrying amount as at 31 December 2007	Fair value as at 31 December 2007
EMTN programme	536,347	570,458
AREB CV borrowings	76,415	76,415
European Investment Bank	107,888	94,101
Other borrowings	61,723	63,597
Total borrowings	**782,373**	**804,571**

The fair value is estimated by discounting the future contractual cash flows using the current market interest rates available to the borrower for similar financial instruments.

The movements in borrowings during the year were as follows:

(in thousands of euros)	Borrowings > 1 year	Borrowings ≤ 1 year	Total
Carrying amount as at 31 December 2006	**652,737**	**116,860**	**769,597**
Movements in 2007			
New borrowings	135,094	-	**135,094**
Accrued interest	388	-	**388**
Transferred to current liabilities	- 86,812	86,812	**-**
Repayments	-	- 120,737	**- 120,737**
Exchange differences	- 2,137	-	**- 2,137**
Other movements	-	168	**168**
Total movements in the year	**46,533**	**- 33,757**	**12,776**
Carrying amount as at 31 December 2007	**699,270**	**83,103**	**782,373**
Movements in 2008			
New borrowings	937,734	-	**937,734**
Accrued interest	396	-	**396**
Transferred to current liabilities	- 167,431	167,431	**-**
Repayments	- 8,184	- 83,103	**- 91,287**
Acquisitions	18,038	-	**18,038**
Exchange differences	48,489	-	**48,489**
Other movements	200	-	**200**
Total movements in the year	**829,242**	**84,328**	**913,570**
Carrying amount as at 31 December 2007	**1,528,512**	**167,431**	**1,695,943**

Schiphol Group's financial instruments comprise the borrowings and derivative financial instruments described in this note, as well as the loans to associates (20), other financial interests (21), loans (23), trade and other receivables (26), cash and cash equivalents (27), a number of items under the other non-current liabilities (36) and trade and other payables (38). Further information on these financial instruments can be found in the notes shown in brackets.

33. Lease liabilities

The analysis is as follows:

(in thousands of euros)	Counterparty	Effective interest rate	Expiry date of lease	2008	2007
P1 car park / walkway	ABP	6.7%	2035	**54,153**	54,720
Triport	ABP	7.0%	2034	**55,683**	56,342
Control tower	Abinton BV	7.7%	2012	**9,522**	11,043
Other				**2,206**	2,823
Total lease liabilities				**121,564**	**124,928**

The current portion of the lease liabilities as at 31 December 2008, amounting to EUR 4.1 million (31 December 2007: EUR 3.5 million), is presented under current liabilities.

The P1 car park/walkway contract with ABP runs for a total of 40 years, with options to renew the lease after 15 years and again after 30 years. On the renewal dates there is also the option of purchasing both the P1 car park and the walkway or selling the P1 car park to a third party (with the proceeds going to ABP) and purchasing the walkway. At the end of the 40-year period, Schiphol Group will have the option of leasing the P1 car park and the walkway indefinitely for a rent of EUR 45 (in euros) per annum or outright purchase for EUR 45 (in euros). The rent will be increased annually in line with the consumer price index. The leasehold of the land on which the P1 car park and walkway are built has been granted to ABP for the duration of the lease.

The Triport office building contract with ABP runs for a total of 40 years, with options to cancel the lease after 25 years and again after 30 years. If the lease is cancelled before the end of the 40-year period, Schiphol Group will be liable to pay a lump sum and penalty interest, by which the buildings will become the property of Schiphol Group. The rent will be increased annually in line with the consumer price index. The leasehold of the land on which the Triport buildings stand has been granted to ABP for the duration of the lease.

Beheer- en beleggingsmaatschappij Balnag BV (Balnag – a 100% subsidiary of Schiphol Group) also leases the air traffic control tower at the centre of the airport from a financing company, Abinton BV, on a 20-year lease taken out in 1992. The control tower is in turn leased to Air Traffic Control the Netherlands (LVNL) for a similar period. Both contracts qualify as finance leases. The receivable under the lease to LVNL is included in lease receivables. On expiry of the lease Balnag has the option of purchasing the control tower from Abinton BV for a payment of EUR 2.1 million.

The remaining terms of the lease liabilities as at 31 December 2008 can be analysed as follows. The portion of the lease liabilities due within one year is presented under current liabilities.

(in thousands of euros)	Total	≤ 1 year	> 1 year	> 1 year but ≤ 5 years	> 5 years
Face value of finance lease instalments	**255,480**	12,023	243,457	47,821	195,636
Interest component in finance lease instalments	**- 133,916**	- 7,913	- 126,003	- 30,024	- 95,979
Carrying amount of finance lease liabilities	**121,564**	4,110	117,454	17,797	99,657

The movements in the lease liabilities during the year were as follows:

(in thousands of euros)	2008	2007
Carrying amount as at 1 January	**124,928**	**128,274**
Movements in the year		
New lease contracts	**-**	68
Accrued interest on lease liabilities	**9,852**	9,993
Lease instalments paid	**- 13,216**	- 13,356
Other movements	**-**	- 51
Total movements in the year	**- 3,364**	**- 3,346**
Carrying amount as at 31 December	**121,564**	**124,928**

34. Employee benefits

The employee benefits concern the following net liabilities:

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Carrying amount as at 31 December 2007				
Present value of benefit obligation	45,738	9,361	4,286	**59,385**
Fair value of plan assets	14,091	-	-	**14,091**
	31,647	9,361	4,286	**45,294**
Unrecognised actuarial gains and losses	- 1,492	-	- 8	- 1,500
Benefit liability in the balance sheet	**30,155**	**9,361**	**4,278**	**43,794**
Carrying amount as at 31 December 2008				
Present value of benefit obligation	40,974	9,979	2,707	**53,660**
Fair value of plan assets	12,971	-	-	**12,971**
	28,003	**9,979**	**2,707**	**40,689**
Unrecognised actuarial gains and losses	- 459	-	244	- 215
Benefit liability in the balance sheet	**27,544**	**9,979**	**2,951**	**40,474**

Post-employment benefits consist of retirement benefits (defined benefit), job-related early retirement benefits and pensioners' medical expenses.

Other long-term employee benefits consist of long-service bonuses, management long-term bonuses, paid sabbatical leave and incapacity benefit make-up.

Termination benefits consist of redundancy pay, pre-early retirement benefits, wage make-up and unemployment benefit make-up.

The defined benefit pension scheme which ABP administers on Schiphol Group's behalf is recognised as a defined contribution scheme. A more detailed explanation of this scheme can be found in note 39. The pension schemes of a number of subsidiaries that also qualify as defined benefit schemes are indeed recognised as such. As regards these pension schemes, the developments in the present value of benefit obligation, the fair value of plan assets and the actuarial gains and losses not taken into account have been as follows in recent years:

(in thousands of euros)	2008	2007	2006	2005	2004
Carrying amount as at 31 December					
Present value of benefit obligation	**15,440**	16,585	14,420	11,014	7,638
Fair value of plan assets	**12,036**	13,631	12,047	8,413	5,571
	3,404	**2,954**	**2,373**	**2,601**	**2,067**
Unrecognised actuarial gains and losses	- 1,729	- 951	- 240	- 473	151
Benefit liability in the balance sheet	**1,675**	**2,003**	**2,133**	**2,128**	**2,218**

The different employee benefits gave rise to the following net benefit expense in the year:

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Current service cost	2.708	1.318	2.977	**7.003**
Interest cost on benefit obligation	1.850	284	105	**2.239**
Net actuarial gain/loss recognised in the year	-	- 242	-	**- 242**
Released (as a result of amended plan terms)	- 6.507	-	-	**- 6.507**
Expected return on plan assets	- 548	-	-	**- 548**
Other costs	80	- 8	7	**79**
Total net benefit expense in 2007	**- 2.417**	**1.352**	**3.089**	**2.024**
Current service cost	2.068	1.743	454	**4.265**
Interest cost on benefit obligation	2.207	331	89	**2.627**
Net actuarial gain/loss recognised in the year	-	- 340	-	**- 340**
Released (as a result of amended plan terms)	- 741	-	-	**- 741**
Expected return on plan assets	- 739	-	-	**- 739**
Other costs	81	- 5	1	**77**
Total net benefit expense in 2008	**2.876**	**1.729**	**544**	**5.149**

The release in 2007 (caused inter alia by a change to the scheme) with regard to post-retirement benefits concerns the allowance for medical expenses paid to retired employees. Further information can be found in note 5, dealing with employee benefits. Please note that the provision for this settlement was created entirely at the expense of equity, as part of the transition to IFRS as at 1 January 2004.

With regard to the defined benefit pension schemes, a total expense of EUR 1.4 million is expected for the employer in 2009 in relation to post-retirement benefits. In 2008, the actual expenses under these schemes amounted to EUR 1.4 million, as explained in note 5, dealing with employee benefits.

The movements resulting from the relevant employee benefit liabilities during the year were as follows:

(in thousands of euros)	Post-employment benefits	Other long-term emplyee benefits	Termination benefits	Total
Carrying amount as at 31 December 2006	**38,697**	**9,066**	**4,988**	**52,751**
Movements in 2007				
Total net benefit expense for the year	- 2,417	1,352	3,089	**2,024**
Benefits paid during the year	- 3,666	- 1,140	- 3,799	**- 8,605**
Payment of contributions	- 2,552	-	-	**- 2,552**
Other movements	93	83	-	**176**
Total movements in the year	**- 8,542**	**295**	**- 710**	**- 8,957**
Carrying amount as at 31 December 2007	**30,155**	**9,361**	**4,278**	**43,794**
Movements in 2008				
Total net benefit expense for the year	2,876	1,729	544	**5,149**
Changes in the consolidation	-	- 18	-	**- 18**
Benefits paid during the year	- 3,625	- 1,093	- 1,871	**- 6,589**
Payment of contributions	- 1,870	-	-	**- 1,870**
Other movements	8	-	-	**8**
Total movements in the year	**- 2,611**	**618**	**- 1,327**	**- 3,320**
Carrying amount as at 31 December 2008	**27,544**	**9,979**	**2,951**	**40,474**

The employee benefit liabilities have been calculated on the basis of the following actuarial assumptions and estimates on the part of management:

	31 December 2008	31 December 2007
Discount rate	5.75%	5.25%
Return on plan assets	5.75%	5.25%
Inflation	2.00%	2.00%
General pay increase	2.00%	2.00%
Life expectancy	GBM/V mortality table 2000-2005 including mortality trend (generation table) with age reduction of 3 years for men and 1 year for women	GBM/V mortality table 2000-2005 including mortality trend (generation table) with age reduction of 3 years for men and 1 year for women
Individual pay rises, depending on age	4.00% (age untill 39), 3.00% (age 40-49), 2.00% (age 50-59), 2.00% (age 60-65)	3,00% (age untill 39), 2,00% (age 40-49), 1,00% (age 50-59), 0,00% (age 60-65)
Age difference	Men 3 years older than female partners	Men 3 years older than female partners
Disability risk	UKV 2007-IV, based on inflow 2006 and 2007	GMD table 1994, multiplied by 25%
Termination probability, depending on age	0.10% (age 60) to 4.20% (age 25)	0.10% (age 60) to 4.20% (age 25)
Continued service probability (job-related early retirement scheme)	100%	100%

Where disability risk is concerned, a more recent table is applied with effect from 2008. For further details of the obligations under the pension scheme insured with ABP, see the contingent assets and liabilities note.

35. Other provisions

In 2004 it was established that Schiphol Group faced a liability in connection with several claims and disputes. As in 2007, the provision of EUR 10.0 million recognised in respect of the combined amount of these claims and disputes in 2004 remained unchanged in 2008.

The most important of the above claims and disputes concerns the consequences of the ban on the development of the Groenenberg site that was in place from 19 February 2003 to 28 June 2007. Based on the insights available in 2003, development of the Groenenberg site could seriously compromise the use of Runway 18L–36R. In February 2003, The State Secretary at the Ministry of Transport, Public Works and Water Management accordingly prohibited development of this site under the provisions of Section 38 of the Aviation Act (old act). In June 2003, the beneficial owner of the site (Chipshol) filed a claim against Schiphol Group under Section 50 of the Aviation Act for the losses resulting from the imposition of this prohibition.

Based on enhanced insight and new data, the Minister decided that it was no longer necessary to maintain the ban for the entire site. On 28 June 2007, in response to the request from Schiphol Group and Chipshol, the Minister of Transport, Public Works and Water Management lifted the development ban. The law provides for a scheme to deal with value increases when bans are lifted, similar to the compensation provided for when a development ban is imposed. This is known as the separate repayment proceedings under Section 55 of the Aviation Act. Schiphol Group instituted such proceedings against Chipshol before the Court of Haarlem in order to determine how much the land of the Groenenberg site had increased in value since the development ban was lifted.

In 2007, Schiphol Group paid an advance of EUR 19.0 million (EUR 16.0 million plus interest) to Chipshol in compliance with an interlocutory decision in the proceedings under Section 50. To hedge the restitution risk with respect to that amount, Chipshol was instructed by the Court to provide a bank guarantee for Schiphol Group in the amount of EUR 21.5 million. In its final decision of 30 January 2008 the Court, by virtue of Section 50 of the Aviation Act, set the compensation amount which Schiphol Group should pay to Chipshol at EUR 16.0 million (to be increased by statutory interest). Chipshol's claim regarding tax damage was rejected. Both parties lodged appeals in cassation against the interlocutory decisions and the final decision.

On 28 January 2009, the Court of Haarlem gave an interlocutory decision in the proceedings under Section 55, to the effect that – briefly put – there would be no value increase immediately after the development ban was lifted. The Court suspended its final decision in view of the appeals in cassation pending before the Supreme Court in the proceedings under Section 50. By now the Supreme Court has dismissed the appeals in cassation of both Chipshol and Schiphol Group against the earlier interlocutory decisions of the Court of Haarlem, since these appeals concerned the procedural aspects of the case. Meanwhile, written documents have been exchanged in the main action and procedural steps will be completed shortly, whereupon the Supreme Court will give its decision. The security provided by Chipshol by means of a bank guarantee in favour of Schiphol Group will remain in place.

On 18 February 2009, the Council of State dismissed the appeal which Chipshol had lodged with the Court of Haarlem against the decision of the Minister of Transport, Public Works and Water Management to lift the development ban (on 28 June 2007) on this substantive point. This means that the legal validity of the decision to lift the ban is now final.

In view of the foregoing, the Management Board is of the opinion that, partly in view of the fact that the Supreme Court has not yet pronounced judgment in the appeals against the final decision in the cassation proceedings that were already pending in 2007, no adjustment is required to the estimate it made of Schiphol Group's net liabilities towards Chipshol at the time of the preparation of the financial statements for 2008. The Board expects that the remaining amount of the compensation which Schiphol Group will eventually have to pay to Chipshol with regard to the Groenenberg site will not exceed the provision made in this respect.

36. Other non-current liabilities

The analysis of the other non-current liabilities is as follows:

(in thousands of euros)	2008	2007
Purchased long leases	**86,449**	57,046
Liability to Martinair Holland NV	**-**	15,700
Unrealised profit on contribution in kind Schiphol Logistics Park CV	**4,590**	4,590
Liability to Stichting Mainport en Groen	**6,400**	-
Lease incentives	**539**	850
	97,978	**78,186**

The purchased long leases concern the rent instalments which Schiphol Group received in advance in respect of land leased out to third parties on a long lease. This item is credited to the profit and loss account over the term of the underlying contracts.

In connection with the closure announced by the Municipality of Haarlemmermeer of the present detention centre at Schiphol-Oost by 31 December 2012, the Government Buildings Agency (RGD) has decided to acquire a new plot at Schiphol Noordwest from Schiphol Group on a long lease for the purpose of building a new detention centre. The leasehold was granted in December 2008 for a period of 75 years and will be bought out for an amount of EUR 30.5 million to be paid no later than 1 October 2009.

Schiphol Group made EUR 8.5 million available to Stichting Mainport en Groen, which amount was charged to the financial year 2006. This amount was promised in 1996, with the agreement that payment would take place on the basis of more detailed plans. The first instalment was recognised under 'current liabilities' as at 31 December 2008 and paid to Stichting Mainport en Groen in January 2009. The item 'other non-current liabilities' includes the three remaining 25% instalments that will be paid in the coming three years. Stichting Mainport en Groen is dedicated to creating an attractive green landscape around Amsterdam Airport Schiphol.

In 2006, SRE BV contributed a site to Schiphol Logistics Park CV and in so doing acquired an interest in this company in excess of 38%. The difference between the fair value of the site at the time of its contribution, amounting to EUR 23.7 million, and the total historical cost of the site, of EUR 11.7 million is EUR 12 million. Applying the accounting policies, an amount in excess of 38% of this profit, representing SRE BV's share in Schiphol Logistics Park CV, or EUR 4.6 million, should be treated as unrealised.

Lease incentives concern the cost of benefits which Schiphol Group provided to tenants at the start of their lease. These are credited to the profit and loss account over the period during which the lease incentives apply.

37. Corporate income tax

The corporate income tax liability is calculated on the profit for reporting purposes, allowing for permanent differences between the profit as calculated for reporting purposes and for tax purposes. The corporate income tax liability on the fair value gains and losses (in the Netherlands) is recognised in the provision for deferred tax assets and liabilities. The corporate income tax liability of EUR 8.7 million shown in the balance sheet as at 31 December 2008 concerns the sum of the corporate income tax payable in respect of the years 2005–2008 net of provisional assessments already paid.

Differences between the corporate income tax paid according to the cash flow statement and the corporate income tax recognised in the profit and loss account concern additions to and withdrawals from deferred tax assets and liabilities, estimation differences between taxable amounts in provisional and final tax assessments, and settlements in respect of previous years.

38. Trade and other payables

The analysis is as follows:

(in thousands of euros)	2008	2007
Trade payables	**109,247**	84,529
Bank borrowings	**161,246**	82
Payable in respect of wage tax and social security contributions	**5,846**	5,269
Payable in respect of pensions	**611**	756
Interest payable	**24,045**	14,967
Liability in respect of airport nuisance 'distress' cases	**10,000**	10,000
Liability to Stichting Mainport en Groen	**2,100**	8,500
Accruals	**87,308**	80,758
Liability to Martinair Holland NV	**15,700**	-
Deferred income	**39,203**	30,921
Payable Air Passenger Tax	**60,207**	-
Purchased long leases	**1,162**	1,162
Lease incentives	**449**	1,197
Other payables	**19,985**	28,847
	537,109	**266,988**

As described in note 32, Schiphol Group launched a Euro-Commercial Paper (ECP) programme in 2008 with a limit of EUR 750 million. On 31 December 2008, an amount of EUR 161.2 million in short-term loans is still outstanding under the ECP programme, which loans are shown under 'bank borrowings'. The average remaining term is 1 month.

The liability of EUR 15.7 million to Martinair Holland NV results from a contract signed at the end of 2006 by SRE BV and Martinair Holland NV for the realisation of a new 13,000 m² head office for Martinair Holland NV at Schiphol-Oost. Through the early termination of its current long lease, which was due to expire in 2042, and its relocation from Schiphol-Centre to Schiphol-Oost, Martinair Holland NV is creating space for a possible future extension of the terminal. The investment concerns the acquisition by Schiphol Group of the beneficial title to the land in question. Martinair Holland NV will deliver this land to Schiphol Group as a construction site (free from buildings) after it has moved into its new head office and demolished its old head office. The amount of EUR 15.7 million was added to the book value of the relevant site under 'assets under construction used for operating activities'. Payment will be effected no later than 31 December 2009.

Schiphol Group made available EUR 10.0 million, chargeable to the 2006 financial year, for improvements in the living and working environment in the vicinity of the airport. The money, which is expected to be paid out in 2009, is earmarked for the benefit of local residents whose situation is 'distressing', namely those people who are severely affected by the air traffic but do not qualify for the various statutory schemes designed to provide compensation. Tailored solutions are being developed in an attempt to alleviate the problems of these residents. In 2008, an independent foundation (Stichting bevordering kwaliteit leefomgeving Schipholregio) was set up, which will coordinate the foregoing.

From 1 July 2008, Schiphol Group charges the Air Passenger Tax to the airlines on a monthly basis, while it makens quarterly payments of this tax to the government. The liability of EUR 60.2 million concerns the Air Passenger Tax for the last quarter of 2008.

The trade and other payables are included at fair value, which is usually the face value.

39. Contingent assets and liabilities

Pension scheme

Schiphol Group's pension scheme is administered by ABP. Based on the formal terms of the pension scheme, it qualifies as a defined benefit plan. This means that Schiphol Group ought to present its share of the present value of the defined benefit obligation, the plan assets and the income and expenses arising out of the scheme and would normally also be required to make related disclosures. However, Schiphol Group does not have access to sufficient information to apply the proper method of accounting for defined benefit plans. According to information from ABP, ABP is currently not in a position to supply the information necessary in order to account for the pension scheme as a defined benefit plan. There is no consistent and reliable basis for allocating the benefit obligations, plan assets and costs of the ABP scheme to individual affiliated employers participating in the plan because the schemes of the affiliated employers are exposed to actuarial risks associated with the existing and former employees of other affiliated employers. The scheme is consequently accounted for as a defined contribution plan. Schiphol Group recognises the pension contributions payable to ABP as an expense in the profit and loss account. Contributions due which have not yet been paid are presented as a liability in the balance sheet.

With regard to Schiphol Group's share in surpluses or deficits of the pension fund, it should be noted that the pension scheme does not contain any provisions whatsoever concerning additional contributions to the fund or withdrawals from the fund. For Schiphol Group, therefore, any surpluses and deficits will result exclusively in changes in the amount of the contributions payable in the future, which will depend on the financial position of the pension fund (and expectations in that regard), as reflected in the funding ratio. At year-end 2008, ABP had a funding ratio of 90%, which is below the statutory minimum level of 105%. ABP must therefore submit a recovery plan to the Dutch Central Bank at the latest at 31 March 2009. This recovery plan must show that the funding ratio is expected to exceed the minimum level of 105% within three years and the required level of 125% within 15 years. In part due to the foregoing, the ABP has decided not to apply indexation on 1 January 2009 to the pension benefits and pension entitlements accrued. However, the pension contribution for 2009 remains virtually unchanged.

Covenants on the future development of Amsterdam Airport Schiphol

December 2006 saw the creation of the Alders Platform, a consultative forum presided over by Mr Hans Alders. Its purpose is to advise the Government on balancing the requirements of aviation growth at Amsterdam Airport Schiphol, noise disturbance reduction and quality of the local environment for the short term (up to and including 2010) and the medium term (up to and including 2018/2020). All the parties involved are represented in the Alders Platform: the State (representatives of the Ministries of Transport, Public Works and Water Management (V&W) and Housing, Spatial Planning and the Environment (VROM)), the aviation parties (Schiphol Group, Air Traffic Control the Netherlands (LVNL), KLM), a number of regional and local authorities (the North Holland Provincial Authority, the Municipalities of Haarlemmermeer, Amstelveen, Uitgeest and Amsterdam) united in the Schiphol Regional Airport Governance Group (BRS), residents living in the vicinity of Amsterdam Airport Schiphol via the Schiphol Regional Consultative Committee (CROS), and the Association of Joint Platforms (VGP).

On 14 June 2007, the Alders Platform issued its advice on the future of Amsterdam Airport Schiphol and the region for the short term (up to 2010). The details of this advice were laid down in two covenants: "quality of life" and "disturbance-reducing measures at Amsterdam Airport Schiphol". On 1 October 2008, the Alders Platform presented its advice for the medium term (up to 2020) to the Ministers of V&W and VROM. The details of this advice were laid down in three covenants: "quality of the local environment for the medium term", "disturbance reduction and development of Amsterdam Airport Schiphol for the medium term" and "maintaining and strengthening the main-port function and network quality". The three latest covenants incorporate the arrangements of the two earlier covenants.

Covenant on the quality of the local environment for the medium term

The arrangements to be made under this covenant concern area-specific projects (improvement of the quality of the local environment in particular areas), individual measures (mitigation in individual cases of noise-related distress) and generic arrangements. Schiphol Group has provided EUR 10 million (chargeable to the financial year 2006) for the short term (up to 2010), earmarked exclusively for the funding of individual measures in distress cases. The State and the Province of Noord-Holland have also provided EUR 10 million each in order to fund all the above measures. Furthermore, if the chosen approach proves to be successful when measured against the substantive criteria from the covenant, the process and the availability of projects whose primary financing has been arranged, the three parties intend to provide a second amount of EUR 10 million each for the medium term (up to 2020).

Covenant on disturbance reduction and development of Amsterdam Airport Schiphol for the medium term

This covenant contains arrangements on subjects such as traffic volume and selectivity (a maximum traffic volume of 510,000 air transport movements per annum), operational concept and runway usage, and a new standards and enforcement system. With regard to disturbance-reducing measures Schiphol Group specifically undertakes, whether on its own or in collaboration with other parties, to take measures restricting ground-noise levels (a noise-reduction facility to the West of Runway 18R-36L, the sound barrier with supplementary facilities immediately behind it), to discourage operations with "bottom Chapter 3" aircraft (marginally conforming aircraft), to objectify criteria for prioritising the installation of new NOMOS monitoring points and to provide insight into the current quality assurance of the NOMOS system, to develop an environmental simulator providing insight into ground noise perception, and to extend the provision of information via the Local Community Contact Centre Schiphol (BAS).

Covenant on maintaining and strengthening the main-port function and network quality

The aviation sector expects that by 2020 there will be approximately 580,000 air transport movements per annum. This means that a gradually increasing number of around 70,000 extra air transport movements will have to be accommodated at regional airports during the period up to and including 2020. The parties are making every effort to ensure that the additional capacity at the regional airports of around 35,000 air transport movements in total can be realised before 31 December 2015, or as much earlier as the limit of 95% of the 510,000 air transport movements is attained. Decisions will be prepared before 31 December 2012, or as much earlier as deemed necessary by one or more of the parties, about a possible further extension of capacity at the regional airports. Schiphol Group will draw up its own vision of the development of the regional airports falling under its management responsibility, including the corresponding investments required. Schiphol Group, in cooperation with relevant parties, is developing measures to stimulate the transfer of non main-port related traffic to the regional airports.

Rerouting of the A9

In 2005, an agreement was signed by the Dutch Government, the North Holland Provincial Government, the Haarlemmermeer Municipal Authority, the Amsterdam Regional Governing Body, the City of Amsterdam and Schiphol Nederland BV concerning the financing of the rerouting of the A9 motorway near Badhoevedorp. On condition that the rerouting of the A9 meets the conditions stipulated by Schiphol Group relating to areas such as cost-effectiveness, easing of traffic flow and improved access to the airport zone, the company has undertaken to contribute towards the cost of the project up to a maximum amount of EUR 15.0 million, which will become payable in 2011 according to the existing timetable. This contribution will be subject to annual indexation, which has not yet been applied to the figure mentioned above.

In the spring of 2007, Schiphol Group and the Haarlemmermeer Municipal Authority reached agreement on a contribution of EUR 14.8 million from the Elzenhof area development budget for the diversion of the A9 motorway. This amount will be indexed. To this contribution Schiphol Group has attached the condition that irrevocable planning cooperation must be provided to the development of 100,000 m2 of the Elzenhof site that is owned by Schiphol Group. This cooperation may be in the form of an exemption from Article 19 or in the form of zoning plans. The latter co-determines the time at which Schiphol Group will make the abovementioned payment, and the relevant instalments.

Rerouting of the N201

In 2005, agreement was reached between the North-Holland Provincial Government and Schiphol Nederland BV concerning the financing of the project to reroute the N201 provincial road between Uithoorn and Hoofddorp. Under the terms of the agreement, Schiphol Group has promised to contribute up to EUR 5.0 million in cash (payable on completion in equal annual instalments) and up to EUR 7.0 million in kind. Conditions relating to completion of those parts of the project of material importance to Schiphol Group, guarantees regarding the airport's strategic and immediate interests and position as a main port, cost-effectiveness of the expenditure and transparency with regard to financial reporting have been attached to this contribution. The first instalment of the cash contribution falls due twelve months from the date on which the necessary spatial planning changes relating to those parts of the project of material importance to Schiphol Group are irreversibly approved. Current expectations are that this will be in 2012. In anticipation that the obligation would become unconditional, the secondment of Schiphol Group or third-party project management and support staff actually commenced in 2005 in fulfilment of the commitment to make a contribution in kind.

Runway 18L-36R

Maintenance work was carried out on Runway 18L-36R in 2006, involving partial resurfacing. After completion of the work, the runway had to be taken out of service on several occasions following damage to an aircraft. In connection with the damage to its aircraft, KLM has lodged a provisional claim for compensation with Schiphol Group amounting to EUR 16.0 million. Even if liable, Schiphol Group is insured.

Noise level violations

During the operating year 2007, which ended on 31 October 2007, the Transport, Public Works and Water Management Inspectorate (IVW), in anticipation of the amended Airport Traffic Ruling, from 13 July 2007 enforced the noise limit values laid down in this Ruling, which became formally effective on 8 October 2008. Based on an analysis of the actual noise impact levels, IVW established in May 2008 inter alia that the noise limit values at two noise impact measurement points had been exceeded in the period from 13 July to 31 October 2007. This involved 24 hour noise impact measurement point and one night-time noise impact measurement point. The IVW concluded that these violations were directly related to the major maintenance work on Runway 06-24 in September 2007 and the unusual weather conditions during this period. This had resulted in a change in runway usage, with frequent use of Runway 18C-36C for landings from the South. As this had been an exceptional situation, IVW expected that these violations would not happen again during the operating year 2008. This is why IVW did not impose any measures for the operating year 2008.

On 14 November, after the end of the operating year 2008, we informed IVW that two 24 hour noise impact measurement points and one night-time noise impact measurement point had registered noise impact levels in excess of the limit value laid down in the Airport Traffic Ruling. IVW will arrange for a so-called meteo clause calculation to be carried out in order to determine whether, and if so to what extent, the excessive noise levels at these measurement points were caused by unusual weather conditions. This investigation is still ongoing, and it is not known yet whether IVW will impose measures.

Water sanitation plan

In 2008, Schiphol Group drew up a sanitation plan in consultation with the Rijnland Polder Board. The plan provides insight into the use of glycol and potassium acetate in de-icing activities at the various locations in the Schiphol grounds and the effect of these emissions on water quality. The plan then describes the overall package of measures which Schiphol Group has undertaken to carry out as regards the removal, collection and purification of rainwater contaminated with glycol and potassium acetate from runways and aprons. The implementation of the plan is expected to last up to and including 2013.
The Schiphol Group Management Board cannot yet give a reliable estimate of the investments and costs which Schiphol Group will incur in the coming years resulting from of the sanitation plan.

Compensation for nitrogen dioxide

In 2008, the amended 'Schiphol Airport Traffic Ruling' (LVB) entered into force. The LVB is geared towards controlling the environmental impact of the air traffic to and from Amsterdam Airport Schiphol. Among other things, this ruling includes measures which will more than compensate for the expected increase in nitrogen dioxide concentrations. The LVB stipulates that Schiphol Group must equip at least 60% of the aircraft stands with a fixed power point and a preconditioned air unit by 1 January 2010. However, it cannot be ruled out that developments in traffic and transport during the period up to January 2010 will have the effect that Schiphol Group can confine itself to providing facilities for a smaller percentage of the aircraft stands, or that different measures are available that are sufficiently effective in improving the net air quality in terms of nitrogen dioxide levels (a minimum nitrogen dioxide reduction of 60%).
The Schiphol Group Management Board cannot yet give a reliable estimate of the investments and costs which Schiphol Group will incur in the coming years on account of the amended 'Schiphol Air Traffic Ruling'.

Airport charge increases

The Board of the Airlines Representatives in the Netherlands (Barin) and the Schiphol Airlines Operating Committee (SOAC) filed objections to the 2004, 2005 I and 2005 II, 2006 airport charge increases. The claimants assert that the decision ran counter to the principle of care, was without grounds and was in violation of the EU Treaty (abuse of a position of power). No ruling has so far been made on any of these objections. In Schiphol Group's estimation, there will be no need to repay any airport charges.

Capital expenditure commitments and obligations under other long-term contracts

For disclosures concerning commitments to invest in intangible assets and assets under construction or development already entered into on the balance sheet date, see the notes to intangible assets (note 14) and assets under construction or development (note 16), respectively. For disclosures concerning obligations (not shown in the balance sheet) under long-term contracts for maintenance, cleaning and the like, see the notes to the costs of outsourced work and other external charges (note 4).

Other contingent assets and liabilities

The company is committed to making a contribution in 2009 of EUR 0.6 million to the Schiphol Fund and has given guarantees for loans taken out by employees as well as other guarantees together totalling EUR 0.9 million. A bank guarantee amounting to EUR 2.3 million relating to payment commitments connected with the 'Storage in Underground Tanks' Order has been given to the Noord-Holland Provincial Authority.

Bank guarantees totalling EUR 3.2 million have been issued by the subsidiary Avioport SpA relating to the development of Avioport Logistics Park (the share for Schiphol Group being EUR 2.2 million). Villa Carmen Srl issued a bank guarantee to construction companies in the amount of EUR 5.5 million, of which EUR 4.4 million had been effectuated as at 31 December 2008 (the share for Schiphol Group being EUR 2.1 million).

Various other claims have been filed against NV Luchthaven Schiphol (hereafter: the company) and/or its group companies as well, and there are disputes which have still to be settled. All claims and disputes are being contested and the company has taken legal counsel regarding them. However, as it is impossible to predict the outcomes with any certainty it is not yet clear whether any of the cases will result in actual liabilities for the company and/or its group companies. Accordingly, no provisions have been included in the balance sheet in respect of these claims and disputes. Schiphol Group has provided a bank guarantee for EUR 1.8 million in connection with one of the claims against the company.

The company has also brought claims against third parties and has disputes pending in which it is claimant. Since it is not yet clear whether these cases will be resolved in the company's favour, no related receivables have been included in the balance sheet either.

40. Cash flow from operations

The analysis is as follows:

(in thousands of euros)	2008	2007
Result	**186,878**	**316,024**
Corporate income tax	**63,768**	79,146
Share in result of associates	**- 10,187**	- 10,896
Financial income and expenses	**53,682**	35,413
	107,263	**103,663**
Operating result	**294,141**	**419,687**
Adjustments for:		
Depreciation and amortisation	**172,022**	170,763
Impairment	**298**	3,935
Result on sales of property	**- 2,481**	- 2,810
Costs related to sales of property	**-**	- 868
Write-off of long-term receivables	**-**	1,600
Fair value gains and losses on property	**- 19,056**	- 111,673
Other non cash changes lease receivables and liabilities	**- 10,596**	- 2,738
Result on disposal of assets	**- 22**	- 211
Movements in employee benefits	**- 3,320**	- 9,055
	136,845	**48,943**
Operating result after adjustments	**430,986**	**468,630**
Change in working capital	**72,819**	**- 5,953**
Cash flow from operations	**503,805**	**462,677**

41. Acquisitions

The acquisitions can be analysed as follows:

(in thousands of euros)	2008	2007
Acquisition interest Aéroports de Paris (ADP)	**538,167**	-
Increase of interest in BACH Ltd	**28,085**	-
Increase of interest in AREB CV	**17,754**	-
Take over of liquor and tobacco retailing activities	-	25,203
	584,006	**25,203**

Acquisition of interest in Aéroports de Paris SA (AdP)

On 1 December 2008, Schiphol Group and Aéroports de Paris SA (AdP) acquired an 8% shareholding in each other. AdP is a listed company which builds, develops and manages the Paris airports Charles de Gaulle, Orly and Le Bourget. Schiphol Group acquired an 8% interest in AdP's share capital from the French State for a price of EUR 530 million, which is EUR 67 per share. The total cost amounts to EUR 538 million and includes acquisition costs for EUR 8 million.

Increase of interest in Brisbane Airport Corporation Ltd (BACH)

On 4 November 2008, Schiphol Group increased its interest in Brisbane Airport Corporation Holding Ltd (BACH) by 3.1% to 18.72%. To this end, Schiphol Group acquired a part of the shares held by the Queensland Government. The total cost, including the directly allocable costs, amounted to EUR 36.1 million. The 3.1% increase involves ordinary shares issued by BACH as well as redeemable preference shares. The latter shares had a fair value of EUR 7.8 million on the acquisition date, and have been stated for that amount under 'loans to associates'. The cost of the ordinary shares was EUR 28.1 million and has been recognised under 'associates'.

Increase of interest in Airport Real Estate Basisfonds CV (AREB)

On 1 July 2008, Schiphol Group increased its interest in AREB from 50% to 60.25% by acquiring a part of the shares held by ING Real Estate. Following this acquisition, Schiphol Group and the other shareholders have continued to have their joint control of the company.

Application of *purchase price allocation*

As regards the acquisition of additional shares in AREB, the cost was equal to the net asset value of the ACRE Fund as at 1 July 2008. The majority of the AREB assets and liabilities is valued at fair value or a value that may be regarded as a close approximation of that value. Therefore the acquisition did not result in the recognition of goodwill.

At the time of preparation of the financial statements there was not enough information available regarding the acquisitions in AdP and BACH to carry out the purchase price allocation in accordance with IFRS 3, Business Combinations. As a result, management had to use estimates in the recognition of these interests and the related disclosures.

The net value of assets and liabilities of the acquired shareholdings in AdP and BACH on the acquisition date is estimated at EUR 254 million (EUR 242 million for AdP and EUR 12 million for BACH), based on the accounting policies of the associate concerned. The difference with the total cost of the two acquisitions of EUR 566 million (EUR 538 million for AdP and EUR 28 million for BACH), amounting to EUR 312 million, has got to be allocated to differences between the fair value and book value of assets, intangible assets not shown in the balance sheets of the associates and goodwill. In accordance with IFRS 3.62, this allocation will be finalised within 12 months after the acquisition date.

The net value of the assets and liabilities of the 8% interest in AdP of EUR 242 million equals 8% of the shareholders' equity as at 30 June 2008 of EUR 2,914 million, increased by 8% of EUR 106 million, which is an estimate by the Schiphol Group management of AdP's result for the period from 1 July 2008 to 30 November 2008.

All estimates are provisionally made and for AdP these estimates are based on the publically announced results of the first half year 2008, results of 2007 and the traffic and transport figures for 2008.

Takeover of liquor and tobacco activities from KLM Tax Free Services

With effect from 3 January 2007, Schiphol Group took over the liquor and tobacco retail activities in the See Buy Fly area from KLM Tax Free Services. The consideration agreed for the takeover of the liquor and tobacco retail activities, amounting to EUR 25.2 million in total, is equal to the net fair value of the identifiable fixed assets and non-current liabilities. An important part of the takeover consideration (EUR 24.0 million) has been allocated to the concession contracts taken over from KLM Tax Free Services. These contracts have been recognised within Schiphol Nederland BV as contract-related assets. This is the main reason for the increase in 'intangible assets'. These assets are amortised on a straight-line basis over a five-year period at the expense of the item 'depreciation and amortisation' in the profit and loss account. The remaining part of the takeover consideration (EUR 1.2 million) has been allocated to the other fixed assets (EUR 1.3 million) and non-current liabilities (EUR 0.1 million) recognised by Schiphol Airport Retail BV. No goodwill has been recognised in connection with the takeover.

Events after the balance sheet date

Reorganisation of Schiphol Group

A significant decline in transport figures and worsening international competition have forced Schiphol Group to adjust its organisation. The Management Board expects that, as a result, Schiphol Nederland BV will have 10% to 25% fewer employees at Amsterdam Airport Schiphol by the end of next year (currently around 2,200). The staff reductions will be achieved through natural alteration, outsourcing of activities and job cuts. Schiphol Group has agreement with the trade unions to draw up a redundancy plan in the near future. The Central Works Council will be given the opportunity in the near future to issue an opinion.

Decision of the Court of Haarlem regarding the Groenenberg site

On 28 January 2009, the Court of Haarlem gave an interlocutory decision in the proceedings under Section 55, to the effect that – briefly put – there would be no value increase immediately after the development ban was lifted. The Court suspended its final decision in view of the appeals in cassation pending before the Supreme Court in the proceedings under Section 50. By now the Supreme Court has dismissed the appeals in cassation of both Chipshol and Schiphol Group against the earlier interlocutory decisions of the Court of Haarlem, since these appeals concerned the procedural aspects of the case. Meanwhile, written documents have been exchanged in the main action and procedural steps will shortly be completed, whereupon the Supreme Court will give its decision. On 18 February 2009, the Council of State dismissed the appeal which Chipshol had lodged with the Court of Haarlem against the decision of the Minister of Transport, Public Works and Water Management to lift the development ban (on 28 June 2007) on this substantive point. This means that the legal validity of the decision to lift the ban is now final. For brevity's sake, reference is made to note 35, dealing with other provisions.

Related Party Disclosures

Shareholders

The shareholders are:

State of the Netherlands	69.77%
City of Amsterdam	20.03%
Aéroports de Paris	8.00%
City of Rotterdam	2.20%

Dividend policy

The dividend amounts to 40% of the net result attributable to shareholders, excluding the fair value gains and losses on investment property after tax.

Operation of the airport

In its legislative capacity, the government (State of the Netherlands) is responsible for the legislation governing the operation of Amsterdam Airport Schiphol, which is provided for indefinitely in law in Chapter 8, Part 4, of the Aviation Act and other legislation.

Sections 8.7 and 8.17 of the Aviation Act set forth the constraints on the development and use of Amsterdam Airport Schiphol. The Airport Traffic Decree lays down rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety. The Airport Planning Decree describes the airport zone and the restrictions governing the use of the area in and around the airport.

Pursuant to the provisions of Section 8.18 of the Aviation Act, the operator is under obligation to keep the airport open in accordance with the rules laid down in the Airport Traffic Decree. The operator may ignore this requirement if necessary in the interests of safety. The airport operator together with the provider of air traffic services and the airlines is required to promote the smooth operation of air traffic in accordance with the Airport Traffic Decree.

Pursuant to the provisions of Section 8.25a of the Aviation Act, the operator of Amsterdam Airport Schiphol is under obligation to operate the airport, making such provisions as are necessary for the proper handling of the airport traffic and the associated transport of persons and goods, having due regard to the provisions of Section 8.3 of the Aviation Act -- the objective of achieving sustainable growth of Schiphol as a main port. This concerns important elements of the services provided by an airport, such as the runway system, the baggage system, the aircraft parking aprons, the terminal building, the piers and the gates etc.

Airport operation imposes a duty of care on the operator to record the threat to public safety and the environmental impact associated with air traffic. In that context, the operator is required to perform measurements and computations necessary in order to maintain such records.

Chapter 3A of the Aviation Act contains the obligations incumbent on the operator with regard to airport safety. The specific requirements are laid down in Section 37, paras. b–e.

Chapter 6 of the Aviation Supervision Rules requires the operator to take certain precautions with regard to the safety of the airfield such as marking of obstacles, installation of airfield lighting, provision of fire services and general maintenance of the airfield. In that context, the operator is under obligation to take measures to ensure effective supervision of safety and good order on the airfield. For this purpose, the operator has set up a safety management system which has been certified by the authorities.

Supervision of operation

There are two lines along which supervision of the operation of Amsterdam Airport Schiphol is exercised.

- One line of supervision concerns preventing of use of a position of economic power by the operator. The body responsible for this supervision is the Netherlands Competition Authority (NMa). The supervision relates to the charges and the conditions fixed by the operator pursuant to Section 8.25d of the Aviation Act to be met by the airport users in the forthcoming year. The charges are regulated on the basis of the mandatory annual consultation of users by the operator concerning the proposed charges and conditions for the forthcoming tariff year. In submitting its proposal, the operator provides the users with a statement of the level of service to be provided as measured by the indicators stipulated in the Amsterdam Airport Schiphol Operation Decree. The NMa exercises supervision on the basis of complaints from users concerning the question of whether the charges have been arrived at in accordance with the statutory requirements. By law, the charges for all of the airport activities should be transparent. This also applies to the revenue from activities that are directly associated with the aviation activities at the airport that are factored into the charges. For this purpose, the operator is required to keep separate accounts for the airport activities, including subaccounts for the costs of security relating to passengers and their baggage and the revenue generated by security charges. For the income and expenses of these activities, the operator has implemented an industry-standard allocation system that is proportionate and comprehensive. The NMa, after consulting the airlines, approved the allocation system in 2007.

- The other line of supervision involves the Ministry of Transport, Public Works and Water Management and relates to the operation of Amsterdam Airport Schiphol, for which a licence has been granted pursuant to Section 8.25 of the Aviation Act. The operator reports to the Minister on the operation of the airport at least once every three years, in particular concerning the investments that are important to the development of the airport. Based on information obtained from the operator, the Minister makes an assessment of whether the airport is in danger of being mismanaged in a way which could jeopardise its continuity. The ability to foster the main port status of the airport, to the extent that the operator is able to influence that status, is particularly dependent on the development of the airport infrastructure in the medium and long term.

Incidentally, the Aviation Act provides for the exchange of information between the two regulators to avoid the need for the operator to provide the same information more than once.

Supervisory Board

The disclosure of the remuneration of members of the Supervisory Board required by Section 2:383c of the Netherlands Civil Code is as follows:

(in euros)	2008	2007
Jan Kalff	**44,000**	50,000
Hans van den Broek	**29,000**	29,000
Frans J.G.M. Cremers	**36,250**	39,750
Trude A. Maas-de Brouwer	**39,000**	41,500
Anthony Ruys	**29,000**	29,000
Willem F.C. Stevens	**40,000**	48,500
Toon H. Woltman	**29,000**	32,750
Total	**246,250**	**270,500**

The Supervisory board Chairman's remuneration is EUR 33,000 per annum. The ordinary members receive directors' fees of EUR 24,000 per annum. In addition to the above remuneration, membership of a Supervisory Board committee confers the right to supplementary remuneration. Audit Committee members receive an additional fee of EUR 6,000, Remuneration Committee members receive an additional EUR 5,000 per annum, Public Affairs & Corporate Responsibility Committee members receive an additional EUR 5,000 per annum and Members of the Selection and Appointments Committee also receive an additional fee of EUR 5,000 per annum.

All the members of the Supervisory Board also receive expense allowances of EUR 1,600 per annum, which have not been included in the above remuneration for members of the Supervisory Board.

No shares, options, loans, advances or guarantees have been or will be granted to members of the Supervisory Board.

Management Board

The disclosure of the remuneration of members of the Management Board required by Section 2:383c of the Netherlands Civil Code is as follows. The amounts paid to Maarten de Groof relate to the period from 1 February to 31 December 2008, while the amounts paid to Jos Nijhuis relate to the period from 1 October to 31 December 2008.

The regular salary comprises gross pay plus holiday allowances. With effect from 1 January 2008, the regular salaries of the Management Board members were increased by 2.75%, reflecting current salary increases for employees covered by the CLA.

Regular salary (in euros)	2008	2007
Gerlach J. Cerfontaine	**375,459**	365,410
Pieter M. Verboom	**293,285**	285,436
Ad Rutten	**293,285**	285,436
Maarten M. de Groof	**268,002**	-
Jos Nijhuis	**93,865**	-
Total	**1,323,896**	**936,282**

The annual bonus payable (short-term bonus scheme) depends on the achievement of financial targets, a number of personal performance targets and the Supervisory Board's assessment regarding general performance. The financial target is given by the net result divided by the average shareholders' equity (ROE) according to the budget for the year approved by the Supervisory Board. The personal performance targets may vary from year to year. The on-target level of the short-term bonus is 35% of the fixed salary, with achievement of the financial target accounting for approximately two-thirds of the total short-term variable remuneration. If the financial targets are exceeded, the bonus payable can be up to 1.625 times the on-target level for that component for the CEO, for the other members of the Management Board this can be up to 1.67. In the event of exceptional performance the maximum short-term bonus for the CEO can be 47,5% of the fixed salary and for the other members of the Management Board this can be 45.1%. The extent to which the targets have been achieved is determined partly on the basis of the audited financial statements.

Based on the assessment by the Supervisory Board of the extent to which the targets were achieved, the following bonus has been charged to the result for 2008 in respect of the bonus scheme (short-term) for 2008.

Bonus payments (short term) (in euros)	2008	2007
Gerlach J. Cerfontaine	**150,183**	146,164
dr. P.M. Verboom	**107,782**	121,453
Ad P.J.M. Rutten	**113,648**	121,453
Maarten M. de Groof	**98,491**	-
Jos Nijhuis	**32,853**	-
Total	**502,957**	**389,070**

Schiphol Group is not a listed company and therefore does not have the ability to award Schiphol Group shares or share options. Instead, to foster the achievement of Schiphol Group's long-term objectives, there is a long-term bonus scheme which rolls forward over a three-year period. The long-term bonus is a remuneration component payable each year with an on-target level of 35% of the fixed salary, depending on the cumulative economic profit realised over a period of three successive years, based on the medium-term business plan approved by the Supervisory Board. If the company performs exceptionally well, the bonus may be increased up to a maximum of 52.5% of the fixed salary.

The long-term bonus in each case relates to the period of three years from the time of award of the bonus (the reference period):

- The performance criteria for the 2006 long-term bonus relate to the economic profit for the three-year period 2006, 2007 and 2008, with payment, if applicable, made in 2009.
- The performance criteria for the 2007 long-term bonus relate to the economic profit for the three-year period 2007, 2008 and 2009, with payment, if applicable, made in 2010.
- The performance criteria for the 2008 long-term bonus relate to the economic profit for the three-year period 2008, 2009 and 2010, with payment, if applicable, made in 2011.

At the end of each year, an estimate is made of the amount of the bonus payable on conclusion of the three-year period. During the reference period, a pro rata part thereof is charged each year to the result for the relevant year. Payment is only made if the relevant Management Board member is still employed by the company at the end of the three-year period. If it is mutually agreed that the contract of employment should be terminated, the award is made pro rata. It is also possible in that case to calculate and pay out future bonuses in advance.

In respect of the bonus scheme (long-term), the foregoing results in the recognition of the following provisions chargeable to 2008:

- one-third of the long-term bonus for 2006 including swing factor (reference period 2006–2008),
- one-third of the long-term bonus for 2007 including swing factor (reference period 2007–2009); and
- one-third of the long-term bonus for 2008 including swing factor (reference period 2008–2010.

The foregoing gives rise to the following costs chargeable to the financial year:

Bonus payments (long term) (in euros)	2008	2007
Gerlach J. Cerfontaine	**191,887**	187,018
Pieter M. Verboom	**149,890**	146,086
Ad P.J.M. Rutten	**149,890**	98,565
Maarten M. de Groof	**51,325**	-
Total	**542,992**	**431,669**

In 2008, payment was made of the 2005 long-term bonus, for which provisions had been built up. Accordingly, the payment did not lead to a charge on the 2008 result. In 2009, payment will be made out of the provisions accumulated for the 2006 long-term bonus, relating to the economic profit over the three-year period 2006 , 2007 and 2008.

The pension costs presented below concern the payment of regular pension contributions.

Pension costs (in euros)	2008	2007
Gerlach J. Cerfontaine	**81,453**	77,224
Pieter M. Verboom	**63,128**	59,828
Ad P.J.M. Rutten	**63,128**	59,828
Maarten M. de Groof	**64,769**	-
Jos Nijhuis	**22,845**	-
Total	**295,323**	**196,880**

The other payments concern allowances for private healthcare insurance costs and entertainment expenses, the employers' share of social security contributions and various non-recurring benefits.

Other payments (in euros)	2008	2007
Gerlach J. Cerfontaine	**8,855**	11,249
Pieter M. Verboom	**8,653**	9,708
Ad P.J.M. Rutten	**8,653**	9,708
Maarten M. de Groof	**6,212**	-
Jos Nijhuis	**2,156**	-
Total	**34,529**	**30,665**
Total remuneration to the Management Board charged to profit and loss	**2,699,697**	**1,984,566**

Past-service cost of Management Board pensions

Pension is arranged on the basis of an average-pay scheme applicable since 1 January 2004, and in accordance with the standard Algemeen Burgerlijk Pensioenfonds rules. For Mr Gerlach Cerfontaine and Mr Pieter Verboom, the new arrangements do not materially alter their existing pension rights, as it has been decided to honour the contractual rights previously agreed with them. Mr Gerlach Cerfontaine retired on attaining the age of 62 with defined retirement benefits amounting to 70% of his fixed salary. In this connection, the resulting pension commitments were paid up as at 31 December 2008. Mr Pieter Verboom and Mr Ad Rutten have the option of retiring at the age of 62, likewise with defined retirement benefits equalling 70% of their total fixed salary. To this, a supplementary allocation is made each year for the so-called ABP Extra Pension (AEP), in addition to the accrual under the ABP pension scheme. Mr Jos Nijhuis and Mr Maarten De Groof take part in the ABP average-pay scheme (under which retirement benefits are paid from the age of 65) but may contractually retire at the age of 62 as well. Although their benefits are not based on final pay, they are entitled to a fixed annual payment towards a life-course savings scheme to compensate for the missing pension accrual years between the ages of 62 and 65. The amount of the contribution payable for the pension scheme is calculated each year by ABP and is paid by the company. The contributions for a 'partner plus' pension – where applicable – are paid by the members of the Management Board themselves. The costs chargeable to the financial year resulting from the foregoing are summarised in the following table (not included in the total remuneration of the Management Board members set out above):

Past service costs (in euros)	2008	2007
Gerlach J. Cerfontaine	**305,635**	80,000
Pieter M. Verboom	**163,175**	48,711
Ad P.J.M. Rutten	**66,910**	17,519
Maarten M. de Groof	**24,597**	-
Jos Nijhuis	**8,615**	-
Total	**568,932**	**146,230**

Subsidiaries

The following subsidiaries are fully consolidated:

	Registered in	Direct / indirect interest in %
Schiphol Nederland BV [1]	Schiphol	100.00
Schiphol Australia Pty Ltd	Schiphol	100.00
Schiphol North American Holding Inc	Delaware	100.00
Schiphol Retail US Inc	Delaware	100.00
Schiphol Services Inc	Delaware	100.00
Eindhoven Airport NV	Eindhoven	51.00
Schiphol Asia Sdn. Bhd.	Kuala Lumpur	100.00
NV Luchthaven Lelystad [1]	Lelystad	100.00
Schiphol USA Inc	New York	100.00
Schiphol USA LLC	Delaware	100.00
Rotterdam Airport BV [1]	Rotterdam	100.00
Rotterdam Airport Supplies Services BV	Rotterdam	100.00
Rotterdam Airport Holding BV [1]	Rotterdam	100.00
Rotterdam Airport Vastgoed BV	Rotterdam	100.00
Beheer- en beleggingsmaatschappij Balnag BV	Schiphol	100.00
Brisbane Airport Real Estate BV	Schiphol	100.00
Malpensa Real Estate BV	Schiphol	100.00
Malpensa Real Estate Italy Srl	Lonate Pozzolo	100.00
Malpensa Real Estate II BV	Schiphol	100.00
Schiphol Real Estate Caravelle BV	Schiphol	100.00
Schiphol Dienstverlening BV [1]	Schiphol	100.00
Schiphol Flexservices BV	Schiphol	100.00
Schiphol International BV	Schiphol	100.00
Schiphol Project Consult BV [1]	Schiphol	100.00
Schiphol Real Estate Logistics Park BV	Schiphol	100.00
Schiphol Real Estate BV [1]	Schiphol	100.00
Schiphol Real Estate Eindhoven BV	Schiphol	100.00
Schiphol Real Estate Eindhoven Finance BV	Schiphol	100.00
Schiphol Real Estate Eindhoven II BV	Schiphol	100.00
Schiphol Real Estate International BV	Schiphol	100.00
Schiphol Real Estate Tristar BV	Schiphol	100.00
HAFOK BV	Schiphol	100.00
Schiphol Real Estate World Trade Center BV [1]	Schiphol	100.00
Schiphol Real Estate Italy Srl	Lonate Pozzolo	100.00
Airport Real Estate Management BV	Schiphol	100.00
Airport Property Management BV	Schiphol	100.00
Dartagnan BV	Amsterdam	100.00
Dartagnan Biometric Solutions US Inc	New York	100.00
Avioport Spa	Lonate Pozzolo	70.00
Schiphol Telematics BV [1]	Schiphol	100.00
Schiphol Consumer Services Holding BV	Schiphol	100.00
Schiphol Airport Retail BV	Schiphol	100.00
European Chinese Trade Center BV	Schiphol	100.00

[1] The provisions of Section 403, Book 2, of the Netherlands Civil Code apply with respect to these companies

Joint ventures

The interests in the following companies are proportionately consolidated:

	Registered in	Direct / indirect interest in %
Airport Real Estate Basisfonds CV	Schiphol	60.25
Schiphol Travel Taxi BV	Schiphol	50.00
Flight Square Beheer BV	Schiphol	50.00
Flight Square CV	Schiphol	50.00
Flight Forum Beheer Vennoot BV	Eindhoven	50.00
Beheer Personeelsrestaurant Schiphol BV	Schiphol	50.00
VOF Proefdraaiplaats Holding 27	Schiphol	50.00
P.T. Angkasa Pura Schiphol	Jakarta	50.00
Pantares Tradeport Asia Ltd	Hong Kong	50.00
Arlanda Schiphol Development Company AB	Stockholm	40.00
Villa Carmen BV	Amsterdam	47.44
Villa Carmen Srl	Milan	47.44

The subsidiary Airport Real Estate Management BV and joint ventures Flight Forum Beheer BV and Flight Square Beheer BV, as managing partners, bear joint and several liability for the debts of Airport Real Estate Basisfonds CV, Flight Forum CV and Flight Square CV, respectively.

Similarly, Schiphol Nederland BV bears joint and several liability for the debts of VOF Proefdraaiplaats Holding 27.

Despite the fact that Schiphol Group has an interest of more or less than 50% in the companies Airport Real Estate Basisfonds CV, Arlanda Schiphol Development Company AB, Villa Carmen BV and Villa Carmen Srl, there is joint control and the interests in the companies concerned are therefore proportionately consolidated. In the contractual arrangements establishing these joint ventures, the venturers have agreed that decisions on important strategic, financial and operational matters shall require their unanimous consent.

Abridged balance sheet for Schiphol Group's interests in the proportionately consolidated companies:

(in thousands of euros)	31 December 2008	31 December 2007
Assets		
Non-current assets	**225,868**	198,657
Current assets	**19,038**	12,248
	244,906	**210,905**
Equity and liabilities		
Total equity	**111,772**	113,136
Non-current liabilities	**122,101**	86,823
Current liabilities	**11,033**	10,946
	244,906	**210,905**

Abridged profit and loss account for Schiphol Group's share in the results of these companies:

(in thousands of euros)	31 December 2008	31 December 2007
Revenue	**23,389**	**25,104**
Other income, from property	**- 5,098**	10,870
	18,291	35,974
Total operating expenses	**10,169**	**12,585**
Operating result	**8,122**	**23,389**
Financial income and expenses	**- 5,475**	- 3,876
Share in result of associates	**628**	- 369
Result befor tax	**3,275**	**19,144**
Corporate income tax	**- 1,481**	- 245
Result	**1,794**	**18,899**

Associates

As at 31 December 2008, this concerns the investments in the following companies measured by applying the equity method:

	Registered in	Direct / indirect interest in %
Flight Forum CV	Eindhoven	49.00
Brisbane Airport Corporation Holdings Ltd	Brisbane	18.72
JFK IAT LLC	New York	40.00
Cargonaut BV	Schiphol	36.93
Schiphol Area Development Company NV	Schiphol	33.33
Schiphol Logistics Park BV	Schiphol	45.00
Schiphol Logistics Park CV	Schiphol	38.08
Tradeport Hong Kong Ltd	Hong Kong	18.75
Airport Medical Services BV	Haarlemmermeer	20.00
Airport Medical Services CV	Haarlemmermeer	20.00
Chinamex Europe Trade & Exhibition Center BV	Haarlemmermeer	15.00
Aéroports de Paris SA	Paris	8.00

Apart from SRE BV, Schiphol Area Development Company BV and Schiphol Logistics Park BV have interests in Schiphol Logistics Park CV of 3.03% and 0.04%, respectively. These interests are not included in the above interest of 38.08%.

Schiphol Group has an interest of 18.72% in Brisbane Airport Corporation Holdings Pty Ltd. The latter company owns 100.00% of Brisbane Airport Corporation Holdings No.2 Pty Ltd, which in turn owns 100.00% of Brisbane Airport Corporation Ltd. (BACL). Despite Schiphol Group's interest in Brisbane Airport Corporation Ltd (BACL) being smaller than 20%, the company does have a significant influence on the basis of the following considerations:

- Schiphol Group has a blocking vote with respect to a variety of important decisions which can only be taken by the shareholders' meeting with a majority in excess of 90%;
- Schiphol Group has the right to appoint three out of the nine members of the Board of Directors, each of whom has equal voting rights, meaning that the members appointed by Schiphol Group represent 33.3% of the votes;
- The existence of a Technical Services Agreement between Schiphol Group and BACL under which Schiphol Group has, for instance, the sole right to put forward candidates for Managing Director (Chief Executive Officer); and
- The existence of an Intellectual Property Agreement between Schiphol Group and BACL under which BACL is able to share Schiphol Group's expertise relating to the operation and development of an airport.

Schiphol Group has an interest of 8% in Aéroports de Paris SA (AdP). Despite Schiphol Group's interest in AdP being smaller than 20%, the company does have significant influence based on the following considerations:

- It involves a long-term cooperation and a cross participation;
- An Industrial Cooperation Committee (ICC) has been set up which supervises the cooperation between the two parties in eight specified areas of operation. Each company has four representatives on this committee, which is chaired alternately by the Presidents of AdP and Schiphol Group;
- The President (CEO) of Schiphol Group is nominated as a member of the AdP strategy committee and as such will be able to exert significant influence on strategic decisions of the AdP one-tier board;

- The President (CEO) and Financial Director (CFO) of Schiphol Group will sit on the AdP one-tier board;
- Joint international airport projects will be developed in the future, whereby our focus will be on reinforcing the dual hub within the SkyTeam international network.

The fair value of Aéroports de Paris SA (AdP), derived from the market price of the share as at 31 December 2008, amounts to EUR 4.8 billion. Our share in this amounts to EUR 384 million.

The City of Amsterdam (24.3% interest), the Haarlemmermeer Municipal Authority (24.3% interest), Schiphol Group (33.3% interest) and the North Holland Provincial Government (18.1% interest) established the land development company Schiphol Area Development Company NV (SADC) as a public-private partnership in 1987. SADC's object is to safeguard and enhance the economic position of Amsterdam Airport Schiphol and surrounding areas through the ongoing development of business locations and supporting infrastructure projects.

On 22 December 2005, the shareholders signed a new partnership agreement concerning the sale and development of land in the Amsterdam Airport Area. The agreement covers the coordinated development of office and business parks in the immediate vicinity of Amsterdam Airport Schiphol. In addition to the sites already managed by SADC, the company will be coordinating the development and construction process on behalf of the shareholders with regard to six new sites with a combined area of approximately 360 ha. SADC is also responsible for the international marketing and release of the sites.

Below is some financial information relating to the Schiphol Group share of the above associates:

(in thousands of euros)	2008	2007
Total assets	**773,753**	262,261
Total equity	**236,510**	1,868
Revenue	**305,961**	90,082
Net result	**75,513**	25,058

At the time when these financial statements were compiled, Schiphol Group did not yet possess the complete financial information for 2008 (profit and loss account) or as at 31 December 2008 (balance sheet) for all the aforementioned associates. This is partly attributable to the non-calendar financial year of some of these associates. With regard to certain associates, therefore, the above financial information has been compiled on the basis of the most recent financial data available to Schiphol Group. In nearly all cases this information is not older than three months.

The equity presented includes negative equity of Brisbane Airport Corporation Holdings Pty Ltd and JFK IAT LLC (together amounting to EUR 54 million negative as at 31 December 2008). There is no obligation incumbent on Schiphol Group to make good this negative equity. The investments in the associates concerned have therefore been presented at a net asset value of nil.

The fact that the above financial information relating to the associates in certain cases relies on information for different financial years plus the fact that several investments are currently carried at a value of nil mean that the above figures are not reconcilable with information contained elsewhere in these financial statements.

As at 31 December 2008, Tradeport Hong Kong had a loan outstanding of EUR 21.8 million, with a guarantee covering 20% of this amount. On the basis of Schiphol Group's share in Tradeport Hong Kong (18.75%), the amount of the maximum guarantee attributable to Schiphol Group is EUR 0.8 million. Because of Tradeport Hong Kong's negative equity, the interest was valued at zero. Schiphol Group has also given guarantees for a maximum amount of EUR 5.9 million in respect of the liabilities of Tradeport Hong Kong relating to land on which the company has a concession for the operation of the logistics centre.

As at 30 June 2008, Brisbane Airport Corporation Ltd (BACL) had a contingent liability on the basis of passenger and traffic growth forecasts to capital expenditure at Brisbane Airport totalling EUR 170 million over a multiple-year period. For the coming years, major expansions have been planned in the form of a new runway and an extension of the terminals and the infrastructure. On the basis of our indirect interest of 18.72% in BACL, the associate's contingent liability amounts to EUR 31.8 million.

Schiphol, 18 February 2009
For the consolidated financial statements for 2008:

Supervisory Board

Peter-Jan Kalff, Chairman
Anthony Ruys, Vice-chairman
Hans van den Broek
Frans J.G.M. Cremers
Trude A. Maas-de Brouwer
Willem F.C. Stevens
Toon H. Woltman

Management Board

Jos A. Nijhuis, President (as of January 1st 2009)
Maarten M. de Groof, Chief Commercial Officer
Ad P.J.M. Rutten, Chief Operations Officer
Pieter M. Verboom, Chief Financial Officer

Corporate Profit and Loss Account for 2008

(in thousands of euros)	2008	2007
Result on ordinary activities after tax	**- 1,536**	910
Result of subsidiaries	**188,412**	314,876
Result attributable to shareholders (net result)	**186,876**	**315,786**

Corporate balance sheet as at 31 December 2008

Before proposed profit appropriation

Assets

(in thousands of euros	Note	31 December 2008	31 December 2007
Non-current assets	42		
Investments in subsidiaries		**2,329,457**	2,895,859
Investments in associates		**538,867**	-
Other financial interests		**6,668**	16,590
		2,874,992	**2,912,449**
Current assets	43		
Receivables		**970**	26,452
Cash and cash equivalents		**984**	1,789
		2,876,946	**2,940,690**

Equity and liabilities

(in thousands of euros)	Note	31 December 2008	31 December 2007
Issued share capital		**84,511**	77,712
Share premium		**362,811**	-
Retained profits		**1,800,319**	2,175,373
Translation differences reserve		**- 21,404**	11,667
Revaluation reserve		**413,607**	331,572
Other statutory reserves		**41,570**	25,839
Net result of the year		**186,876**	315,786
Shareholders' equity	44	**2,868,290**	**2,937,949**
Employee benefits	45	**1,026**	-
Current liabilities	**46**	**7,630**	**2,741**
		2,876,946	**2,940,690**

General

The corporate financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code, utilising the option provided by Section 2:362, subsection 8, of the Netherlands Civil Code of applying the same accounting policies for the corporate financial statements as have been applied in preparing the consolidated financial statements.

Use has also been made of the provisions of Section 2:402 of the Netherlands Civil Code, permitting presentation of an abridged profit and loss account.

Accounting policies

General

The accounting policies for the corporate financial statements are the same as for the consolidated financial statements. Where no specific policies are mentioned, reference should therefore be made to the accounting policies relating to the consolidated financial statements.

Subsidiaries

Companies in which Schiphol Group is able to exercise control or which Schiphol Group effectively manages are carried at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements.

If the share of losses attributable to Schiphol Group exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless Schiphol Group has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities.

Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results arise on transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

Elements of shareholders' equity

Various statutory reserves required by Part 9, Book 2, of the Netherlands Civil Code have been retained in the corporate balance sheet which form part of the retained profits in the consolidated balance sheet. These reserves restrict the ability to distribute equity. They are the reserve for property revaluations, the reserve for intangible assets and the reserve for participating interests. The latter two reserves have been combined under other statutory reserves.

The revaluation reserve (Section 2:390.1) is maintained in respect of fair value gains on individual items of investment property (buildings and land) held by companies forming part of Schiphol Group. Additions to this reserve are made via the profit appropriation, after allowing for corporate income tax. On the sale of investment property, the amount of the revaluation reserve for the property in question is transferred to other reserves.

The reserve for intangible assets (Section 2:365.2) is maintained in connection with capitalised research and development costs (software) carried by companies forming part of Schiphol Group.

The reserve for investments in associates (Section 2:389.6) is formed in respect of the share in the positive results of the entities concerned and in fair value gains accounted for directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses accounted for directly in equity and any distributions which Schiphol Group would be able to effect without restriction.

Total equity in the consolidated balance sheet includes a exchange differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves (included collectively in the corporate financial statements under the heading of 'Other reserves of Schiphol Group') are also presented as part of corporate shareholders' equity since they likewise restrict the ability to distribute the reserves.

Notes to the corporate balance sheet and profit and loss account

Where the notes to the corporate balance sheet and profit and loss account are not materially different from the notes to the consolidated balance sheet and profit and loss account, they have not been repeated here and the notes to the consolidated balance sheet and profit and loss account should be consulted for the items concerned.

42. Non-current assets

The analysis and movements were as follows:

(in thousands of euros)	Investment in subsidiaries	Investment in associates	Other financial interests	Total
Carrying amount as at 31 December 2006	**2,618,422**	**-**	**15,624**	**2,634,046**
Movements in 2007				
Result for the year	314,876	-	-	**314,876**
Contributions of share capital to subsidiaries	27,238	-	-	**27,238**
Dividend	- 61,198	-	-	**- 61,198**
Fair value gains and losses	-	-	966	**966**
Translation differences	499	-	-	**499**
Changes in the hedging transactions reserve	- 3,975	-	-	**- 3,975**
Other movements	- 3	-	-	**- 3**
Total movements in the year	**277,437**	**-**	**966**	**278,403**
Carrying amount as at 31 December 2007	**2,895,859**	**-**	**16,590**	**2,912,449**
Movements in 2008				
Result for the year	188,412	700	-	**189,112**
Contributions of share capital to subsidiaries	35,894	-	-	**35,894**
Dividend	- 767,393	-	-	**- 767,393**
Acquisitions	-	538,167	-	**538,167**
Fair value gains and losses	-	-	- 9,922	**- 9,922**
Translation differences	- 969	-	-	**- 969**
Changes in the hedging transactions reserve	- 22,346	-	-	**- 22,346**
Total movements in the year	**- 566,402**	**538,867**	**- 9,922**	**- 37,457**
Carrying amount as at 31 December 2008	**2,329,457**	**538,867**	**6,668**	**2,874,992**

The investments in subsidiaries concern the wholly owned subsidiaries Schiphol Nederland BV and Schiphol International BV. With regard to Schiphol Nederland BV, Section 2:403 applies.
The investments in associates concern the 8% interest of NV Luchthaven Schiphol in Aéroports de Paris SA and the other financial interests concern the 1% interest in Flughafen Wien AG.

43. Current assets

The receivables can be analysed as follows:

(in thousands of euros)	2008	2007
Schiphol Nederland BV	**-**	26,368
Other receivables	**970**	84
	970	**26,452**

Cash and cash equivalents as at 31 December 2008 do not include deposits.

Both receivables and cash are stated at fair value, which is usually the face value.

44. Shareholders' equity

The analysis and movements were as follows:

(in thousands of euros)	Issued share capital	Share premium	Retained profits	Other reserves of Schiphol Group	Revaluation reserve	Other statutory reserves	Net result financial year	Total
Balance as at 31 Dec. 2006	**77,712**	**-**	**1,751,488**	**14,322**	**311,324**	**22,120**	**526,909**	**2,703,875**
Movements in 2007								
Appropriation of result for previous year	-	-	423,885	-	20,248	3,719	- 447,852	**-**
Distribution of dividend	-	-	-	-	-	-	- 79,057	**- 79,057**
Exchange differences	-	-	-	499	-	-	-	**499**
Changes in fair value on hedging transactions	-	-	-	- 4,120	-	-	-	**- 4,120**
Changes in fair value on other financial interests	-	-	-	966	-	-	-	**966**
Net result	-	-	-	-	-	-	315,786	**315,786**
Total movements in the year	**-**	**-**	**423,885**	**- 2,655**	**20,248**	**3,719**	**- 211,123**	**234,074**
Balance as at 31 Dec. 2007	**77,712**	**-**	**2,175,373**	**11,667**	**331,572**	**25,839**	**315,786**	**2,937,949**
Movements in 2008								
Appropriation of result for previous year	-	-	124,984	-	82,035	15,731	- 222,750	**-**
Distribution of dividend	-	-	- 500,000	-	-	-	- 93,036	**- 593,036**
Exchange differences	-	-	-	- 969	-	-	-	**- 969**
Changes in fair value on hedging transactions	-	-	-	- 22,180	-	-	-	**- 22,180**
Changes in fair value on other financial interests	-	-	-	- 9,922	-	-	-	**- 9,922**
Issue shares	6,761	362,811	-	-	-	-	-	**369,572**
Net result	-	-	-	-	-	-	186,876	**186,876**
Other movements	38	-	- 38	-	-	-	-	**-**
Total movements in the year	**6,799**	**362,811**	**- 375,054**	**- 33,071**	**82,035**	**15,731**	**- 128,910**	**- 69,659**
Balance as at 31 Dec. 2008	**84,511**	**362,811**	**1,800,319**	**- 21,404**	**413,607**	**41,570**	**186,876**	**2,868,290**

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

The other reserves of Schiphol Group comprise a exchange differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves are part of the consolidated equity and are also presented as part of corporate shareholders' equity since, like the revaluation reserve and the other statutory reserves, they restrict the ability to distribute the reserves. As a consequence, the ability to distribute shareholders' equity is restricted to retained earnings.

45. Employee benefits

The liabilities regarding employee benefits relate to the Management Board of NV Luchthaven Schiphol and concern the net liabilities in respect of the (long-term) bonus scheme.

46. Current liabilities

The analysis is as follows:

(in thousands of euros)	2008	2007
Bank borrowings and overdrafts Schiphol Nederland BV	**6,627**	-
Corporate income tax payable	**-**	1,982
Derivative financial instruments	**-**	129
Internal forward foreign exchange contract	**-**	630
Accruals	**1,003**	-
	7,630	2,741

Schiphol, 18 February 2009

For the corporate financial statements for 2008:

Supervisory Board

Peter-Jan Kalff, Chairman
Anthony Ruys, Vice-chairman
Hans van den Broek
Frans J.G.M. Cremers
Trude A. Maas-de Brouwer
Willem F.C. Stevens
Toon H. Woltman

Management Board

Jos A. Nijhuis, President (as of January 1st 2009)
Maarten M. de Groof, Chief Commercial Officer
Ad P.J.M. Rutten, Chief Operations Officer
Pieter M. Verboom, Chief Financial Officer

Auditor's report

Report on the financial statements
We have audited the accompanying financial statements 2008 of N.V. Luchthaven Schiphol, Amsterdam as set out on pages 97 to 209. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

The Management Board's responsibility
The Management Board of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of N.V. Luchthaven Schiphol as at 31 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of N.V. Luchthaven Schiphol as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements
Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the annual report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 18 February 2009
PricewaterhouseCoopers Accountants N.V.

J.A.M. Stael RA

Proposed profit appropriation

Artikel 25 van de Statuten van de vennootschap bepaalt inzake de winstbestemming het volgende:

Article 25 of the company's Articles of Association contains the following provisions on profit appropriation:

1. Without prejudice to the provisions of Section 2:105 of the Netherlands Civil Code, the profit according to the financial statements prepared by the Management Board shall be added to reserves unless the General Meeting of Shareholders resolves to make profit distributions according to a proposal by the Management Board having the agreement of the Supervisory Board.

2. The General Meeting of Shareholders shall decide the appropriation of the amounts thus reserved according to a proposal by the Management Board having the agreement of the Supervisory Board.

Proposed profit appropriation
(in thousands of euros)

Result attributable to shareholders	**186,876**
With due observance of Article 25 of the Articles of Association, it is proposed that the result for the year be appropriated as follows:	
Addition to the revaluation reserve (fair value gains and losses on property recognised in the profit and loss account, after adjustment for fair value losses below cost and after deduction of corporate income tax)	- 18,022
Addition to the statutory reserve (sum of the results of associates, less dividend distributions, and investments in research and development less amortisation)	754
Dividend distribution (40% of the net result less fair value gains and losses on property after deduction of corporate income tax)	- 69,072
	- 86,340
Addition to retained profits	**100,536**

Events after the balance sheet date

For details of the events after the balance sheet date, reference is made to the notes to the consolidated financial statements on page 189.

Historical Summary

Figures as from 2004 have been restated according to IFRS. The figures up to year-end 2003 are based on previous accounting policies.

(in millions of euros unless stated otherwise)		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Profit and loss account	Revenue	**1,154**	1,146	1,037	948	876	860	774	695	637	575
	Fair value gains and losses on property	-	-	-	-	-	83	15	74	63	16
	Own work capitalised	-	-	-	-	-	13	16	11	10	11
	Total operating revenue		-	-	-	-	956	805	780	710	603
	Other income, from property	**22**	114	39	23	23	-	-	-	-	-
	Total operating expenses before depreciation, amortisation and impairment	**- 709**	- 666	- 598	- 492	- 475	- 488	- 452	- 383	- 340	- 312
	EBITDA	**466**	594	478	478	424	468	353	397	370	291
	Depreciation, amortisation and impairment	**- 172**	- 175	- 162	- 167	- 160	- 131	- 106	- 101	- 107	- 82
	Operating result	**294**	420	316	311	265	338	247	296	263	209
	Financial income and expenses	**- 54**	- 35	- 36	- 34	- 26	- 43	- 39	- 35	- 35	- 32
	Taxation and share in operating result of associates and minority interests	**- 54**	- 68	246	- 84	- 78	- 104	- 71	3	4	6
	Result on ordinary activities after tax	**187**	316	527	193	161	191	137	263	232	183
	Extraordinary income and expenses	**-**	-	-	-	-	-	-	-	- 18	- 29
	Net result	**187**	316	527	193	161	191	137	263	214	154
Balance sheet	Non-current assets	**4,754**	3,945	3,681	3,249	3,157	3,047	2,729	2,522	2,219	1,976
	Current assets	**655**	342	483	432	399	422	209	254	213	196
	Total assets	**5,409**	4,287	4,165	3,681	3,556	3,469	2,938	2,775	2,432	2,172
	Equity (excl. minority interests)	**-**	-	-	-	-	2,024	1,871	1,783	1,548	1,356
	Equity (incl. minority interests)	**2,887**	2,957	2,722	2,245	2,093	-	-	-	-	-
	Provisions	**50**	54	63	84	115	64	41	38	54	71
	Non-current liabilities (incl minority interests)	**-**	-	-	-	-	1,044	523	459	448	342
	Non-current liabilities (excl minority interests)	**1,747**	914	865	1,006	958	-	-	-	-	-
	Current liabilities	**725**	362	514	346	391	337	502	494	382	403
	Total equity and liabilities	**5,409**	4,287	4,165	3,681	3,556	3,469	2,938	2,775	2,432	2,172
	Operating cash flow [1]	**421**	313	362	307	327	298	293	216	251	290
Ratios	Operating result as % of revenue	**25.5**	36.6	30.5	32.8	30.2	39.3	31.9	42.6	41.2	36.4
	Return on average equity in % (ROE)	**6.4**	11.1	21.2	8.9	7.9	9.8	7.5	15.8	14.7	12.0
	Return on Net Assets in % (RONA) [2,3]	**7.5**	12.3	10.1	9.7	8.6	11.7	9.4	12.5	12.5	11.4
	Return on Average Capital Employed in % (ROCE) [4], (ROACE) [5,6]	**7.3**	11.7	9.8	9.9	8.7	11.5	9.4	12.8	13.8	11.8
	FFO / Total debt in % [7,8]	**19.3**	34.3	38.0	28.7	33.4	-	-	-	-	-
	FFO interest coverage ratio [8,9]	**6.5**	7.7	8.1	6.8	7.9	-	-	-	-	-
	Leverage [10,11]	**38.6**	23.5	24.8	29.4	32.0	34.2	28.0	25.2	22.6	24.1
Figures per share	Earnings per share	**1,083**	1,844	3,077	1,126	939	1,117	799	1,536	1,250	901
	Operating cash flow per share	**2,439**	1,830	2,114	1,754	1,912	1,738	1,710	1,258	1,468	1,696
	Dividend per share	**371**	543	462	323	271	239	245	263	133	119
Personnel	Average effective full-time equivalent employees	**2,506**	2,459	2,293	2,179	2,216	2,231	2,134	2,038	1,864	1,868

1) For analysis see the cash flow statement
2) Up to and including 2005: Operating result / average non-current assets less deferred taxes
3) As from 2006: Operating result + resultaat en rentebaten deelnemingen / average non-current assets less deferred taxes.
4) Up to and including 2003: operating result / average of equity and liabilities less non-interest bearing short term debt
5) As from 2004: operating result / average of equity and interest-bearing debt
6) As from 2006: Operating result + resultaat en rentebaten deelnemingen/ average of equity and interest-bearing debt
7) Up to and including 2005: Funds from operations adjusted for working capital / total debt
8) As from 2006: see calculation FFO / Total debt and FFO/ Interest coverage in the note on Financial Risk Management
9) Up to and including 2005: Funds from operating activities adjusted for working capital plus interest income / interest costs
10) Up to and including 2003: interest-bearing debt / total equity and liabilities
11) As from 2004: Interest-bearing debt / equity plus interest-bearing debt in %

Appendix 1

Appendix 1a: Traffic volume
Amsterdam Airport Schiphol

	2008	2007	%
Passengers (excl. transit direct)	**47,391,711**	47,744,748	- 0.7%
Transit direct passengers	**38,308**	50,246	- 23.8%
Total passengers	**47,430,019**	47,794,994	- 0.8%
Air cargo (in tonnes)	**1,567,712**	1,610,282	- 2.6%
Air mail (in tonnes)	**34,873**	41,103	- 15.2%
Air transport movements	**428,332**	435,973	- 1.8%
Other	**18,361**	18,388	- 0.1%
Total aircraft movements	**446,693**	454,361	- 1.7%

Appendix 1b: Traffic volume
Rotterdam Airport

	2008	2007	%
Passengers (excl. transit direct)	**986,780**	1,060,043	- 6.9%
Transit direct passengers	**26,891**	33,052	
Total passengers	**1,013,671**	1,093,095	- 18.6%
Air cargo (in tonnes)	**15**	23	- 34.8%
Air transport movements	**15,272**	16,243	- 6.0%
Other	**44,379**	49,288	- 10.0%
Total aircraft movements	**59,651**	65,531	- 9.0%

Appendix 1c: Traffic volume
Eindhoven Airport

	2008	2007	%
Passengers (excl. transit direct)	**1,629,893**	1,544,098	5.6%
Air transport movements	**14,446**	13,470	7.2%
Other	**3,904**	5,082	- 23.2%
Total aircraft movements	**18,350**	18,552	- 1.1%

Appendix 1d: Trafiic volume
Lelystad Airport

	2008	2007	%
Total aircraft movements	**133,323**	116,519	14.4%

Appendix 1e: Traffic volume
Terminal 4 JFK Airport

	2008	2007	%
Passengers (excl. transit direct)	**9,257,866**	8,897,683	4.0%
Total aircraft movements	**55,912**	54,659	2.3%

Appendix 1f: Traffic volume
Brisbane Airport

	2008	2007	%
Passengers (excl. transit direct)	**18,779,855**	18,022,329	4.2%
Total aircraft movements	**180,170**	171,412	5.1%

Appendix 1g: Traffic volume
Aruba Airport

	2008	2007	%
Passengers (excl. transit direct)	**1,919,374**	1,735,066	6.3%
Total aircraft movements	**36,818**	35,774	2.9%

Appendix 2

Ten largest airports in Western Europe

Air transport movements

		2008	2007	%
1	Paris Charles de Gaulle	551,174	543,810	1.4%
2	Frankfurt	479,623	485,419	- 1.2%
3	London Heathrow	473,139	475,713	- 0.5%
4	Madrid	469,740	483,284	- 2.8%
5	**Amsterdam**	**428,332**	**435,974**	**- 1.8%**
6	Munich	408,292	406,594	0.4%
7	Rome Fiumicino	340,727	328,178	3.8%
8	Barcelona	321,491	352,489	- 8.8%
9	Vienna	266,402	254,872	4.5%
10	Copenhagen	264,095	256,902	2.8%

Passenger movements
(excl. transit direct)

		2008	2007	%
1	Londen Heathrow	66,909,932	67,855,100	- 1.4%
2	Paris Charles de Gaulle	60,677,555	59,706,281	1.6%
3	Frankfurt	53,233,889	53,891,068	- 1.2%
4	Madrid	50,846,104	52,143,275	- 2.5%
5	**Amsterdam**	**47,391,711**	**47,744,748**	**- 0.7%**
6	Rome Fiumicino	35,132,882	32,855,542	6.9%
7	Munich	34,447,433	33,862,205	1.7%
8	London Gatwick	34,178,580	35,168,500	- 2.8%
9	Barcelona	30,208,134	32,800,570	- 7.9%
10	Paris Orly	26,206,283	26,431,972	- 0.9%

Air transport movements
(in tonnes)

		2008	2007	%
1	Paris Charles de Gaulle	2,039,460	2,052,740	- 0.6%
2	Frankfurt	2,021,344	2,070,683	- 2.4%
3	**Amsterdam**	**1,567,711**	**1,610,282**	**- 2.6%**
4	London Heathrow	1,400,569	1,313,634	6.6%
5	Luxembourg*	794,662	856,740	- 7.2%
6	Brussels	659,282	762,053	- 13.5%
7	Cologne	564,833	671,143	- 15.8%
8	Liège	514,853	489,746	5.1%
9	Milan Malpensa	403,585	470,651	- 14.2%
10	Madrid	328,985	322,244	2.1%

** Preliminary data based on December estimates*

Source: publications and websites of the respective airports

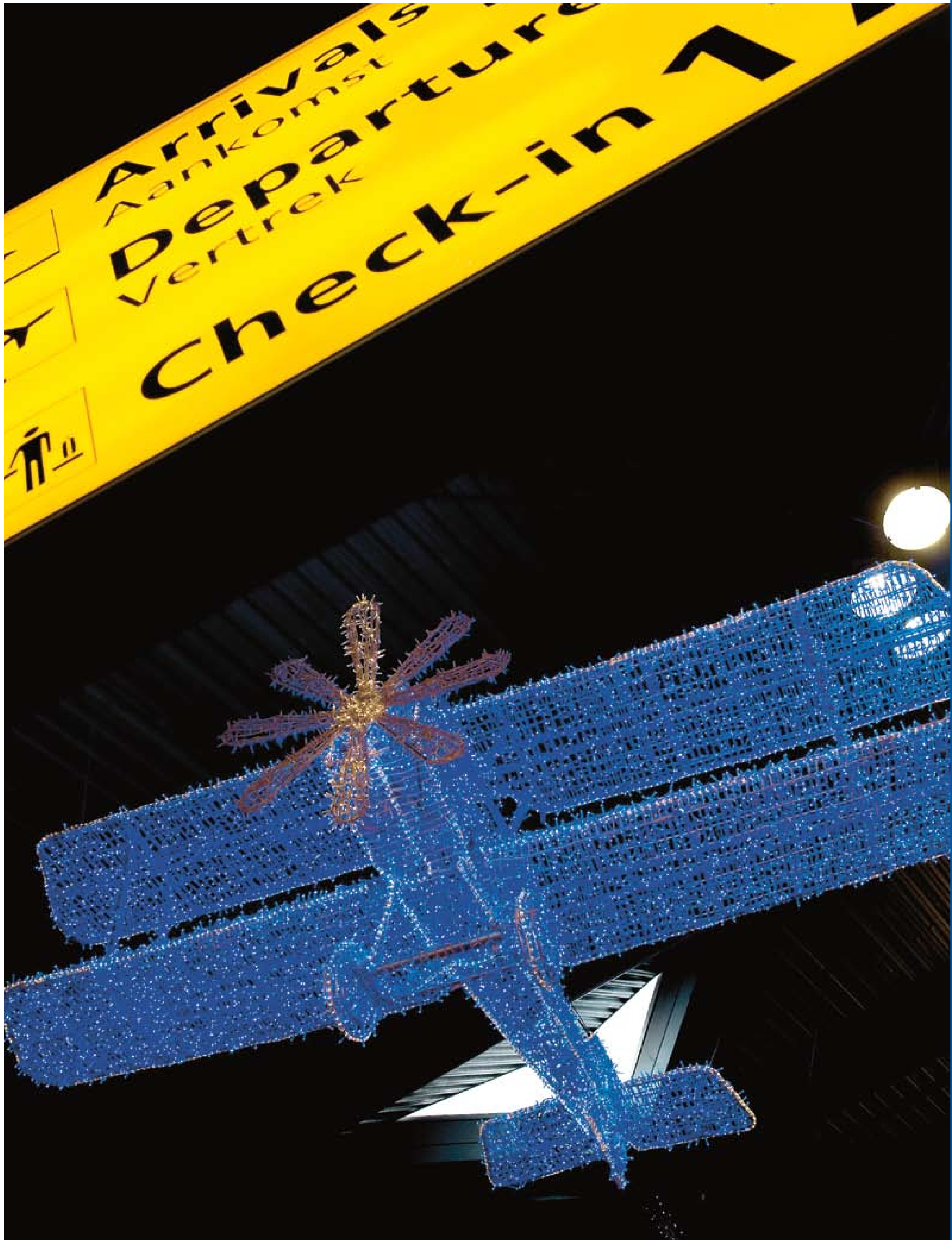
Appendix 3

Scheduled airlines operating at Amsterdam Airport Schiphol in 2008

Adria Air	P	Georgian Airlines	P	TACV	P
Aer Arann [1]	P	Great Wall Airlines	FF	TAP Portugal	P
Aer Lingus	P	Iberia	P	THY	P
Aeroflot	P	Icelandair	P	Transavia	P
Afriqiyah	P	Iranair	P	Tunis Air	P
Air Astana	P	Jade Cargo	FF	Ukraine	P
Air Baltic [1]	P	Japan Airlines	P + FF	United Airlines	P
Air Berlin	P	JAT	P	US Airways	P
Air Cairo [3]	P	Jet 2	P	VLM Airlines	P + FF
Air France	P	Jett8 [1] [2]	FF	Vueling	P
Air Nostrum [2]	P	Kalitta	FF	West Air	FF
Air Transat [3]	P	Kenya Airways	P		
Airbridge Cargo	FF	KLM	P + FF		
Airlinair [2]	P	Korean Air	P + FF		
Alitalia	P	LAN Cargo	FF		
Armavia	P	LOT	P		
Asiana	FF	Lufthansa	P		
Atlantic Air [2]	FF	Macedonian Airlines [3]	P		
Austrian	P	Malev	P		
Blue 1 [2]	P	Malta	P		
BMI	P	Mapjet [1] [2]	P		
BMI baby	P	Martinair	P + FF		
British Airways	P	Malaysia Airlines	P + FF		
Bulgaria Air	P	Meridiana	P		
Cargolux [1]	FF	Myair	P		
Cathay	P	Nippon Cargo	FF		
Centralwings [1] [2]	P	Northwest	P		
China Airlines	P + FF	Olympic Airlines	P		
China Southern	P + FF	OpenSkies [1]	P		
Clickair	P	PIA	P		
Continental	P	Polar Air Cargo [2]	FF		
Croatia Airlines	P	Qatar Airways	FF		
Cyprus Airways	P	RAM	P		
Czech Airlines	P	Rossiya	P		
Delta Airlines	P	Royal Jordanian	P		
DHL International	FF	SAS	P		
easyJet	P	Sata [3]	P		
Egypt Air	P	Singapore Airlines	P + FF		
EL AL [4]	P + FF	Sky Europe	P		
Emirates	FF	South African [2]	FF		
Eva Airways	P	Sterling [2]	P		
Finnair	P	Surinam Airways	P		
Flybe	P	Swiss	P		
flyLAL	P	Syrian Arab	P		

P = passengers + cargo services
FF = full freighter services

[1] started in 2008
[2] stopped (temporarily) in 2008
[3] seasonal operations
[4] full freighter flights stopped in 2008



Glossary

ACRE Fund
AirportCity Real Estate Fund; a property fund whose portfolio includes a number of Schiphol Real Estate buildings, with 39.75% of the shares placed with institutional investors.

Air Passenger Tax
Also known as ecotax or ticket tax; a tax imposed by the Dutch government since 1 July 2008 on O&D passengers departing from airports in the Netherlands. The tax is EUR 11.25 for destinations within the EU or a 2,500 km radius (or a 3,500-km radius if the 2,500 limit is in the destination country), and EUR 45 for all other destinations.

AirportCorridor
Area between Amsterdam South business district (Zuidas), Schiphol and the new business park Amsterdam Connecting Trade (ACT) near Hoofddorp

Alders Platform
Consultative body for the aviation sector and regional partners, chaired by former Queen's Commissioner Hans Alders and concerned with the future of Amsterdam Airport Schiphol.

Aviation Act (Wet luchtvaart) governing the organisation and use of Amsterdam Airport Schiphol
Legislation laying down standards for noise, air quality, odour and safety at Amsterdam Airport Schiphol; in force since February 2003.

Aviation Act (Wet luchtvaart) governing the operation of Amsterdam Airport Schiphol
Legislation laying down the terms of the operating licence and the sector-specific supervision of charges and conditions for using Amsterdam Airport Schiphol; in force since July 2006. Catchment area
Area from which passengers travel to and from Amsterdam Airport Schiphol by road or rail.

Corporate Governance Code
The Corporate Governance Code for listed companies as drawn up in 2003 by the Tabaksblat Committee

Concession income
Income from activities for which a concession (i.e. a licence to conduct specific activities) has been granted, usually in the form of a percentage of revenue.

CROS
The Schiphol Regional Consultative Committee (Commissie Regionaal Overleg luchthaven Schiphol); a discussion platform connecting the aviation sector and region.

De-icing
The removal of ice and snow from the body and wings of an aircraft prior to takeoff.

Dual-hub system
A system in which a global alliance of airlines uses two primary hubs to serve a particular continent; also referred to as a multi-hub system.

Euro Medium Term Note (EMTN)
An umbrella programme under which investment-grade entities can issue unsecured certificates of debt ('notes').

Economic profit
RONA (after tax) minus the WACC, multiplied by average fixed assets.

FFO
Funds From Operations

FTEs
Full-time equivalents, or the number of full-time staff positions.

Full-freighter
An aircraft that transports cargo only.

General Aviation
Generic term for small-scale, normally non-commercially based aviation.

Groenenberg site
A site near Runway 18L-36R owned by the property developer Chipshol and to which a development ban applied for a number of years. Chipshol is claiming compensation from Schiphol Group and other parties because of the ban.

Airport charges
Aircraft, passenger and security related charges.

Holland Boulevard
Area in the Terminal between Piers E and F.

Hub
Important junction of continental and intercontinental flights.

Hub carrier
Main network carrier at a hub airport.

Instrument Landing System
Air traffic guidance equipment used during aircraft approach and landing.

Iris scan
Device that uses iris recognition to establish personal identity.

IR rate
Irregularity Rate; the percentage of bags that do not arrive at the destination at the same time as the passenger.

Key Performance Indicator (KPI)
Important indicator used to measure the performance of a company or business unit.

Climate Plan
Plan for reducing CO_2 and NO_x emissions at Amsterdam Airport Schiphol.

Liquids & Gels Regulations
EU regulations limiting the quantity of liquids and gels allowed on aircraft.

Departure Lounge 1
Waiting area for passengers travelling to Schengen countries on flights departing from Piers A, B, C or D.

Departure Lounges 2 & 3
Waiting area for passengers travelling to non-Schengen countries on flights departing from Piers D, E, F, G or H.

Low-cost carrier
A 'no frills' airline specialised in offering low air fares.

Airport Traffic Ruling (Luchthavenverkeersbesluit, LVB)
Part of the Dutch Aviation Act (Wet luchtvaart) that governs the use of Amsterdam Airport Schiphol.

Main port
A hub for air, road and rail transport, which serves as home base for an airline alliance and generates significant economic activity within the region.

MTOW
Maximum Take-Off Weight of an aircraft upon which take-off and landing charges are based.

NMa
Netherlands Competition Authority (Nederlandse Mededingingsautoriteit); supervises the aviation charges set by Amsterdam Airport Schiphol.

O&D passenger
Origin & Destination passengers who begin or end their journey at Amsterdam Airport Schiphol.

Passenger Service Charge
The charge departing passengers pay for using airport facilities.

Pax-combi aircraft
Aircraft in which both cargo and passengers are transported on the main deck.

Runway 18R-36L (Polderbaan)
Runway in use since 2003. It is the fifth main runway at Amsterdam Airport Schiphol.

Privium
An airport service programme featuring automated border passage using iris recognition.

PRM charge
Charge imposed to implement EU aviation transport regulations for 'people with reduced mobility'.

Randstad
The urbanised western region of the Netherlands, encompassing the major cities of Amsterdam, The Hague, Rotterdam and Utrecht.

Registered Traveller Programme
Programme that allows registered passengers to use fast border clearance facilities through the use of a biometric pass.

ROE
Return on Equity; after tax result (payable to shareholders) divided by average equity.

RONA
Return on Net Assets; operating result divided by the average fixed assets, less deferred-tax assets and receivables on derivatives longer than one year.

Runway incursion
An incident involving the unauthorised presence of an aircraft, vehicle or person at a location designated for aircraft take-offs and landings.

Schengen countries
Countries in Europe that have agreed to allow unrestricted cross-border movement of people and goods (named after the town in Luxembourg where this treaty was signed).

Schiphol worker
An employee of one of the approximately 580 businesses operating at Amsterdam Airport Schiphol.

Security Service Charge
Charge that departing passengers pay in connection with security measures.

See Buy Fly
Alliance of retailers operating in the passengers-only zone at Amsterdam Airport Schiphol.

Six Sigma
Method used for continuous improvement of business processes.

Smart Parking
Online service (via www.schiphol.nl) for advance booking of discounted parking spaces in the P3 long-stay car park.

SkyTeam
Worldwide alliance of airlines grouped around Air France-KLM.

Slot Coordinator
Government-appointed person tasked with allocating available slots (licences to take-off and land at specific times) in accordance with international regulations.

Sternet
Public bus service connecting Amsterdam Airport Schiphol with regional towns and cities and with all airport parking facilities and work locations.

Super dividend
A distribution made to shareholders from retained profits over and above the regular annual dividend.

Terminal
The airport building with arrival and departure halls.

Transfer passenger
A passenger who changes planes at an airport.

Transit direct passenger
A passenger who arrives at an airport and continues their journey on the same plane.

Valet Parking
Product name for a service allowing passengers flying from Amsterdam Airport Schiphol to leave their car outside the departure hall and have it waiting for them on their return.

Visit costs
The total costs an airline pays for a visit to the airport.

NLA
Net Lettable Area as measured in square metres.

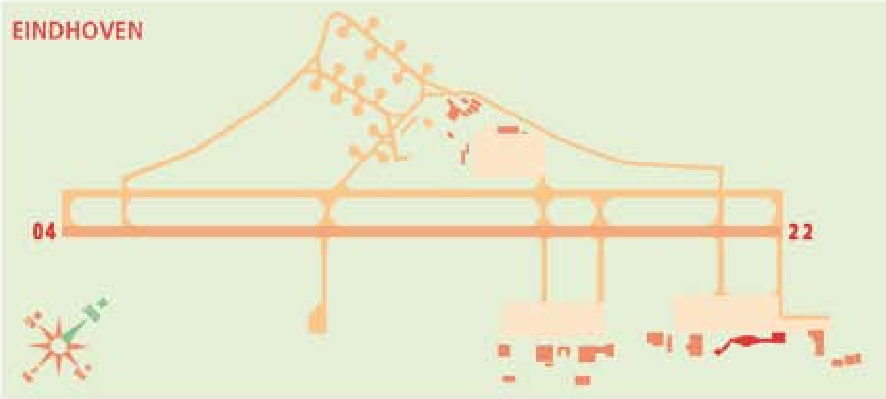
WACC
Weighted Average Cost of Capital as based on the capital asset pricing model (CAPM).

Work Load Unit (WLU)
A term used to measure production; equal to 1 passenger or 100 kg of cargo.

WTC
World Trade Centre Schiphol Airport

Zuidtangent express bus service
Bus service travelling primarily on reserved bus lanes and offering connections between Haarlem, Amsterdam Airport Schiphol and Amsterdam Southeast, and between Nieuw Vennep, Amsterdam Airport Schiphol and Amsterdam South.

70 MB
Investment programme to achieve an annual baggage handling capacity of 70 million bags by 2018/2020 while reducing both costs and the IR rate.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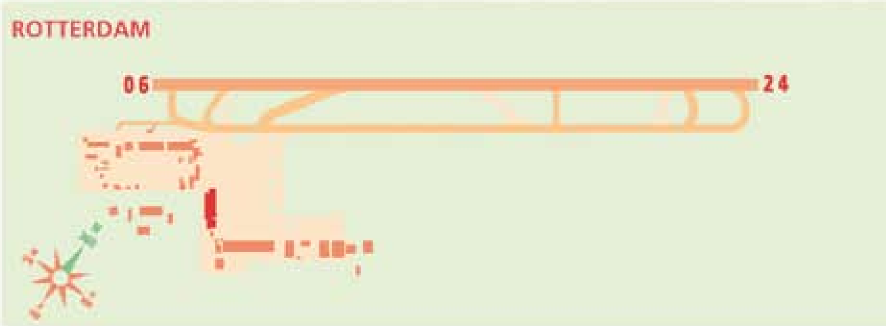
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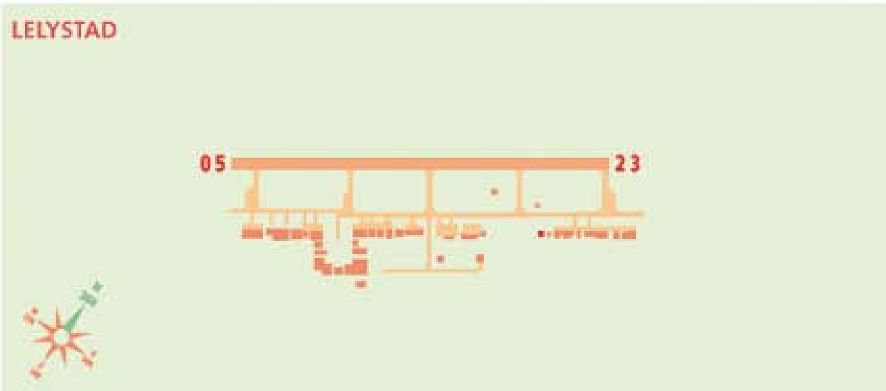
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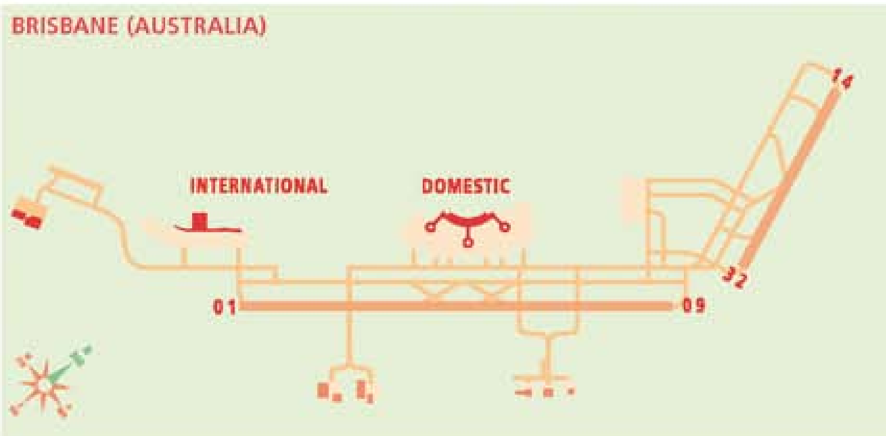
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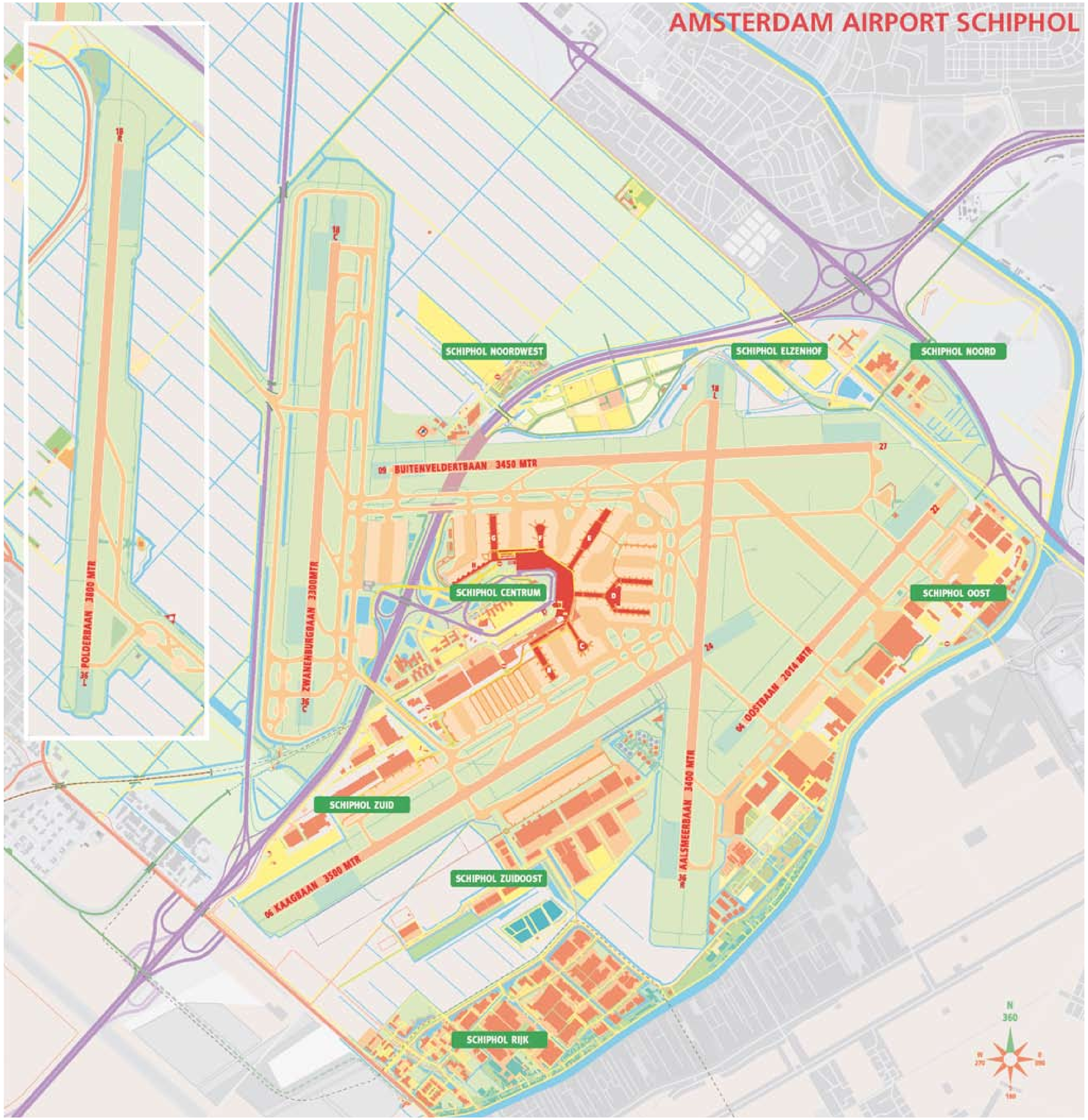
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