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## N.V. Luchthaven Schiphol

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# N.V. Luchthaven Schiphol

## Major Rating Factors

### Strengths:

- Well diversified revenue base with solid aviation, real estate, and retail operations
- Supportive regulatory environment
- Strong competitive position as a European hub airport
- Flexibility to delay capital expenditure investments

### Weaknesses:

- High level of transfer passengers
- Relatively high dependence on Dutch airline carrier KLM and long-term uncertainty regarding the effects of the Air France-KLM merger on transfer traffic
- Economic uncertainties and potential effect of high fuel prices on air traffic

### Corporate Credit Rating

A/Stable/--

## Rationale

The ratings on N.V. Luchthaven Schiphol and Schiphol Nederland B.V. (collectively, Schiphol Group) reflect the strong business risk profile and intermediate financial risk profile of the group. The group principally comprises the two rated entities plus Schiphol International B.V. The group's main asset, Amsterdam Airport Schiphol (Schiphol), is a key element of The Netherlands' open economy and maintains a strong competitive position as a European hub airport. The airport operates within a supportive regulatory environment, and its successful retail and real estate operations support its strong operational track record.

These strengths are partially offset by a relatively high level of transfer passengers, the dependence on the dominant customer, Air France–KLM, and the potential effects of high fuel prices on air traffic. Over the long term, Schiphol's capacity may also be potentially affected by the limits imposed by the environmental constraints related to the number of air traffic movements (ATM) and noise restrictions.

The group is majority owned by the State of The Netherlands (AAA/Stable/A-1+). Standard & Poor's Ratings Services does not factor in state support and rates the Schiphol Group on a stand-alone basis because it operates on a commercial stand-alone basis and we currently see no timely direct or indirect financial support.

Like most airports, the Schiphol Group is vulnerable to a deterioration in the economic climate, and in particular, high fuel prices. Additionally, the Schiphol Group's competitive position may be adversely affected by the introduction in The Netherlands of the domestic Air Passenger Tax on all departing passengers, which began July 1, 2008. Management expects that the passenger volumes--which in 2007 increased by 3.8% (4.3% during 2006) to 47.8 million passengers--may show no growth in 2008.

The ratings reflect also Standard & Poor's expectation of a weakened financial profile as a result of an extra payment from the retained profits reserve (super dividend) in 2008 and 2009 in addition to the regular dividend. Despite increasing debt to finance the super dividend, the group aims to maintain ratings in the 'A' category. Because the super dividend will be debt financed, it will result in an increase of the group's leverage and interest

expenses, in particular at the time when the group ramps up capital spending.

In the first half of 2008, revenue growth of 1.7% to €549.5 million was moderate. This was largely due to an 8.7% decrease in the airport charges that apply from Nov. 1, 2007, to Nov. 1, 2008, as required by the Netherlands Competition Authority (NMa), and a slowdown in traffic volumes. Compared with the same period last year, the number of passengers in the first half of 2008 still increased by 2.0%, reaching a total of more than 22.8 million. Operating expenses rose by 3.3%, driven by the increased security costs. The adjusted EBITDA declined by 17% to €219.4 million, as the fair value gains amounted to €9.9 million in 2008 compared with €45.3 million in the previous year. The adjusted EBITDA also reflects a €12.7 million one-time tax gain recorded in 2007 related to fiscal 2004.

### Short-term credit factors

The group's adequate liquidity is supported by good access to debt markets and a long-term maturity profile. Liquidity includes a €400 million syndicated revolving credit facility for the sole purpose of backing the €750 million commercial paper program.

The group also had access to €118 million of cash and €150 million of undrawn committed bank facilities at July 31, 2008, although we expect these facilities to be reduced in the future.

We expect free operating cash flow to remain negative in the short to medium term due to the significant capital expenditure program. The financing needs in 2008 may increase compared with 2007 as a result of increased capital spending, expected higher regular and super dividend payments, and €85 million of debt maturities. Positively, the group has the ability to reduce the planned capital expenditure.

The documentation for the group's existing bonds carries no rating triggers or change-of-control covenants. However, the €108 million outstanding loan from the European Investment Bank (EIB) carries a possible rating trigger. The EIB can request a change of conditions on the outstanding debt if Standard & Poor's rating on the Schiphol Group falls below 'A' or Moody's rating falls below 'A2'. If the revised conditions are not agreed upon, the EIB could ask for early repayment of the loan. The EIB also could ask for early repayment if other loans are repaid or shareholders' equity falls below 30% of total assets.

Also, the €120 million of notes issued under the €1 billion medium-term note program due 2038 have an early redemption option that would be triggered by a downgrade by either Standard & Poor's or Moody's from investment grade to speculative grade or by a withdrawal of the long-term senior unsecured debt rating.

## Outlook

The stable outlook reflects our expectations that the group will maintain its strong business profile over the medium term by continuing its strong operational performances in the aviation, real estate, and retail sectors. Given its good performance track record and the sound traffic growth during the last three years, the group should be able to withstand zero traffic growth in the short term while maintaining a financial profile acceptable for the 'A' rating level.

Anticipating the group's increased indebtedness, we expect funds from operations (FFO) interest coverage above 3.5x and FFO to debt at a minimum of 15%.

An upgrade is highly unlikely, given the company's expected increase in leverage. On the other hand, a downgrade could follow an erosion of the group's credit profile by events that undermine passenger volumes, a significant operating and/or financial weakening of its main carrier KLM, or a change in the airline's strategy of using Schiphol as its main hub.

## Business Description

The group's shareholders are the State of The Netherlands (75.8%), the Municipality of Amsterdam (21.8%), and the Municipality of Rotterdam (2.4%). We rate the group on its stand-alone creditworthiness and do not notch up for government ownership as the group operates on a commercial stand-alone basis and we currently see no timely direct or indirect financial support.

The group owns and operates Amsterdam Airport Schiphol, Lelystad Airport, Rotterdam Airport, and 51% of Eindhoven Airport.

In addition, the group operates and has invested in various foreign airports, such as a 16% stake in Brisbane Airport Corp. Pty Ltd. (BBB/Stable/--) in Australia and a 40% stake in Terminal 4 of John F Kennedy Intl Air Term LLC, NY in the U.S.

## Business Risk Profile: Strong Based On Solid Operations, Supportive Regulation, And High Profitability Although Competitive Position May Weaken

The Schiphol Group's business risk is strong, reflecting the group's strong competitive and hub position, strong main airline operator, efficient operations, and high profitability.

### Competitive position

The Schiphol Group has a strong competitive position with a dominant market share. It is the fifth-largest airport in Europe in terms of passengers, after London Heathrow, Paris Charles de Gaulle, Frankfurt, and since 2007, Madrid, and it is the third-largest in terms of cargo transport. Its catchment area covers approximately 34 million people living within 200 kilometers (km) of the airport.

The airport has a solid hub position serving 267 destinations worldwide. However, it is exposed to a concentration risk of its dominant customer, Air France-KLM, which in 2007 carried 62% of total passengers at Schiphol, and depends on the success of Air France-KLM's strategy. Although concentration in one airline is typical for hub airports, it is nevertheless a rating concern. Air France has assured the Dutch government that it will operate a dual-hub system for the combined airline group until 2012, and so far, this arrangement has worked well. Over the long term, however, the Schiphol Group's position could be vulnerable because Air France is the stronger entity in the merger, and Schiphol's attractiveness will be determined by its ability to provide a high-quality business and an operating environment that supports high levels of transfer traffic (41% in 2007), to which Schiphol is particularly exposed due to its relatively small catchment area.

Schiphol faces strong competition for transfer traffic from the other main European hubs, mainly Paris Charles de Gaulle, owned by Aeroports de Paris (AA-/Stable/--); London Heathrow, owned by BAA Ltd.; FraPort, the operator of Frankfurt Airport; and AENA, Madrid airport operator. Moreover, competition from other, smaller airports that host "no frills" carriers, in particular across the German border, could take some origin-destination traffic away

from Schiphol.

In the short to medium term, the Schiphol Group's competitive position may weaken due to introduction of the Air Passenger Tax by the Dutch government on July 1, 2008. All passengers departing from Dutch airports must pay €11.25 for destinations within Europe and €45 for destinations farther than 2,500 km (excluding any European territories, Turkey, and Morocco). The airports subsequently hand these fees over to the government. This tax is specific for the Dutch airports only, which places the Schiphol Group at a disadvantage compared with its foreign competitors.

### **Revenue diversity and stability**

The Schiphol Group has a well-diversified revenue base. The group's strong business profile is supported primarily by its solid aviation operations, which contribute 57% of the group's revenue (36% of EBITDA). The revenue is generated by airport charges (aircraft, passenger, and security charges) and concession fees paid by oil companies for the right to provide aircraft refuelling services. The nonaeronautical income is well balanced and represents about 43% of total revenues (64% of EBITDA). It comprises the consumer business, real estate, and alliances and participations operated in domestic and foreign airports.

The Schiphol Group's strategy is to increase the share of revenues from nonaviation activities. This would reduce the group's dependence on revenues from aviation traffic and increase its profitability through a higher share of nonregulated revenues. In turn, the development of these activities would benefit the aviation business by offering a better and increased mix of commercial services.

### **Aeronautical activity**

In 2007, total passenger traffic rose by 3.8% to 47.8 million. This was slightly below management's expectation of 4% growth and weaker than in 2006 when passenger numbers increased by 4.3%. The growth was driven largely by the low-cost carriers, whose passenger numbers rose by 11.8% to 6.0 million in 2007. This represented 12% of total passengers at the Schiphol Group, still a modest contribution compared with some other European airports. Cargo transport continued rising at the same pace, increasing by 5.5% to 1.6 million tons in 2007 (5.3% in 2006). The number of ATMs (scheduled and charter flights) was up by 3.0%, totaling about 436,000, compared with 4.6% growth in 2006.

The group does not expect growth in the number of passengers in 2008, which it attributes to the introduction of the Air Passenger Tax. In our opinion, traffic volumes in the short to medium term are also likely to be affected by the high fuel prices and the economic downturn worldwide. This risk may be to some extent mitigated by the diversity of destinations (thanks to which the Schiphol Group has historically demonstrated strong resilience in several unfavorable external developments) and the relatively large share of regular, rather than low-cost, ATMs (88% of passengers), which provide more visibility. As noted by Standard & Poor's, in the first seven months of 2008, total passenger growth was slower, although still positive at 1.4% to 27.7 million; although traffic in July declined 1.7% compared with the same period in 2007, it is difficult to attribute it entirely to the airport tax, the effect of which remains to be seen in the course of 2008. Cargo transport continued to rise at 3.8%.

### **Nonaeronautical activity**

The consumer business area--which includes the granting of concessions for food and beverage, retail shops, the exploitation of car parks, and the marketing of advertising opportunities--generates about 26% of the group's revenue. In 2007, this segment generated €301 million, 30.4% more than in 2006. In the first half of 2008, revenue from this segment rose by 5.5% to €147 million, in particular because of increased revenue of the See Buy Fly shops

and well-frequented new catering outlets. The group's strategy involves attracting strong brands. The liquor and tobacco concession was taken back from KLM by the Schiphol Group effective January 2007, and the group now operates all liquor and tobacco retail shops itself.

The real estate segment--which develops, manages, operates, and invests in property near airports at home and abroad--contributes about 11% of the group's revenue through rental agreements or other property operations, such as sales, release of land for development, and appreciation of the portfolio. In 2007, this segment's revenue increased by 14.0% to €124 million, primarily due to increased rental income from the buildings. In the first half of 2008, it increased by 7.6% compared with the same period in 2007.

In 2007, better rental contracts, higher occupancy levels, and the completion of new buildings contributed to substantial fair value gains of €112 million (€28 million in 2006) in the real estate property portfolio. Considering the slowdown in the real estate sector, we expect the contribution from fair value gains to be significantly lower in the short to medium term. In the first half of 2008, the increase in fair value gains on the property portfolio was much smaller at €7.4 million (compared with €33.7 million in the comparable period of 2007), due to stabilization of property market values. Excluding the fair value gains, the operating result in the real estate segment was €35 million, which is similar to the level in 2007.

The alliances and participations segment contributes by earning interest in domestic and foreign airports, and in 2007 with €71 million, it contributed 6% to the group's total revenue. The revenue from this segment rose by 7.3% in 2007 compared with 2006, and by 12.2% in the first half of 2008 compared with the corresponding period of 2007.

## **Regulation**

The group operates under a license that is granted for an indefinite period of time. The terms of the license are governed by the Aviation Act, which came into force in July 2006.

According to the license, the NMa has the responsibility for overseeing charges and the cost allocation methodology prepared by the group, but these decisions are subject to a consultation process with customers. If, in the NMa's view, potential complaints from the airlines are justified, the group is obliged to set new charges.

The Schiphol Group generates revenues under a dual-till framework. The return on net assets generated by the aviation business is limited and must not exceed the weighted average cost of capital. In 2007, it was capped at a weighted average cost of capital of 5.72%. The nonaviation business is not regulated; its level of return is determined by performance achieved. This dual-till framework is favorable for the group, as it permits substantial upside from the nonaviation airport revenues. It is also likely to provide more transparency regarding airport charges since it prevents cross-subsidization of artificially low aeronautical charges.

The Aviation Act also provides for a risk-sharing principle with the airlines. If the return falls short of or exceeds the cap, underrecovery or overrecovery is clawed back from (or returned to) the airlines in the following period by a price adjustment.

In addition, the act stipulates that public authorities must have at least a majority interest, in legal and economic terms, in the airport operator.

## Investments

Schiphol's environmental capacity is sufficient to accommodate traffic growth in the medium term. The airport currently serves about 435,000 ATMs per year. The current framework provides for a stepped growth up to 480,000 ATMs in 2010, with long-term growth up to 510,000 ATMs in 2020. The group estimates that the maximum technical capacity of its existing five-runway system is about 600,000 ATMs per year.

However, in order to support the ATM growth, Schiphol needs to continue capital investments in its aviation infrastructure. The priority is an upgrade of the airport's baggage system and an improvement in security. Long-term investment plans include maintenance expenditure and further extension of the terminal and taxiway system as well as investments in real estate.

In 2008, management forecasts further investments of about €425 million. The plan may be further revised downward, however, given the expected slowdown in the traffic growth in the short term. Positively, the capital expenditure investments can be done in phases and possibly can be delayed.

## Profitability

After a short-term slowdown in 2008, we expect modest traffic and ATM growth through 2013 and sound cargo growth. Revenue growth should be supported by aeronautical charges rising at least at par with inflation. The revenue diversification is expected to be supported by an increasing share of nonaeronautical income. Despite cost increases as a result of rising maintenance, energy, and security costs, we expect the group's EBITDA margin to remain above 40%.

The Schiphol Group's 2007 annual results were strong. Revenues were up 11% to €1.15 billion, largely owing to passenger volume increases, rises in aeronautical charges, and the strong performance of the consumer segment. EBITDA adjusted for these fair value gains rose 8.4% at €477.5 million over 2006's EBITDA. The adjusted EBITDA margin in 2007 was 41.7% when excluding capital gains on property, which is down from 42.5% in 2006. This is better than the margin of Aeroports de Paris, but still relatively low compared with Copenhagen Airports A/S (BBB+/Stable/--), which has a similar cost profile, or Unique (Flughafen Zurich AG) (BBB+/Stable/--).

In 2007, the aviation business' revenue increased by 3.1% to €650 million, reflecting more ATMs and higher airport and passenger charges. EBITDA rose by 13.8% to €216 million, reflecting a 0.4% drop in operating expenses. Despite having a 57% share of revenue, this segment's contribution to group EBITDA was low at 36%, which is expected given the regulated nature of this sector. In the first half of 2008, revenue of €300 million was 2.3% lower than in the same period of 2007, reflecting a decrease in passenger charges as of Nov. 1, 2007. EBITDA was 15% lower, reflecting increasing operating expenses, in particular security and energy maintenance costs and employee benefits.

In 2007, the consumer business area generated €301 million in revenue, up 30.4% from €231 million in 2006, largely attributable to takeover of liquor and tobacco activities from KLM. This segment is more profitable than aviation, given its low asset base and unregulated operations, although it is likely more volatile. In 2007, it contributed 26% of the group's revenue and 28% of its EBITDA. In the first half of 2008, revenue of €147 million was 5.5% higher, and EBITDA was 5.0% higher than in comparable period of 2007.

In 2007, the real estate sector generated €124 million of revenue, an increase of 14% from 2006, reflecting a larger portfolio and a high occupancy rate (93.3%).

Contribution to EBITDA was 32%, well above the 11% contribution to the group's revenue. As in 2007, the group reported record fair value gains of €112 million. EBITDA in the real estate segment was €192 million, 60% above the level posted in 2006.

In the first half of 2008, revenue in the segment increased by 7.6% to €66 million. However, EBITDA decreased by 40.4% to €53 million, as the increase in fair value gains on the property portfolio was much smaller, due to the stabilization of property market values. Also, operating expenses were 6.0% higher, due to the increase in employee benefits and the higher cost of property tax.

The alliances and participations segment is a marginal contributor with 6% of group revenue and 3% of group EBITDA. In 2007, revenue, at €71 million, was 7.3% higher than in 2006, whereas in the first half of 2008, it increased by 12.2% compared with the same period of 2007.

## Financial Risk Profile: Intermediate Due To Planned Super Dividend, Conservative Financial Policy, And Sound Credit Metrics

The financial risk profile reflects the expected releveraging of the group through a two-stage super dividend in 2007 and 2008; following that transaction, we expect the group to keep a conservative financial policy and sound credit ratios.

### Accounting

The Schiphol Group prepares audited financial statements annually in accordance with International Financial Reporting Standards (IFRS). Auditors issued an unqualified report in 2007. The group also releases unaudited interim financial reports with semiannual statements.

We adjust reported EBITDA by stripping out the gain on property sales and fair value gains and losses on property included in operating income (€112 million in 2007) (see table 1).

The Schiphol Group's primary pension scheme is part of a multiemployer plan. Historically, the group has recognized its pension liabilities under defined contribution accounting and will continue to do so under IFRS. There is no information and disclosure available on this plan, and so in common with companies in that situation, Standard & Poor's does not adjust the Schiphol Group's debt figures for any possible pension deficit. Nevertheless, the group is exposed to other postretirement-related benefits (an adjusted €31.7 million in 2007), which we do include in debt. Standard & Poor's adds to debt €38.9 million of various contingent liabilities, including payment commitments for motorway and road works as well as other guarantees and bank guarantees.

The Schiphol Group faces a liability in connection with several claims and disputes. As in 2005, the corresponding provision of €10 million taken in 2004 remained unchanged in 2007.

Table 1

Reconciliation Of N.V. Luchthaven Schiphol Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. €)*									
--Fiscal year ended Dec. 31, 2007--									
N.V. Luchthaven Schiphol reported amounts									
	Debt	Shareholders' equity	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	Capital expenditures
Reported	966.8	2,937.9	594.4	594.4	419.7	50.3	313.5	313.5	350.1
Standard & Poor's adjustments									
Operating leases	45.4	--	6.0	2.6	2.6	2.6	3.4	3.4	2.1
Postretirement benefit obligations	31.7	(1.1)	(5.0)	(5.0)	(5.0)	1.7	(4.3)	(4.3)	--
Additional items included in debt	38.9	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	3.1	(3.1)	(3.1)	(3.1)
Reclassification of nonoperating income (expenses)	--	--	--	--	24.5	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	6.0	--
Minority interests	--	18.6	--	--	--	--	--	--	--
Other	--	--	(114.5)	(114.5)	(114.5)	--	--	--	--
Total adjustments	116.0	17.6	(113.5)	(116.9)	(92.4)	7.3	(4.0)	2.0	(0.9)
Standard & Poor's adjusted amounts									
	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	1,082.8	2,955.5	480.9	477.5	327.3	57.6	309.5	315.5	349.1

\*Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

### Corporate governance/Risk tolerance/Financial policies

The members of the management board direct the operations of the Schiphol Group under the supervision of the supervisory board, which has the power to appoint, suspend, and dismiss management board members. The management board is composed of the president, chief financial officer, chief operations officer, and chief commercial officer.

The few recent and announced management changes, including the new president and CEO effective Jan. 1, 2009, are being handled in order to ensure the continuity of management. The chief financial officer has been in his position at the Schiphol Group for several years. The fourth board member, the chief commercial officer, was appointed in the first half of 2008.

The supervisory board's permanent subcommittees include an audit committee, a remuneration committee, a selection and appointments committee, and a public affairs and corporate responsibility committee. The committees meet at least twice a year and produce an annual report of their deliberations and findings. The privatization committee, which was established temporarily in 2005, was dissolved in 2007.

The group's long-term strategy is to make Schiphol a leading global airport and to consolidate and improve its competitive position through expansion, selective use of capacity, incentivizing quieter planes, and improving accessibility. We expect the group to focus on developing the nonaviation revenue stream, in particular from the retail and real estate segments, and expanding internationally via equity participation and/or operational involvement.

Debt-financed acquisitions are limited to nonrecourse activities, such as with the John F. Kennedy and Brisbane airports. Transaction debt exposures are all hedged. Interest-rate and currency risks are hedged. With effect from 2005, derivatives are carried at fair value (€56.4 million at the end of 2006 and €14.6 million at the end of 2007).

The Schiphol Group's financial policy is prudent. The company has set several internal financial targets.

The Schiphol Group's dividend payout was raised to 40% in 2007 from 30% of the result after tax and excluding capital gains on investment property. This is a moderate payout when compared with the sector average. We do not anticipate significant changes in the future ordinary dividend policy. On April 17, 2008, the shareholders approved a further one-time payment from the retained profits reserve via a super dividend of up to €1 billion. However, we expect the quantity of additional debt raised to finance the super dividend to remain commensurate with the 'A' ratings.

The company has adequate insurance policies. Nevertheless, in relation to terrorism insurance, the Dutch state provides a guarantee for cover unavailable in the commercial markets.

### **Cash flow adequacy**

The Schiphol Group's strong and stable cash-generative business is a credit strength. Cash flow generation will increasingly be reliant on traffic levels and commercial performance as fees will not increase as they have in the past. We expect the free operating cash flow to remain negative in the short to medium term due to a significant capital expenditure program, of about €2.4 billion until 2013. Positively, the group has the flexibility to reduce the planned capital expenditure, if required.

In 2007, adjusted FFO of €315.5 million was 9% lower than in 2006. The decline was mainly tax related, as cash tax payments doubled in 2007 (€125 million versus €63 million in 2006), as an effect of the value of deferred tax for the 2007 opening balance sheet. Therefore, FFO to interest was 6.3x in 2007 down from 6.6x in 2006, while FFO to total debt was 29.1% down from 32.4% in 2006.

Free operating cash flow (FFO minus capital expenditures) was negative at €39.6 million, down from positive €117.9 million in 2006, reflecting increased capital expenditure. The adjusted capital expenditures during 2007 amounted to €349.1 million, compared with €241 million in 2006. Aviation accounted for the largest share of investments at €208 million, of which €82 million was related to the baggage-handling program. The real estate segment represented the bulk of the remainder, with €109 million spent.

## Capital structure/Asset protection

The Schiphol Group is expected to maintain adequate capitalization. The investment plan for the next five years will be only partially financed by internal funds, meaning external debt funding will be needed until 2010 or so.

Total adjusted debt was €1.08 billion in 2007, which was only marginally higher than €1.08 billion at year-end 2006, resulting from repayments and the issuance of new loans under the €1 billion euro medium-term note program launched in 1999. The capitalization ratio (total debt to total debt plus total equity) improved to 26.8% from 28.3% in 2006, reflecting an increase of retained earnings to €2.84 million from €2.61 million in 2006.

**Table 2**

<b>N.V. Luchthaven Schiphol Peer Comparison*</b>					
<b>(Mil. €)</b>	<b>N.V. Luchthaven Schiphol</b>	<b>Aeroports de Paris</b>	<b>Copenhagen Airports A/S</b>	<b>Unique (Flughafen Zurich AG)</b>	<b>Dublin Airport Authority PLC</b>
Corporate credit rating	A/Stable/--	AA-/Stable/--	BBB+/Stable/--	BBB+/Stable/--	A/Stable/A-1
Business risk profile	Strong	Excellent	Strong	Satisfactory	Strong
Financial risk profile	Intermediate	Modest	Intermediate	Intermediate	Modest
<b>--Fiscal year ended Dec. 31, 2007--</b>					
Revenues	1,146.2	2,292.4	392.2	485.1	623.4
Net income from continuing operations	315.8	321.8	149.2	79.0	347.5
Funds from operations (FFO)	315.5	568.8	140.0	198.3	136.3
Capital expenditures	349.1	732.1	110.7	65.7	256.1
Cash and short-term investments	141.8	200.0	4.3	0.0	257.8
Debt	1,082.8	2,235.3	987.5	640.2	253.6
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	2,955.5	3,011.2	500.7	829.5	975.9
Debt and equity	4,038.3	5,246.5	1,488.3	1,469.7	1,229.6
EBITDA/revenues (%)	41.7	33.9	53.3	51.4	27.6
EBIT interest coverage (x)	5.7	4.9	3.4	3.0	5.5
EBITDA interest coverage (x)	8.3	6.4	4.2	5.3	6.0
FFO interest coverage (X)	6.3	6.0	3.7	5.2	5.5
FFO/debt (%)	29.1	25.4	14.2	31.0	53.8
Discretionary cash flow/debt (%)	(11.0)	(9.3)	(11.3)	20.1	(47.2)
Net cash flow/capital expenditure (%)	67.7	65.0	2.1	284.9	53.2
Total debt/debt plus equity (%)	26.8	42.6	66.4	43.6	20.6
Return on common equity (%)	11.1	11.2	31.0	9.9	43.2
Common dividend payout ratio (unadjusted) (%)	0.0	0.0	82.0	21.1	0.0

\*Fully adjusted, as appropriate; detailed adjustments can be found in each company's full report--article type "Analyses"--on RatingsDirect. ¶At Sept. 24, 2008.

**Table 3**

<b>N.V. Luchthaven Schiphol Financial Summary*</b>					
<b>(Mil. €)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Rating history¶	AA-/Negative/--	AA-/Negative/--	AA-/Stable/--	AA-/Stable/--	AA-/Stable/--
Revenues	1,146.2	1,036.7	947.6	876.3	859.7

Table 3

N.V. Luchthaven Schiphol Financial Summary*(cont.)					
Net income from continuing operations	315.8	526.9	192.9	160.8	191.3
Funds from operations (FFO)	315.5	348.6	286.0	363.8	283.6
Capital expenditures	349.1	241.4	323.3	294.4	351.5
Cash and short-term investments	141.8	257.1	261.9	250.5	270.6
Debt	1,082.8	1,075.0	1,094.7	1,103.0	1,058.2
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	2,955.5	2,721.3	2,243.0	2,092.2	2,025.1
Debt and equity	4,038.3	3,796.4	3,337.7	3,195.2	3,083.3
EBITDA/revenues (%)	41.7	42.5	46.7	46.2	44.5
EBIT interest coverage (x)	5.7	5.1	5.0	4.4	4.2
FFO interest coverage (x)	6.3	6.6	6.0	7.3	5.2
FFO/debt (%)	29.1	32.4	26.1	33.0	26.8
Discretionary cash flow/debt (%)	(11.0)	5.8	(6.6)	(1.4)	(9.5)
Net cash flow/capital expenditure (%)	67.7	121.5	74.1	109.6	68.7
Debt/debt and equity (%)	26.8	28.3	32.8	34.5	34.3
Return on common equity (%)	11.1	21.2	8.9	7.7	9.4
Common dividend payout ratio (unadjusted) (%)	0.0	10.5	24.1	25.5	22.0

\*Fully adjusted (including postretirement obligations). †Corporate credit rating at end of 12-month period.

#### Ratings Detail (As Of September 24, 2008)\*

##### N.V. Luchthaven Schiphol

Corporate Credit Rating	A/Stable/--
Commercial Paper	
Local Currency	A-1
Senior Unsecured (6 Issues)	A

##### Corporate Credit Ratings History

18-Apr-2008	A/Stable/--
02-Apr-2008	AA-/Watch Neg/--
29-Jun-2006	AA-/Negative/--

##### Business Risk Profile

Strong

##### Financial Risk Profile

Intermediate

##### Debt Maturities

At Dec. 31, 2007 (including finance leases)  
 2008: €85 mil.  
 2009-2013: €392 mil.  
 Thereafter: €434 mil.

##### Related Entities

###### Schiphol Nederland B.V.

Issuer Credit Rating	A/Stable/--
Commercial Paper	
Local Currency	A-1
Senior Unsecured (2 Issues)	A

\*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard

**Ratings Detail** (As Of September 24, 2008)\* **(cont.)**

& Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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