

January 22, 2008

Summary:

N.V. Luchthaven Schiphol

Primary Credit Analyst:

Alexandre de Lestrangé, Paris (33) 1-4420-7316; alexandre_delestrange@standardandpoors.com

Secondary Credit Analyst:

Beata Sperling-Tyler, London (44) 20-7176-3687; beata_sperling-tyler@standardandpoors.com

Table Of Contents

Rationale

Outlook

Summary:

N.V. Luchthaven Schiphol

Credit Rating: AA-/Negative/--

Rationale

The ratings on N.V. Luchthaven Schiphol and Schiphol Nederland B.V. reflect the Schiphol Group's strong business risk and minimal financial risk profiles. 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's strong operational track record and its success in retail and real estate also support the ratings. These strengths are partially offset by environmental constraints, a relatively high level of transfer passengers, and dependence on airline Air France-KLM.

Schiphol's passenger volumes are the fifth highest in Europe after increasing 3.7% during 2007 to 47.8 million passengers on the back of the strong performance of intercontinental routes, and, to a lesser extent, improving European traffic. Management expects little to no volume increase in 2008 in passengers and air transport movement because of the Dutch government's introduction, on July 1, 2008, of a flight ecotax at Schiphol. The airport, along with the Board of Airline Representatives in the Netherlands, will launch an appeal against the introduction of the tax. Cargo traffic, on the other hand, will continue to increase by approximately 4% in 2008 (after rising 5.5% in 2007 to 1.6 million tons).

In October 2007, the government abandoned its attempt to partially privatize the Schiphol Group through a private placement, after rejecting an IPO earlier in 2007. Changes to the company's financial situation through special dividends or other proposals cannot, however, be ruled out.

Schiphol Group plans investment of over €550 million in 2008, considerably more than in 2007. The majority will go toward funding upgrades and expansion of basic facilities at Schiphol.

The Dutch government has approved further increases in Schiphol's air transport movements to a total of 480,000 by 2010, up from 436,000 in 2007, leaving room for continued revenue and traffic growth.

First-half 2007 revenues were up a strong 11.4%, to €541 million, largely owing to passenger volume increases, rises in aeronautical charges, and the strong performance of consumers' businesses. Unadjusted EBITDA increased by 19.8%, and the EBITDA margin was 49% including capital gains on property. Schiphol Group's financial profile is one of the strongest among airports that Standard & Poor's Ratings Services rates.

Liquidity

Schiphol Group's liquidity is adequate, supported in particular by stable and strong cash flow generation, the group's ability to reduce capital expenditure, good access to debt markets and its long-term maturity profile. Financing needs in 2008 will increase over 2007 due to negative free operating cash flow and expected higher dividend payments. These financing needs are partly covered by €103 million of cash, and undrawn committed bank facilities of €200 million, at June 30, 2007.

The documentation for Schiphol Group's existing bonds carries no rating triggers or change of control covenants. In contrast, the €108 million outstanding loan from the European Investment Bank (EIB) carries a possible rating trigger. The EIB can enter into a preliminary discussion regarding a change of conditions on the outstanding debt if Standard & Poor's rating on Schiphol Group falls below 'A' or Moody's rating falls below 'A2'. In the unlikely event that revised conditions are not agreed, the EIB could ask for early repayment of the loan.

Outlook

The negative outlook reflects our expectation that the group will remain fully publicly owned given the Dutch finance ministry's October 2007 decision against partial privatization. The outlook also takes into account that the company's financial risk profile could weaken in the short to medium term, possibly resulting from, among other things, a special dividend. An upgrade is highly unlikely, but a downgrade could follow an erosion of the group's credit profile by events that undermine passenger volumes, a significant weakening of its main carrier KLM, or a change in the airline's strategy of using Schiphol as its main hub.

To sustain an 'AA-' rating, the group needs to maintain a strong business profile, with funds from operations (FFO) interest coverage above 6.0x, and FFO to debt close to 30% (about 7.0x and 29%, respectively, at June 30, 2007).

Additional Contact:

Infrastructure Finance Ratings Europe; InfrastructureEurope@standardandpoors.com

Additional Contact:

Infrastructure Finance Ratings Europe; InfrastructureEurope@standardandpoors.com

Copyright © 2008, Standard & Poors, a division of The McGraw-Hill Companies, Inc. (?S&P?). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscriber?s or others? use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: research_request@standardandpoors.com.