Contents

(in millions of euros unless otherwise indicated)

	Aviation		Consumers		Real Estate		Alliances and Participations		Total	
Principal activities	Planning, coordination, capacity management and information for the aviation processes at Amsterdam Schiphol		Retail, parking, advertising, e-business and floor space rental in Amsterdam Schiphol's terminal		Development, management, operation of and investments in real estate at and around Amsterdam Schiphol and other airports		Pantares Rotterdam Airport Eindhoven Airport Lelystad Airport JFK IAT Brisbane Airport			
	2002	2001*	**2002**	2001*	**2002**	2001*	**2002**	2001*	**2002**	2001*
RONA before taxation	**5.9%**	5.9%	**26.9%**	25.1%	**8.3%****	7.4%**	**– 6.4%*****	– 4.1%***	**9.1%**	8.9%
RONA after taxation	**3.9%**	3.9%	**17.6%**	16.4%	**5.4%****	4.9%**	**– 4.2%*****	– 2.7%***	**6.0%**	5.8%
Total operating income	**399**	349	**242**	249	**114**	73	**35**	35	**790**	706
EBITDA	**147**	131	**133**	128	**80**	64	**– 4**	0	**356**	323
Operating result	**78**	69	**108**	101	**76**	59	**– 9**	– 5	**253**	224
Average fixed assets	**1.322**	1.181	**402**	403	**915**	791	**137**	128	**2.776**	2.503
Investments	**258**	152	**12**	50	**65**	118	**10**	18	**345**	338
Unrealised capital gains					**17**	100				
RONA including unrealised capital gains, and before taxation					**10.2%**	20.0%				
RONA including unrealised capital gains, and after taxation					**6.7%**	13.0%				

* Restated for comparison purposes

** RONA, excluding unrealised capital gain

*** In calculating RONA, the group's share in the results of participating interests has been taken into account; average fixed assets includes financial fixed assets.

Schiphol Group* is an airport operator primarily involved in creating and developing AirportCities to create sustainable value for its stakeholders. The company's strategy focuses on strengthening its international competitive position, including further expanding the AirportCity concept. The company aims to grow into a leading, international airport enterprise.

An AirportCity is an efficient, multimodal hub for air, rail and road transport, offering its users round-the-clock facilities for business and pleasure (shops, restaurants, bars, hotels, information and communication technology, office space and conference centres), whether they are visitors (passengers and staff or just people meeting and seeing off passengers) or locally based international businesses (airlines, handling agents, logistics companies and business service providers).

The flagship enterprise is Amsterdam Airport Schiphol, which reflects the AirportCity concept in its most advanced form. The experience and expertise acquired here is used to apply the concept to other international airports.

Schiphol Group owns and operates Amsterdam Airport Schiphol, Rotterdam Airport and Lelystad Airport as well as having a 51% share in Eindhoven Airport. Outside the Netherlands, Schiphol USA Inc. has a share in JFK IAT, which operates Terminal 4 at John F. Kennedy Airport, New York and Schiphol Australia has a share in Brisbane Airport Corporation, the operator of Brisbane Airport.

Around half of Schiphol Group's turnover is derived from airport fees. Other revenues are generated by retail activities, car parking and real estate as well as the Group's participating interests. The information in this annual report is presented according to these sources of revenue, based on the company's four business areas of Aviation, Consumers, Real Estate and Alliances & Participations.

In 2002 Schiphol Group generated a turnover of €774 million and a net profit of €141 million. The company employs some 2,100 people (on a full-time equivalent basis).

* N.V. Luchthaven Schiphol trades under the name of Schiphol Group. References in this report to Schiphol Group include the company's subsidiaries unless the contrary is explicitly stated or clear from the context..

Key Figures

(amounts in millions of euros)

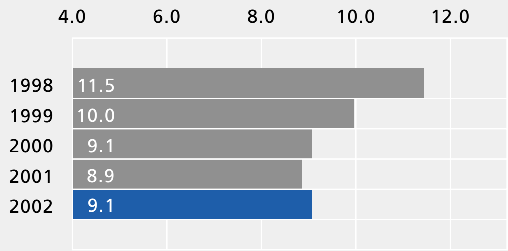
Historical figures have been restated in accordance with current accounting policies

	2002	2001	2000	1999	1998
Results					
Net turnover	**774**	695	637	575	553
Operating result	**253**	224	202	195	196
Net result [1]	**141**	191	153	140	169
Depreciation/amortisation	**103**	99	105	80	81
Cash flow from operating activities [2]	**329**	216	251	290	283
Balance sheet					
Shareholders' equity	**1,951**	1,860	1,618	1,427	1,276
Total assets	**3,062**	2,897	2,524	2,264	2,056
Ratios					
Return on net assets (RONA) before taxation [3]	**9.1**	8.9	9.1	10.0	11.5
Return on capital expenditure (ROCE) [4]	**9.3**	9.4	10.2	10.6	11.1
Return on average shareholders' equity [1]	**7.4**	11.0	10.1	10.4	14.1
Interest-bearing debt/total assets	**0.24**	0.26	0.23	0.24	0.27
Operational indicators					
Arrival punctuality (%) [5]	**80.4**	75.6	75.7	73.2	69.5
Departure punctuality (%) [6]	**69.1**	64.1	64.1	61.9	57.2
Business volume (in quantities)					
Schiphol Group					
Air transport movements	**430,134**	447,742	455,925	430,360	411,599
Passengers (x 1,000)	**41,711**	40,557	40,645	37,668	35,248
Cargo (x 1,000 kg)	**1,240,696**	1,183,969	1,223,377	1,182,319	1,173,787
Of which:					
Amsterdam Airport Schiphol					
Air transport movements	**401,385**	416,462	414,928	393,606	376,810
Passengers (x 1,000)	**40,736**	39,531	39,607	36,772	34,420
Cargo (x 1,000 kg)	**1,239,900**	1,183,208	1,222,594	1,180,717	1,171,256
Personnel					
Average effective workforce in full-time equivalents	**2,134**	2,038	1,864	1,868	1,928

1) Net result and Return on average shareholders' equity have been depressed by the corporation tax charge, applicable for the first time
2) See cash flow statement for analysis
3) RONA (return on net assets): operating result / average fixed assets
4) Operating result / average (liabilities less non-interest bearing current liabilities)
5) Percentage of flights arriving within 15 minutes of schedule
6) Percentage of flights departing within 15 minutes of schedule

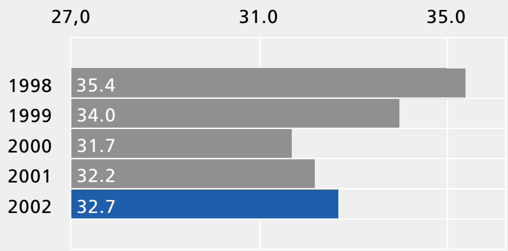
Return on Net Assets (RONA)

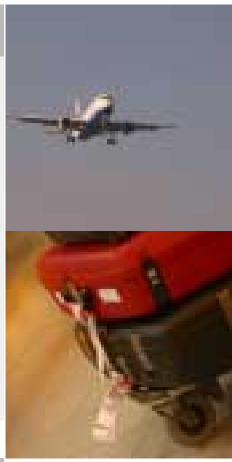
Operating result/average fixed assets



Operating result

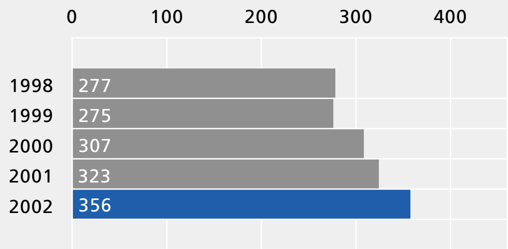
As percentage of net turnover





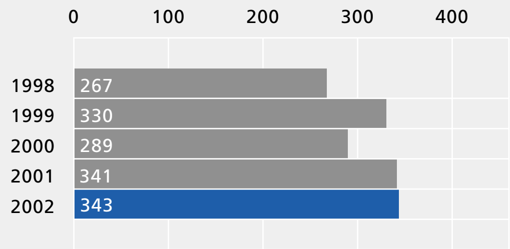
EBITDA

Operating result plus depreciation/amortisation x 1 million



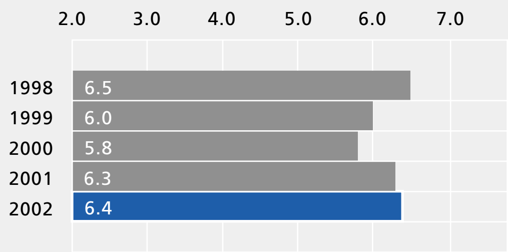
Investments in tangible fixed assets

x € 1 million



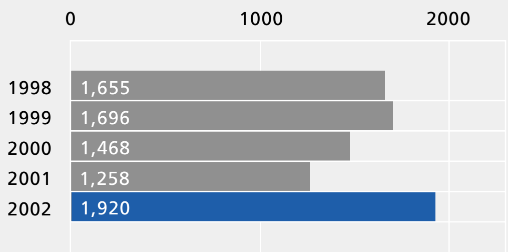
Interest coverage ratio

Operating result/net financial income and expenses



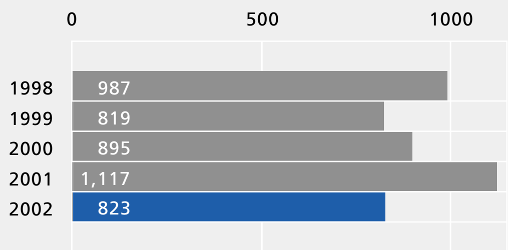
Operating cash flow per share

(in euros)



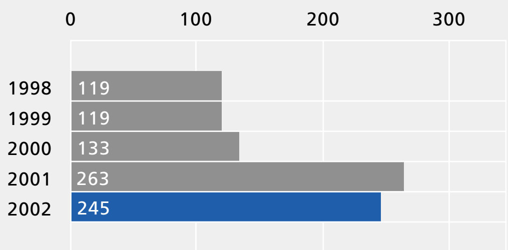
Earnings per share

(in euros)



Dividend per share

(in euros)



Shareholder Information

Share capital

The authorised capital of Schiphol Group (N.V. Luchthaven Schiphol) amounts to NLG 300 million (€ 136.1 million), divided into shares of NLG 1,000 (€ 453.78) nominal value. Of this share capital, an amount of NLG 171,255,000 (€ 77,712,130) has been issued. The shareholders are:

State of the Netherlands	75.8%
City of Amsterdam	21.8%
City of Rotterdam	2.4%

In 2002, the Dutch government announced its intention to sell off a minority interest in Schiphol Group under certain conditions. The City of Rotterdam plans to follow suit.

Dividend policy

Agreement has been reached with the shareholders that the dividend for 2002 should be approximately 30% of the net profit.

Credit rating

Commercial paper issued by N.V. Luchthaven Schiphol and Schiphol Nederland BV has a credit rating of AA– from Standard & Poor's. The Moody's Investors Services rating is Aa3.

Financial calendar

14 April 2003
General Meeting of Shareholders

25 August 2003
Publication of half-year results for 2003

19 February 2004*
Publication of results for 2003

19 March 2004*
Publication of 2003 annual report

15 April 2004*
General Meeting of Shareholders

* Dates subject to change

General

In the course of 2002, the Supervisory Board held five ordinary meetings and two meetings without the Board of Management. In addition to its usual business of discussing budget-to-actual analyses and operating results, adopting the financial statements and the half-year figures, ratifying loans and making preparations for the 2003 Corporate Budget, our Supervisory Board also regularly devoted attention to the developments taking place within the aviation industry, international policy and the Revised Aviation Act. The Board of Management reported regularly to the Supervisory Board on progress of the political debate surrounding the government's plans to sell off a minority interest in N.V. Luchthaven Schiphol.

Business Plan and the long term

Our Board also discussed Schiphol Group’s Business Plan 2003-2007, concentrating particularly on the development of Amsterdam Airport Schiphol. The relevant key elements of the plan which are supported by the Supervisory Board are (i) the investment in the airport's capacity and growth potential, (ii) operational reliability and (iii) accessibility and the size of the catchment area.

The Supervisory Board also considered which of the long-term scenarios for further developing the Amsterdam Airport Schiphol site had potential and what steps the Board of Management intended to promote in the area of spatial planning. During our meetings, the relationship with KLM in general and, in particular, the development of long-term relationships regarding Amsterdam Airport Schiphol's status as a major hub airport received a great deal of attention. The importance of cargo was discussed regularly and it is pleasing to note that the cargo market is developing favourably.

In the discussions on long-term plans, the development of the *70 Million Bags* baggage handling concept also received considerable attention from the Supervisory Board. The proposed concept presented by the Board of Management was given Supervisory Board approval.

New runway and the environment

Our Supervisory Board was kept regularly informed of the final stages of completion of the new runway and its advantages in respect of airport capacity and reduced environmental impact as well as of the new statutory framework (Revised Aviation Act). Regarding airport operations, the Supervisory Board concentrated primarily on investments such as the construction of the northern taxiway.

International strategy

On various occasions, the Supervisory Board took note of progress on negotiations relating to acquisition of an interest in Malaysian Airport Holding Berhad, the owner of Malaysia's airports. Regular reports were also received on the pattern of results of the Schiphol USA participating interest in JFK IAT, and the partnership with Fraport in Pantares was evaluated. The Supervisory Board subsequently discussed international strategy with the Board of Management later in the year on the basis of outline management proposals to step up the company's international strategy.

Financial reporting and profitability

On the recommendation of the Financial Committee, our Supervisory Board approved the management proposal that the accounting policies for the preparation of the N.V. Luchthaven Schiphol 2002 financial statements will be based on Dutch GAAP. In instances where Dutch GAAP permits an option, for example in forming a provision for major repairs, our Supervisory Board together with our Board of Management elected to follow the option which complies with IAS.

The Supervisory Board also discussed the completion of the ACRE Fund transaction on various occasions, including the implications of this transaction for the financial statements. In response to developments in the insurance market, the Board gave extensive consideration to the insurance risks, government involvement in these matters and the development in premiums.

Profitability of the business was regularly on the agenda. The Board emphasised, in the context of the 2003 budget, that firm control of costs and long-term agreements on revenues from airport fees remained essential for healthy profitability, given the high level of investment involving capital projects extending over a number of years.

Our Supervisory Board agreed to the increase in the ceiling of the Euro Medium Term Note (EMTN) programme to €1 billion and the contracting of a loan facility of €150 million with the European Investment Bank (EIB). The Financing Plan, under which particular attention was paid to spreading the maturities of the loans to be drawn down, was approved.

Central Works Council

Our Supervisory Board had one or two members present at each consultative meeting with the Central Works Council.

Remuneration Committee

The Remuneration Committee met a number of times to discuss the directors' remuneration. Approval was granted by the Supervisory Board. At the request of the Supervisory Board, a brief study was performed to establish a benchmark for the structure and form of the remuneration package for members of the Board of Management. Based on the study, the Supervisory Board made the decision to add an element to the package in the form of a Long-Term Incentive (LTI). This new component in the overall remuneration serves to strengthen the commitment to the company's medium-term objectives and will encourage the process of team building within the Board of Management. The LTI is additional to fixed remuneration taking the form of regular salary and a Short Term Incentive (STI). The STI differs for each Board of Management member and depends on the Group's general financial objectives as well as portfolio related non-financial objectives.

Corporate governance

The line adopted by the Supervisory Board for enhancing corporate governance continued to be pursued in the past year. The Board also evaluated its own performance and adopted a retirement schedule. At the Supervisory Board's request, the Board of Management prepared an amendment to the rules governing the Financial Committee during the year to enable the Committee to operate on a basis conforming to the latest developments in corporate governance. This involves abolishing the Financial Committee in 2003 and simultaneously appointing an Audit Committee instead, with a specific set of rules. Policy on the external auditors was also revised, bringing it into line with the principles set forth in the European Commission Recommendation on Statutory Auditors' Independence in the EU (published in May 2002). To emphasise that independence needs to be assured, the new policy includes a strict description of the audit services and strict definition of areas of incompatibility with other services provided by the same firm of accountants (consultancy, legal etc.). The rules also require that the external auditors to be changed at least every six years, with formal reappointment each year. The Supervisory Board will evaluate the findings of the annual external audits and report accordingly to the General Meeting of Shareholders.

Financial Committee

The Financial Committee met on two occasions, discussing the 2001 financial statements, the interim report and the results of the internal audit

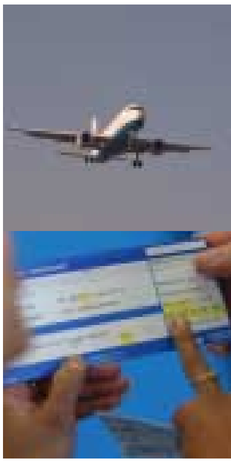
as well as other aspects of internal control. Also on the agenda of the Financial Committee were specific topics of a financial nature such as the financing plan, the development in WACC and RONA, the change in accounting policies, the report of the auditors to management, provisions, action to be taken pursuant to the management letter, insurances and international policy.
These discussions were held in the presence of an external accountant.

Composition
The composition of the Supervisory Board is based on a profile aimed at ensuring that the Board is always composed in such a way as to enable it to perform its statutory duties effectively, to allow its members to operate independently and objectively vis-à-vis one another and the Board of Management and to provide a good mix of expertise and experience.
There were a number of changes in the composition of the Supervisory Board during the year. The City of Rotterdam let it be known that it was waiving its right to appoint a member of the Supervisory Board and, consequent upon this decision, Mr P.H.J.M. van Dijk retired from the Board. The City of Amsterdam decided to appoint two Supervisory Board members who were not also members of the Municipal Executive and would match the Board's preferred profile. The city authority accordingly withdrew Messrs M.J. Cohen and G.D. Dales from the Board and appointed Messrs S. Patijn and W.F.C. Stevens instead.

Finally, Mr G.H.O. van Maanen retired as a member of the Supervisory Board because of the conflict of interests arising as a result of his appointment as Secretary-General of the Ministry of Transport and Public Works. The Dutch State decided not to fill the vacancy thus created in line with the official policy of not having government representatives on the Supervisory Board. The Articles of Association will be amended accordingly.

The Board wishes to thank the outgoing members for their commitment and contribution over the years.

Financial statements
We have discussed the half-year results, the financial statements, the financial reporting and the quality of the company's internal controls with our external auditors, PricewaterhouseCoopers Accountants NV. The Report of the Board of Management and the financial statements were compiled by the Board of Management on 7 February 2003.



An amount of € 1,723,000 will be added to the statutory reserve for participating interests. The Supervisory Board concurs with the Board of Management's proposal to distribute a dividend of € 42,000,000 on the paid-up capital and to add the remaining € 96,971,000 to the other reserves.

In accordance with the Articles of Association, the Supervisory Board adopted the financial statements in its meeting of 20 February 2003. PricewaterhouseCoopers Accountants NV have audited the financial statements and issued an unqualified report on them (see page 69).
The Supervisory Board will present the financial statements for approval at the Annual General Meeting of Shareholders to be held on 14 April 2003. We recommend that these financial statements be approved and the decisions of the Board of Management and the supervision exercised by the Supervisory Board be ratified.

Finally, we should like to take the opportunity to express our considerable appreciation of all the hard work and achievements on the part of the management and staff of N.V. Luchthaven Schiphol and its participating interests in what were often difficult circumstances.

20 February 2003

The Supervisory Board

Supervisory Board

Peter-Jan Kalff (1937), Chairman [1])
Member since 1997 (second term of office expires in 2005).
Former Chairman of the Board of Management of
ABN AMRO Holding N.V.

Hans van den Broek (1936)
Member since 2000 (first term of office expires in 2004).
Former member of the European Commission and former
Dutch Foreign Secretary

Jan-Michiel Hessels (1942) [1)]
Member since 1994 (third term of office expires in 2006).
Former Chairman of the Board of Management of Koninklijke
Vendex KBB N.V.

Johan Kremers (1933) [2)]
Member since 1994 (he will reach the statutory age limit
in 2003).
Former Vice-Chairman of Robeco Group's Policy Committee
and former Managing Director of Rodamco N.V.

Toon H. Woltman (1937) [2)]
Member since 1998 (second term of office expires in 2006).
Former Chairman of the Amsterdam Chamber of Commerce.

Trude A. Maas-de Brouwer (1946)
Member since 2001 (first term of office expires in 2005).
President of the HayVision Society.

Schelto Patijn (1936)
Member since 2002 (first term of office expires in 2006).
Former Mayor of the City of Amsterdam.

Willem F.C. Stevens (1938) [1)]
Member since 2002 (first term of office expires in 2006)
Senior counsel with Baker & McKenzie

Joris Backer (1953), Secretary

Board of Management

Gerlach J. Cerfontaine (1946)
President

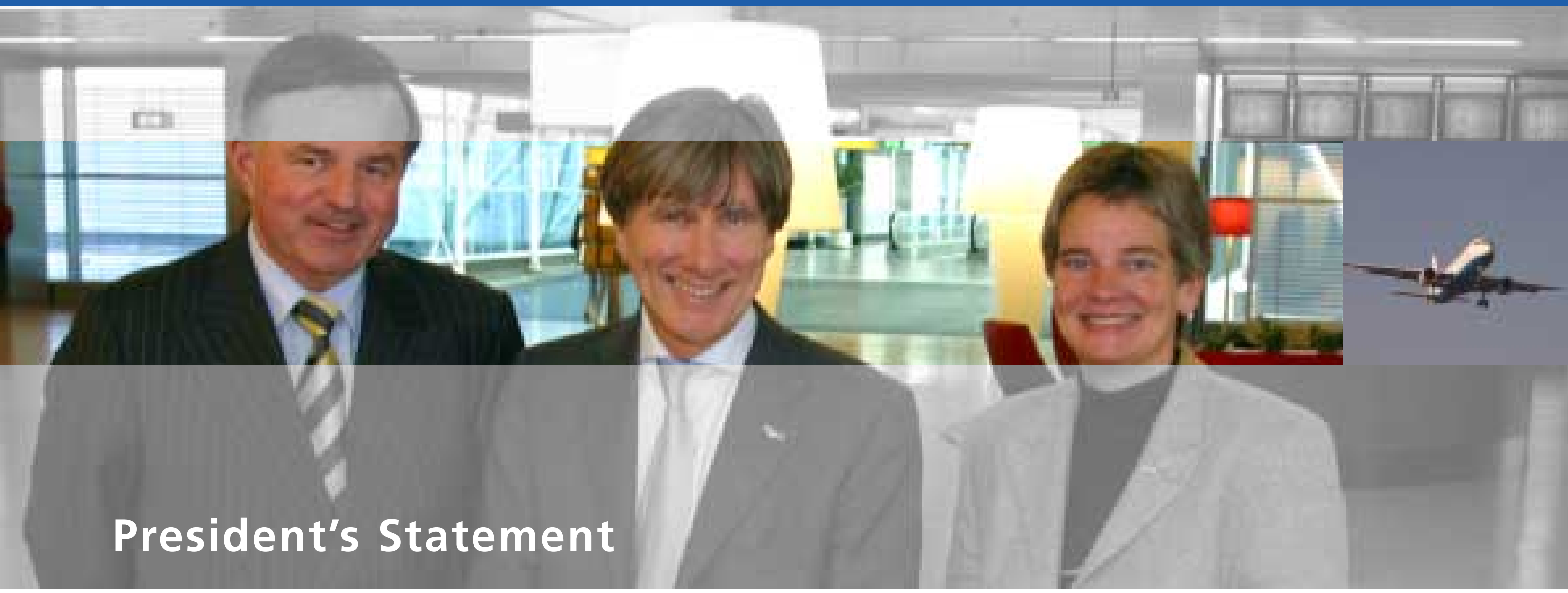
Marike E. van Lier Lels (1959)
Member of the Board of Management /
Chief Operating Officer

Pieter M. Verboom (1950)
Member of the Board of Management /
Chief Financial Officer

Works Council

Henk L. Bank (1945)
Cees G. Breems (1945)
Jaap Brouwer (1948), Secretary
Catharina J. Coepijn (1973)
Jan H. Enthoven (1945)
Manfred Funke (1952)
Marja Goeman-Scheltema (1953)
Onno G.C. Hagers (1961)
Theo C. van Heijningen (1953)
Rabia Karahan (1976)
Jac M. Koomen (1946)
Lex H. Oude Weernink (1953), Chairman
Luuk Pol (1946)
Inna L. Ratieva (1963)
Meike P. Verhaest (1945)

1) Member of the Audit Committee. 2) Member of the Remuneration Committee



President's Statement

From left to right:
Pieter Verboom
Gerlach Cerfontaine
Marike van Lier Lels

2002 was characterised by great uncertainty for the aviation industry in the wake of the U.S. tragedy in September 2001. Many airlines found themselves in difficulty and some were even forced to close operations. Set against this background, attempts to form international alliances among airlines were intensified. The outcome of the consolidation process is of great importance to the future of our company.

Despite the difficulties faced by our major customers, the airlines, Schiphol Group performed reasonably well during the year. Amsterdam Airport Schiphol experienced a gradual recovery after the downturn in the closing months of 2001. Traffic volume was better than had been expected at the beginning of the year. Both passenger and cargo volumes reached record levels. Along with other factors, Schiphol Group was able to achieve a satisfactory result in the circumstances. Amsterdam Airport Schiphol again succeeded in gaining market share in terms of both passengers and cargo compared with the other major European airports and in so doing managed to strengthen its competitive position.

New runway completed

Considerable progress was made in 2002 relevant to the sustainable growth of Amsterdam Airport Schiphol. The new runway was completed, opening for air traffic on 20 February 2003. The revised Aviation Act was also passed by the Upper House of the Dutch Parliament in 2002. The Act defines new environmental and safety standards for the airport taking effect on the date the new runway started operating. The new runway, combined with the new standards, will enable Amsterdam Airport Schiphol to continue to grow in the years ahead to 520,000 - 600,000 air transport movements a year and therefore keep pace with the growth of other major hub airports in Europe. When the new runway becomes fully operative on November 1, 2003, noise impact for many local residents will be reduced because flight paths will pass over densely populated areas less frequently. To accommodate the airport's growth beyond 2012, an application has been made to reserve planning space to expand the airport area, and which allows for possible adjustment of the runway system.

An amendment to the Aviation Act governing airport security was also passed by the Upper House in 2002. The government will be transferring operational responsibility for preventive security at the airport to Schiphol Group with effect from 1 April 2003, although ultimate responsibility for security will emphatically continue to be carried by the State of the Netherlands. Significant investments were made in new security equipment in preparation of the requirement for European airports to screen all hold baggage. 100% hold baggage screening was in fact implemented on 1 January 2003.

Considerable investments were again made in various facilities at Amsterdam Airport Schiphol in 2002. In addition to the construction of the new runway, the investment programmes covered the extension and renovation of Departure Lounge 1 and improvements to the baggage handling system. Several projects on which work had been halted after the events of September 2001 were resumed when traffic figures posted better results than originally expected.

Towards the end of 2002, several buildings owned by Schiphol Real Estate were transferred to Airport Real Estate Basisfonds C.V. (ACRE Fund), a property fund established in 2001, following which half the fund's shares were placed with various institutional investors. The other shares remain in the hands of Schiphol Group.

Relations with airlines improved

Relations with the airlines were significantly improved in 2002. Based on the findings of a customer satisfaction survey, steps were taken to increase the organisation's customer service with the aim to consult more than in the past with the airport's customers on projects such as desirable or essential investments. Baggage handling continued to be problematic. However, improvements were made, partly as a result of good co-operation with the airlines, particularly KLM.

A covenant was entered into with KLM covering strategic agreements on safeguarding Amsterdam Airport Schiphol's status as a major European hub in the coming years, the medium-term infrastructure expansion plan, the necessary return on investment and the relevant development in airport fees. The covenant takes account of the interests of the other airlines and the guidelines of the Netherlands Anti-Trust Authority (NMa). Talks will also be held with the other airlines and the government on these issues. Implementation of the covenant is contingent upon the introduction of appropriate regulation.

Flotation still desired

The strategic accord forming the basis of the new coalition government, which took office in 2002, contained a decision in principle that the State of the Netherlands would sell a minority interest in Schiphol Group under certain conditions. The fall of the government in the autumn and the consequent elections in January 2003 have again created uncertainty. The outgoing government did, however, continue with preparations, enabling flotation to go ahead at short notice, given a favourable political and financial climate. We continue to believe that private company status and access to the capital market are essential for Schiphol Group's future development. A stock market listing is also important to at least maintain our competitive position vis-à-vis already privatised airports. The statutory framework for a flotation in our view offers adequate guarantees to protect the public interest in respect of safety and environmental issues, to retain our position as a major European hub and to safeguard the interests of airport users.

Negotiations with the Malaysian government on acquiring a participating interest in the company operating the majority of airports in Malaysia were abandoned. When our partner Fraport withdrew we felt that the risks associated with a 30% stake for Schiphol Group alone were too great whilst the Malaysian government was not prepared to talk about a smaller interest.

Internationalisation policy stepped up

In the light of worldwide developments, our internationalisation policy was stepped up in 2002. We are now focusing on airports that can strengthen our position as a major European hub, or where we can generate extra revenues by offering additional services, particularly in the non-aviation areas of the AirportCity concept, such as retail and real estate. We believe there is good potential for offering consumer services at other airports, also because of the considerable expertise we have acquired in this area of the business at Amsterdam Airport Schiphol. We are able to offer a large number of high-value products, such as the automatic border passage system employing iris recognition developed in partnership with Joh. Enschedé.

Recognition of the high standing of ICT within the company was reflected in Amsterdam Airport Schiphol being nominated Best ICT Airport in the World by Air Transport and Travel Information Systems and the fact that the airport was honoured with an award for applying ICT to the operational processes.

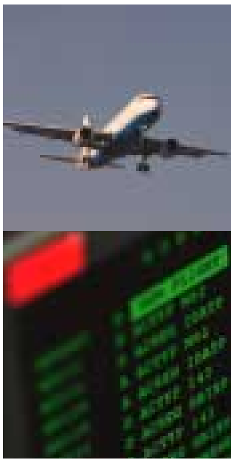
Concerns on the position of the 'Randstad'
Capital expenditure in 2003 will again be substantial, and will relate to the forecast volume growth, further security enhancements and achievement of our 'operational excellence' goal. We are, however, forced to observe that landside accessibility of Amsterdam Airport Schiphol is becoming increasingly difficult. This is part of a wider concern on the deterioriating position of the urbanised west of Holland as an entity – the 'Randstad' – relative to rival regions such as London, Frankfurt and Paris because accessibility is deteriorating and the absence of any real identity.

The difficulty is not so much lack of planning but the lack of any clear direction on the part of the authorities for implementing those plans. What is needed is a decisive administration capable of directing and coordinating an effective programme of public and private investment. A strong 'Randstad', including its main (air)ports, is of major importance to the Dutch economy and for employment.

Barring unforeseen circumstances we expect to see sustained, moderate growth in the number of passengers, the volume of cargo and the number of aircraft movements in 2003.

Despite all the uncertainties on the immediate development of air transport, demand for airport capacity is anticipated to continue to grow in the long term, albeit perhaps at a slightly slower rate than was envisaged a few years ago. Schiphol Group is in an excellent position to take advantage of the opportunities that will continue to present themselves. Our financial position is strong, we have highly qualified and motivated staff, we have the unique AirportCity concept and we have an excellent range of products and services to offer both the business-to-business and business-to-consumer markets.

Gerlach Cerfontaine



To mark the opening of the new runway and to highlight the importance of the runway for sustainable growth at Amsterdam Airport Schiphol, we invited former Shell President Cor Herkströter and former European Commissioner Karel van Miert to give us their views on sustainable business for this annual report. You can read what they have to say on pages 23 and 31.

Strategy and Objectives

- **Creating sustainable value for stakeholders**
- **Further development of the AirportCity concept**
- **RONA used to measure added value**

Schiphol Group's key general objective is to develop AirportCities to create sustainable value for its stakeholders. These are the shareholders, airlines, handling agents, shipping companies, passengers, staff, suppliers, authorities and local residents. The company's financial objective is to create shareholder value.

Strategy aimed at sustainable growth

Our strategy focuses on sustainable growth at Amsterdam Airport Schiphol and on international expansion. The market offers ample opportunity for pursuing this strategy because aviation is a growth industry even though the upward trend may see fluctuations from year to year. At the Amsterdam Schiphol location, we are continuing to develop the AirportCity concept, strengthen our competitive position within the constraints imposed by environmental and safety standards, and maintain and expand our position as a multi-modal transport hub. To achieve our goal, ongoing investments are required to increase capacity and enhance the quality of the operational processes.

The company's policy of internationalisation is aimed partly at alliances with other airports to strengthen Amsterdam Airport Schiphol's position as a major European hub and partly at operating and further developing the AirportCity concept or applying specific aspects of that concept.

To achieve these objectives, we aim to:

- Offer quality products and services at competitive prices
- Strengthen Schiphol Group's reputation and prominence, nationally and internationally, by further developing and marketing the Schiphol brand
- Create a stimulating working environment for our staff
- Generate the necessary financial resources to permit international expansion and other activities

Emphasis on operational excellence

Schiphol Group believes that ultimately there will only be three airline alliances with global operations and aims to provide the best possible facilities for one of these three alliances at Amsterdam Airport Schiphol. That means continuing to invest in airport capacity and growth potential, landside accessibility, catchment area size and operational reliability.
Operational excellence is a crucial factor in ensuring that Amsterdam Airport Schiphol remains in the top league of major European airports. We must therefore deliver excellent performance in all areas of the operational process including punctuality, customer service and baggage handling. Our success is reflected in the customer satisfaction rating, which is continuously measured by our Quality Monitoring System. A target of more than 92% of all arriving and departing passengers rating Amsterdam Airport Schiphol as either 'good' or 'excellent' has been set. In 2002, the figure was 92% for arriving passengers and 93% for departing passengers.

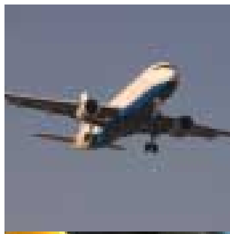
Sustainability

Schiphol Group is determined to conduct its business in a socially responsible, i.e. sustainable, manner. The company strives to minimise the negative impact of its operations and maximise the benefits. Sustainability also means that a company should contribute to sustainable development in the world at large. Economic developments must therefore be balanced against such things as protecting the environment, human rights, safety, health, the interests of employees and job creation. Given the activities of Schiphol Group, environmental protection, safety and noise abatement take high priority. Employment is another important aspect: in 2002, the total number of people employed on site at Amsterdam Airport Schiphol increased by 3% to 56,570.

Value creation through Value-Based Management

At Schiphol Group, our operational and investment decisions are guided by Value-Based Management in such a way as to create value. With the exception of Aviation, all the Business Areas are required to create value, i.e. generate a return over time exceeding the weighted average cost of capital (WACC). The objective for Aviation, which operates in a government-controlled environment, is to increase the return over time to bring it more in line with the cost of capital.

The return on net assets (RONA), used to measure value creation, must be higher than WACC. In the absence of a stock exchange listing WACC after taxation in 2002 is estimated at 8%. In 2002 Schiphol Group achieved a RONA before taxation of 9.1%, excluding any unrealised increase in current value of the real estate portfolio.



Financial Performance

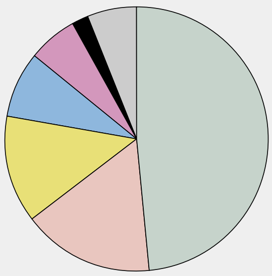
- Net result higher than expected
- RONA increases to 9.1%
- Balance sheet ratios remain strong

Change in accounting policies
Various changes were made to the accounting policies with effect from 1 January 2002. Expenditure related to environmental risks and major repairs is now accounted for directly in the profit and loss account. The relevant provisions have therefore been released. This policy change had the effect of increasing shareholders' equity as at 31 December 2001 by € 81.6 million and increasing the net result for 2001 by € 8.2 million. The change, which was partly as a result of amended guidelines from the Council for Annual Reporting in the Netherlands, provides better insight into our financial position and performance and also enhances comparability. For comparison purposes, the figures contained in this report for 2001 and preceding years have been restated.

Net result higher than expected
Schiphol Group posted a net result in 2002 of € 141 million compared with € 191 million in 2001. The result was lifted by a gross book profit of € 17 million on the sale of property to ACRE Fund but depressed by the corporation tax charge, of € 74 million, which was applicable for the first time. The operating result was significantly better

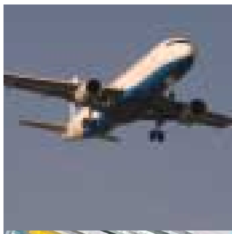
Net turnover

(in millions of euros)



- 49% Airport fees
- 16% Concessions
- 13% Rents and leases
- 8% Parking fees
- 6% Sale of commercial property
- 2% Utility services
- 6% Other activities

	2002	2001	Increase/decrease
Airport fees	**381**	334	14.1%
Concessions	**119**	116	2.4%
Rents and leases	**101**	96	5.9%
Parking fees	**60**	57	3.9%
Sale of commercial property	**47**	8	458.2%
Utility services	**17**	17	2.5%
Other activities	**49**	67	– 27.4%
Total	**774**	695	11.5%



Key financial figures

(in millions of euros)

	2002	2001	% change
Results			
Net turnover	**774**	695	11.5%
Capitalised own production	**16**	11	38.5%
Total operating income	**790**	706	11.9%
Total operating expenses excluding depreciation/amortisation	**– 434**	– 383	13.2%
EBITDA	**356**	323	10.3%
Depreciation/amortisation	**– 103**	– 99	4.5%
Operating result	**253**	224	12.9%
Financial income and expenses	**– 39**	– 35	10.8%
Share in results of participating interests	**1**	2	– 50.0%
Taxation	**– 74**	0	
Result on ordinary activities after taxation	**141**	191	– 26.3%
Minority interests	**0**	0	
Net result	**141**	191	– 26.3%
Balance sheet			
Balance sheet total	**3,062**	2,897	5.7%
Fixed assets	**2,880**	2,669	7.9%
Shareholders' equity	**1,951**	1,860	4.9%
Long-term liabilities	**739**	700	5.6%

* restated for comparison purposes

than originally budgeted owing to a more rapid recovery of passenger volume than had been expected at the beginning of 2002.

The return on net assets (RONA) before taxation turned out at 9.1% compared with 8.9% in 2001. The return on shareholders' equity amounted to 7.4% compared with 11.0% in 2001. Including the effects of corporation tax, the 2001 return would have been 7.2%.

Revenues

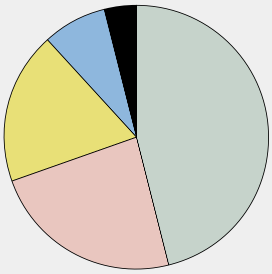
Net turnover rose by 11.5% to € 774 million.

The increase in revenues from airport fees was the combined effect of various factors. The landing and takeoff fees payable by airlines were cut by 4.5% with effect from 1 April. At the same time, however, an Airport Security Charge was introduced amounting to € 4.40 per locally boarding passenger and € 1.60 per transfer passenger. In addition, passenger volume continued to increase and the drop in the number of aircraft movements was partially offset by a higher maximum takeoff weight (MTOW). The actual landing and takeoff fees payable also depend on the MTOW.

The slight increase in concession revenues was the net effect of a limited increase in the numbers of passengers and unchanged average concession income per departing passenger (€ 4.06).

Operating expenses

(in millions of euros)



- 47% Cost of outsourced work and other external charges
- 24% Salaries and social security charges
- 19% Depreciation/amortisation
- 6% Cost of sales of commercial property
- 4% Other operating expenses

	2002	2001	Increase/decrease
Costs of outsourced work and other external charges	**255**	241	6.2%
Salaries and social security charges	**128**	115	10.9%
Depreciation/amortisation	**103**	99	4.1%
Cost of sales of commercial property	**30**	5	470.1%
Other operating expenses	**21**	23	– 4.4%
Total	**537**	483	11.4%

Despite the downturn in the property market, property leasing revenues were again higher. This was the result of additions to the portfolio and indexation of rents.

Car parking revenues came in higher than the 2001 figure, although the fees remained almost unchanged and there was no significant change in the number of parking spaces. The increase was mainly accounted for by the acquisition of the VIP Valet Parking activities in the second half of 2001.

The increase in the sale of commercial property relates mainly to the sale of real estate to ACRE Fund (€ 47 million).

The other activities saw a decrease in 2002, mainly resulting from a number of one-off gains in 2001.

Operating expenses

Operating expenses rose by 11.4% to € 537 million.
The rise in external charges (including subcontracted work) was mainly due to heightened security in the airport terminal. Security costs in 2002 amounted to approximately € 40 million, while the Airport Security Charge revenues amounted to around € 52 million. Total Aviation revenues were higher than budgeted, mainly attributable to higher passenger numbers than anticipated. This excess of revenues over costs has been taken into account in the new charge rates for 2003, which were recently approved by the Minister of Transport and Public Works.

The higher figure for salaries and social security charges was the result of the implementation of a new collective labour agreement, involving an overall pay rise of around 4% in 2002, combined with an increase of 96 in the average number of full-time equivalents. The staff increase can mainly be accounted for by the completion of Amsterdam Airport Schiphol's new runway, the associated necessary expansion of the operations department and an increase in the number of full-time equivalents in anticipation of the transfer of security duties to Schiphol Group by the Dutch authorities effective from 1 April 2003.

The increase in the cost of sales of commercial property was mainly due to the sale of property to ACRE Fund.

The other operating expenses remained virtually unchanged compared with 2002.

Operating result and net result

With the various movements in operating income and expenses, the operating result turned out at € 253 million, a significant increase compared with the € 224 million in 2001. Earnings before interest, taxes, depreciation and amortisation (EBITDA) turned out at € 356 million compared with € 323 million in 2001.

The balance of financial income and expenses (negative) increased from € 35 million to € 39 million, mainly as a result of the higher level of investment, involving more borrowing. Interest of € 1 million was received on an investment in Brisbane Airport Corporation.

The share in the results of participating interests was down, owing to a lower result, of € 0.8 million, posted by Schiphol Area Development Company. The income from JFK IAT in 2001 also amounted to € 1.4 million, but was practically nil in 2002.

The net result turned out at € 141 million compared with € 191 million in 2001. The bottom line was particularly depressed by the corporation tax which became payable for the first time.

Investments and finance

When it became apparent during the course of 2002 that traffic volumes were better than originally predicted, work was resumed on several projects which had been put on hold, such as the construction of Pier J and the Terminal West expansion project. Total capital expenditure amounted to € 343 million, the greater part of which related to Amsterdam Airport Schiphol. The main projects were the construction of the new runway, the extension and renovation of Departure Lounge 1, expansion of the WTC and investments in baggage handling and security systems.

Although cash flow from operating activities, at € 329 million, was considerably higher than the 2001 figure of € 216 million, it was still not sufficient to fund the entire amount of capital expenditure. The Euro Medium Term Note (EMTN) programme, launched in 1999, was accordingly again called upon. As at year-end 2002, the amount raised with this instrument stood at € 396 million, the facility having been increased to € 1 billion during the year. In addition, a € 150 million facility was agreed with the European Investment Bank. This facility was recently drawn on. Schiphol Group also has a committed bank facility of € 68 million provided by ABN AMRO Bank NV, which runs until the end of 2003.

Financial position

Despite the continuing high level of investment and the associated increase in borrowed capital, the balance sheet ratios remained strong. Shareholders' equity rose from € 1,860 million to € 1,951 million, the most important contributory factors being the appropriation from profits (€ 97 million). As at year-end, the amount of interest-bearing borrowed capital amounted to 24% of the balance sheet total of € 3,056 million compared with 26% 12 months previously.
The greater increase in the operating result compared with the net financial income and expenses meant a slight increase in the interest coverage ratio, from 6.3 to 6.4. Schiphol Group's financial position offers plenty of scope for financing further growth in the years ahead.

Financing policy

The total amount of loans outstanding as at year-end 2002 was € 763 million. Repayments of € 277 million were made on loans in 2002, with new loans totalling € 296 million drawn down.
As part of the company's financing policy, Schiphol Group aims to reduce the refinancing risk. This is achieved by such means as spreading the maturity calendar. The terms of the loans contracted in 2002 range from three to seven years, which is longer than the average maturity of the existing loan portfolio. Falling interest rates also mean that the average interest charge is lower.

As part of the risk management policy, Schiphol Group has opted largely for loans with fixed interest rates (either by contracting loans with fixed interest rates in the first place or by using standard interest rate derivatives). 20% of the loan portfolio is at variable interest rates. The interest rate exposure on the loans contracted at variable rates is mitigated to some extent by cash deposits (on which the rates are variable).

Credit rating

Standard & Poor's downgraded its credit rating of commercial paper issued by N.V. Luchthaven Schiphol and Schiphol Nederland BV from AAA to AA– during the year. Moody's Investors Service reduced its rating from Aa1 to Aa3. Previously, the ratings had been based on the creditworthiness of the major shareholder, the State of the Netherlands. Both organisations have changed their policy, so that the ratings are now based on the fundamental creditworthiness of Schiphol Group itself. The lower ratings are a logical consequence.

General

Risk management involves more than just financial risks. Risks are any uncertainties inherent in the company's business. That makes risk management an integral aspect of its day-to-day operations. Schiphol Group uses several systems to manage these risks. In addition to internal business risks, the group also faces risk from outside. Events beyond the group's control may have a material impact on its business and performance. And although such risks are hard to control, the Group can do its best to prepare for the possible consequences.

External risks

Although the airport is still feeling the effects of the 11 September 2001 tragedy, diversification of activities (Aviation, Consumers and Real Estate) has cushioned the impact on financial results. Additional uncertainties have nevertheless been introduced in that many airlines are facing difficult times. With carriers facing financial difficulty, Schiphol Group runs an increased credit risk. Airlines will also be reviewing their networks, joint ventures and alliances. This could have serious implications for the position of the major hubs. As the operator of a major, European hub, Schiphol Group is preparing for the various changes that could occur by positioning Amsterdam Airport Schiphol as an attractive airport with excellent facilities, efficient processes and competitive charges. In addition, an international strategy is being pursued with the aim to further strengthen the main-port position and to further develop and capitalise on the AirportCity concept or elements of the concept.

Internal risks

Risk management is an integral part of day-to-day business operations. Documented procedures are in place throughout the organisation.

Schiphol Group has a set policy for dealing with currency exposures and interest rate risks, which basically involves mitigation of these risks to a large extent, typically by using standard derivatives. In the case of participating interests outside the euro zone, use is often made of borrowed capital in the local currency. As Schiphol Group generally invests in these companies on a long-term basis, the exchange risk on shareholders' equity is not hedged. Loan capital is raised as far as possible on a non-recourse basis.

Schiphol Group has extensive procedures for managing environmental and safety risks. Again, these procedures are firmly rooted in the various organisations and set down in company manuals. All procedures take account of existing and proposed laws and rules and regulations governing safety and the environment.

Potential Claims

KLM Royal Dutch Airlines has appealed against the Crown's approval of the 2000 increase in airport fees, and has since been paying the fees under protest. The case was originally going to be heard on 21 January 2003 but KLM recently asked for a postponement, which the court granted. If the decision goes against Schiphol Group and this decision is upheld at appeal, Crown approval of the 2000 airport fee arrangement could be withdrawn even at this late stage and the company could be obliged to adopt a scale of charges in line with the court's decision. In addition, KLM and other players have filed objections against the approval of the 2002 airport fee increases and, although these objections have been ruled unfounded, there is still the possibility of appeal.

In addition various other claims have been made against the company and/or its group companies. All claims are being contested and, although the outcome cannot be predicted with certainty, our legal advisers and the information available to us give us reason to assume that there will be no material consequences for Schiphol Group's financial position. Accordingly, no provisions, specific or otherwise, have been made for them.

'Growth and sustainability can be achieved through Responsible Business Behaviour and not...'

Cornelis A.J. Herkströter

Professor of International Management

University of Amsterdam

Many companies these days are placing greater emphasis on sustainability, indicating that they see their activities in terms of more than merely creating shareholder value. Companies have become aware that there are all sorts of stakeholders who are interested in the affairs of their business. This awareness is frequently expressed in references to Sustainable Business or Corporate Social Responsibility and recognition that achieving growth and good financial results should be accompanied by respect for non-financial responsibilities.

This has been brought about by the altered position of companies in today's world. Businesses affect the day-to-day lives of a growing group of stakeholders with opinions on business activities and the way they should be carried out.

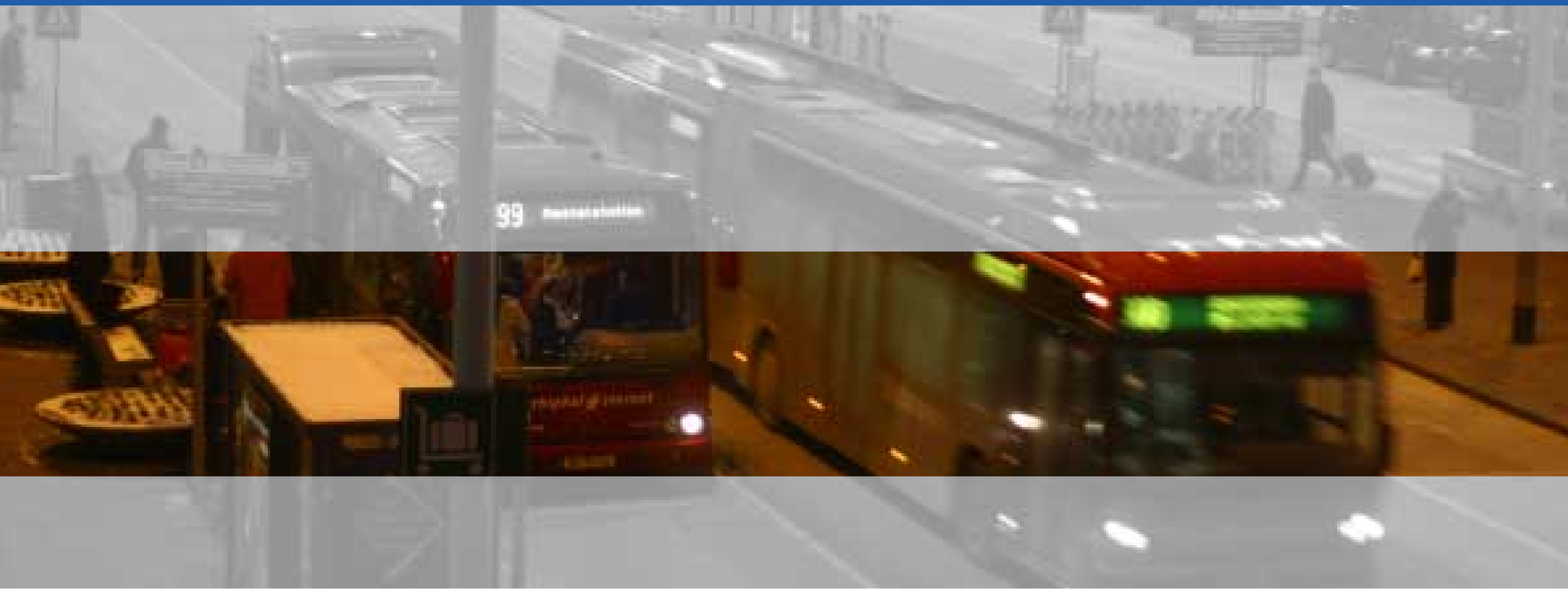
By emphasising Sustainable Business or Corporate Social Responsibility, companies perhaps give the wrong impression that the non-financial aspects of the business are now more important than its financial performance and that the non-financial information issued by a company has pushed financial reporting into second place.

It therefore makes more sense to talk about Responsible Business Behaviour, as a clear statement that, in addition to achieving good financial results, the social acceptability of the business activities and the way in which they are carried out are of great importance. Business activities must be sustainable: that means taking account of the interests of existing and future generations of stakeholders.

Responsible Business Behaviour means constantly taking account of shareholders' expectations with regard to profitability and at the same time satisfying the non-financial expectations of the other stakeholders, particularly with regard to social acceptability and sustainability.

Business managers face the not insignificant task of successfully balancing economic returns, social acceptability and sustainability. It will be obvious that it is not a question of either economic returns or social acceptability and sustainability but one of economic returns and social acceptability and sustainability; they are inseparable. By using the terms Corporate Social Responsibility and Sustainable Business, it is easy to give the impression that there is a choice. Responsible Business Behaviour may be a much more complex concept, but it describes more accurately the proper conduct of a business that is firmly rooted in society on the basis of a 'licence to operate'. In that way, growth can go hand in hand with sustainability.

Security, Safety and Accessibility



Security

Both nationally and internationally – especially in the wake of the United States tragedy in 2001 – considerable importance has been attached to the security of airports, aircraft, passengers and staff.

Every part of the aviation industry has a specific responsibility for security. Schiphol Group has invested heavily in security in recent years and will continue to do so in the years ahead. In 2002, the company invested € 35 million in security. This level of investment relates partly to intensified government requirements, but Schiphol Group is also convinced that it is vital that passengers should feel they can travel in safety.

The Dutch government is ultimately responsible for airport security. As the operator of Amsterdam Airport Schiphol, Schiphol Group is responsible for staff access control and the control of access to the clean area and other restricted areas. A great deal of work was undertaken in 2002 to prepare for 100% hold baggage screening, which became mandatory in the majority of European countries effective from 1 January 2003. Many people underwent special training, the necessary equipment was installed and the new system became operational on a trial basis in December. In addition to screening all hand baggage, screening of all other baggage is in fact being carried out since 1 January 2003.

Following the Revised Aviation Act approved in 2002, the government will transfer the actual performance of preventive security duties (specifically passenger checks) to Schiphol Group on 1 April 2003, while ultimate responsibility for and supervision of these activities continues to rest with the government, i.e. the Dutch Border Police (Koninklijke Marechaussee).

Safety

Further work was carried out in the year under review on the Terminal Safety Management System, which is intended to keep the potential risks associated with the terminal complex manageable. Progress was also made with the Terminal Complex Fire Safety and Continuity Project, which is aimed at improving fire safety in the terminal complex and maximising the continuity of the operational processes in the event of fire.

As part of the fire safety improvements, sprinkler installations and fire barriers were installed. Over a five-year period, a total amount of € 130 million will be invested in greater fire safety.

Last year saw the introduction of the FireFly firefighting training aircraft, a realistic and environmentally-friendly aircraft simulator which enables the Amsterdam Airport Schiphol fire service and the regional emergency services to obtain the best possible training for handling aviation disasters. The investment in FireFly amounted to € 12 million.

Accessibility

The 'Randstad' region of the Netherlands is losing ground to rival areas such as London, Paris and Frankfurt. Both accessibility and facilities are deteriorating. The area lacks an identity to attract businesses. Insufficient investments are being made in a good infrastructure (including knowledge-based infrastructure). Improving the position of the ‘Randstad’ area is a matter of urgency. Many plans exist, but there is a lack of any clear direction on the part of the authorities for implementing those plans. What is needed is a decisive administration capable of directing and coordinating an effective programme of public and private investment. Because a strong ‘Randstad’, including its main ports – the Port of Rotterdam and Amsterdam Airport Schiphol – is of great importance to the Dutch economy and for employment, Schiphol Group is advocating that a steering group be formed, made up of representatives from the Dutch private sector and both national and local political circles. The steering group’s task would be to draw up a new vision for the ‘Randstad’ area to identify what is needed to ensure a place for the region among the major economic centres in Europe.

Schiphol Group policy continues to be one of encouraging passengers and staff to travel to and from the airport by public or shared transport as much as possible. To achieve this, it is essential that there should be plenty of attractive alternatives to the use of private cars. This policy is being pursued in close liaison with other parties such as the government, Netherlands Railways and other public transport operators.

An important contribution to the accessibility of Amsterdam Airport Schiphol was made by the inauguration of the Zuidtangent shuttle bus service at the start of 2002. This service uses a dedicated bus lane running between Haarlem and Amsterdam Zuid-Oost via Amsterdam Airport Schiphol. It has significantly enhanced the public transport facilities in the area of the airport, particularly for commuters. Another dedicated bus lane on Oude Haagseweg between Schiphol-Noord and Amsterdam-Zuid was also opened, allowing buses to avoid the A4 and A10 motorways, which saves a considerable amount of time, especially during rush hours.

Agreement was reached in 2002 on the rerouting of a provincial road, the N201. Work on the first sections of the new road will start in 2003. Aalsmeer and the surrounding areas in particular will benefit from a much better link with the airport. The A5, the motorway link between the A4 and the A9, is scheduled for completion in 2003. The new motorway is expected to relieve congestion in the Schiphol Tunnel and at the Badhoevedorp junction.

The use of public transport to and from Amsterdam Airport Schiphol remained unchanged in 2002, with a slight shift from train to bus within the overall figure. The delays on the railways and the commissioning of the Zuidtangent bus route were contributory factors. As regards the other shared forms of transport, there was a reduction in the volume of passengers using taxi buses, but this was offset by greater use of KLM buses and other coach services.

Use of public and shared transport to and from the airport (as%)

	2002	2001
Train	**32.9**	33.3
Bus	**1.3**	0.9
Total public transport	**34.2**	34.2
Other shared transport	**9.6**	9.4
Total	**43.8**	43.6

Year-end 2001 saw the incorporation of Schiphol Nederland BV, clearly segregating the Dutch activities of Schiphol Group from the holding company, N.V. Luchthaven Schiphol, and from international activities.

Staff numbers increase

At year-end 2002 staff numbers based on full-time equivalents (FTEs) totalled 2,149.8 (2,241 people) compared with 2,107.7 a year earlier (up 2%). Important growth factors were the strengthening of a number of operations departments as part of ongoing efforts to improve quality and increased security efforts. In addition, the maintenance department was expanded with a view to the opening of the new runway. The average number of employees working on an FTE basis in 2002 totalled 2,134 (2001: 2,038).

Staff satisfaction survey

A survey was carried out among the staff for the third year in succession. Job satisfaction at Schiphol Group showed a further improvement, from 72% to 76%. Staff commitment to the company was also higher, up from 64% to 70%. Employees were particularly happy with their existing jobs, the department they work for and Schiphol Group as an employer. The pressure of work was rated as acceptable. Staff were less satisfied with co-operation and decision-making within Schiphol Group, as well as the way in which quality and efficiency are being tackled within the organisation. Based on the results of the survey, efforts will be made to address the issues highlighted.

Management development

Management development receives a great deal of attention within Schiphol Group. The aim is to ensure that the company has an adequate pool of potential managers now and in the future. As a result of the efforts in this area in preceding years, it was possible to make fifteen internal promotions to management positions in 2002.

Progress was made in 2002 with the further definition and positioning of the group of individuals who are part of the management development programme. This will be followed by preparing personal development plans to support the individual participants in their career development.
The internal training programme was further refined. There are now three courses at different management levels, and these were attended by 71 people during the year. The programme will be expanded in 2003 to include project management, commercial management and international regulations.

Schiphol Group values

For the company to operate effectively as a commercial service provider, it is vital that people should be able to work together, with customers and with other outside organisations on the basis of accepted corporate values. In 2002, the Schiphol Group values were formulated as Respect, Commitment and Focus on Results. These values will be propagated and implemented throughout the organisation. The project 'Heart for Schiphol' expresses respect for the workforce and the commitment demonstrated by employees.

Health and safety

Considerable efforts were put into improving absenteeism control measures in 2002, involving special training courses for supervisory staff. The various definitions and key figures relating to absenteeism were also revised and brought into line with the national standard. With the implementation of the Eligibility for Permanent Invalidity Benefit (Restrictions) Act, procedures were amended accordingly and extensive information was provided to both staff and supervisors.

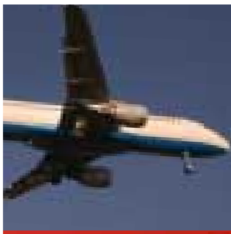
At 20, the number of new cases of RSI was down again in 2002, from 30 in 2001. It is clear that the investments in furniture, training, application of the WorkPace software package and efforts on the part of management and the Schiphol Health & Safety Department are paying dividends. The absentee rate, excluding maternity leave, was down from 7.5% to 6.6%.

Amalgamation of medical services

In mid-2002, Medische Dienst Schiphol and KLM Arbo Services were merged into the new joint venture Airport Medical Services (AMS), thus creating a single contact centre for medical assistance for both passengers and staff at the airport. The advantages of the merger are greater clarity, particularly for users, and cost savings, mainly resulting from the shared use of facilities. The staff of Medische Dienst Schiphol have been seconded to AMS.

Worker participation

Both the Central Works Council and the local works councils performed well in 2002. Regular consultative meetings were held in a critical and constructive atmosphere, resulting in numerous recommendations that took account of the interests of both employer and employees. Seven meetings were held with management and the Central Works Council. The focus of these meetings included the possible flotation, the corporate code, the code of conduct on e-mail and Internet use, international policy, the staff satisfaction survey, the effects of the Eligibility for Permanent Invalidity Benefit (Restrictions) Act and various organisational changes, such as those relating to Airport Medical Services and Schiphol Utility Services, the automated border passage system and the forthcoming transfer of security duties to Schiphol Group.



Aviation

- Passenger and cargo volumes recover
- Marked improvement in punctuality
- No noise zone breaches

The Aviation Business Area provides services and facilities to the airlines and their passengers at Amsterdam Airport Schiphol. One of its key operational objectives is to maintain Amsterdam Airport Schiphol's standing as one of the most highly rated major airports in Europe. To achieve that objective, it must continue to increase the standard of service and build on Amsterdam Airport Schiphol's role as a hub without losing sight of key issues such as safety, security and the environment. This calls for substantial investment. Key performance indicators (KPIs) for the Aviation Business Area are the number of destinations, the frequency of flights, punctuality and the extent to which noise abatement standards are met.

Record year for Amsterdam Airport Schiphol

Traffic volumes at Amsterdam Airport Schiphol showed a recovery in 2002 after the downturn seen in the closing months of 2001 following the terrorist attacks in the United States. The number of passengers rose by 3% to more than 40.7 million, breaking the 40 million barrier for the first time. Volume at Amsterdam Airport Schiphol was slightly more favourable than that of the other major European airports, enabling the airport to gain market share slightly and hold onto its fourth-place ranking. After the drop in 2001, cargo volume rose by almost 5% in 2002, to around 1,240,000 tonnes. This was also a record and represented a higher market share.

The higher market share achieved by Amsterdam Airport Schiphol was partly due to weaker performance by Brussels and Zurich Airports, following the collapse of Sabena and Swissair, respectively. Another factor was the success of the low-cost carriers, that are relatively strongly represented at Amsterdam Airport Schiphol. In other countries, the low-cost carriers tend to favour the satellite airports rather than the major airports. The number of passengers on low-cost flights rose from 1.9 million in 2001 to almost 3 million in the year under review.

The number of air transport movements fell by 3.6% to just over 401,000. However, the maximum takeoff weight, on which takeoff and landing fees are based, increased from 90.3 tonnes to 92.8 tonnes. Many airlines attempted to cut costs after September 2001 by reducing flight frequencies, particularly on European routes, but the aircraft used were larger on average, with better capacity utilisation. The number of destinations fell slightly.

Punctuality

The punctuality of both departing and arriving passenger flights showed a marked improvement in 2002. This was mainly due to air space being used more efficiently in Europe.

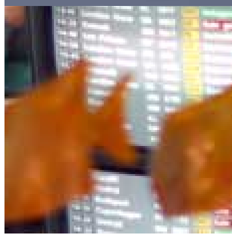
Aircraft noise

In the 2002 operations year, which ran from 1 November 2001 to 31 October 2002, Amsterdam Airport Schiphol once again remained within the statutory noise zones. The number of homes affected by aircraft noise measuring 35 Kosten units and more was down by 400 to less than 9,300, which was again well below the maximum permitted number of 12,000. This excellent result was largely achieved as a result of the co-operation of the aviation industry within the

Financial figures

(In millions of euros)	2002	2001*
RONA after taxation (as %)	**3.9**	3.9
Total operating income	**399**	349
EBITDA	**147**	131
Operating result	**78**	69
Average fixed assets	**1,322**	1,181
Investments	**258**	152

* restated for comparison purposes



Key performance indicators

	2002	2001	target
Route network, summer:			
European destinations	**113**	115	
Intercontinental destinations	**92**	96	
European flights per week	**3,110**	3,260	
Intercontinental flights per week	**560**	560	
Main-port destinations – passengers*	**52**	55	54
Main-port destinations – cargo*	**26**	23	27
Punctuality			
(delayed by less than 15 min)			
Arrivals	**80.4%**	75.6%	80%
Departures	**69.1%**	64.1%	68%
Number of homes affected by aircraft noise measuring 35 Ku and more	**9,290**	9,670	< 12,000

* Intercontinental destinations fulfilling an important hub function or important metropolitan centres.

Noise Management Committee, which monitors aircraft noise in the Amsterdam Airport Schiphol area and takes action to minimise the effects of deviations from planned runway operations. Remaining within the noise limits was an even greater achievement in view of the various major works that were carried out on the runways.

More substantial investment

Substantial investments were again made at Amsterdam Airport Schiphol in 2002 in order to secure the airport's future position. An important milestone in this regard was the completion of construction work on the new runway in November 2002. The new runway, which, at 3,800 metres, is the longest at Amsterdam Airport Schiphol, opened for air traffic on 20 February 2003. Its construction involved a total investment of € 320 million over a period of three years.

Other major capital projects involve the extension and renovation of Departure Lounge 1, further improvements to the security system and expansion of the baggage handling facilities. These projects will continue to demand heavy investment over the next few years. Other investments in 2003 involve the construction of Pier J, west of the A4 motorway, extension of the west wing of the terminal and construction of elevated terminal access roads. It has also been decided to construct a southern taxiway connecting the new runway in 2003. This will greatly reduce the number of aircraft having to taxi across the adjacent Zwanenburg runway. For the years 2003-2007, planned investments in the Aviation Business Area total € 1.7 billion.

Airport fees

Takeoff and landing fees were reduced by an average of 4.5% with effect from 1 April 2002. The reduction applied to aircraft with a takeoff weight of more than 20 tonnes. At the same time, however, an Airport Security Charge, payable by departing passengers, was introduced to cover the sharply increased costs of security following the attacks in September 2001. Another reason for introducing the charge is that since mid-2001 the airport is absorbing part of the cost of security previously borne by the authorities.

The government has approved an increase in airport fees effective 1 April 2003. The increase in aircraft-related fees is 4.5%, averaging 7.5% for charges payable by passengers, partly in conjunction with the high additional security costs. Recompense is also being sought for the fact that the government is transferring the security duties of the Dutch authorities to Schiphol Group with effect from that date. The security charge levied by the government – which, incidentally, is higher than the amount that Amsterdam Airport Schiphol proposes to charge – will then no longer apply. The charges payable by transfer passengers will remain unchanged as part of efforts to strengthen the airport's position as a major European hub.

Baggage

After start-up problems were encountered when operating the new baggage handling system beneath Pier D, it was decided to phase in operation of the new system. Phase 1 has already been carried out. A comprehensive improvement plan was also prepared in 2002, which will involve the investment of substantial sums over the next few years in a modular system that will considerably increase the capacity of the existing baggage handling system and simultaneously reduce the number of pieces of baggage that are delayed.

Passport control

Agreement was reached with the government at the beginning of 2002 on the standards to be applied for passport control at the airport. Important considerations being the need to prevent people from being kept waiting too long and the number of passport control officers and desks required to achieve this. As a result, Dutch Border Police (Koninklijke Marechaussee) staffing levels are to be increased by around 75, and 20 additional desks will be provided. The agreement will make it possible to meet international obligations, such as those under the Schengen Agreement, and at the same time ensure that Amsterdam Airport Schiphol's competitive position is not compromised.

Passenger movements on European airports

(x 1,000)

109,016	London 1)
71,465	Paris 2)
48,450	Frankfurt
40,736	**Amsterdam**
33,906	Madrid
26,266	Rome 3)
25,257	Milan 4)
23,164	Munich
21,348	Barcelona
19,038	Manchester

Transport movements on European airports

(x 1,000 tonnes)

1,666.0	London 1)
1,510.2	Paris 2)
1,494.9	Frankfurt
1,239.9	**Amsterdam**
577.5	Luxembourg
506.1	Brussels
501.1	Cologne
326.2	Liège
309.7	Zurich
296.1	Milan 4)

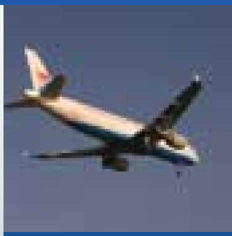
1) Heathrow, Gatwick and Stansted.

2) Charles de Gaulle and Orly.

3) Fiumicino and Ciampino.

4) Malpensa and Linate.

'Intense competition in the aviation industry must not involve new risks'



Karel van Miert

President of Nyenrode University and Chairman of the High-Level Group, Trans-European Networks

There are three conditions on which sustainable growth of the aviation industry in Europe depends. The first is safety and security. Ongoing investments will have to be made in further improving passenger security. Investments will also have to be made in aviation safety itself. The present intense competition in the aviation industry and the growth of low-cost carriers must not involve new risks. Europe will have to ensure that the existing safety regulations are strictly adhered to, and perhaps even tightened.

Secondly, airports need to be proactive, honest and transparent regarding the probable environmental impact of any expansion. They also need to stay ahead of the game. Some airports have waited too long to ban noisy aircraft. It needs to be made clear from the outset what the possible implications are, but also what the economic importance of growth means to the area. The economic benefits deriving from air traffic growth should be clearly explained while full consideration should be taken of the environmental impact.

The third condition is fair competition. A level playing field in Europe does not exist, let alone between Europe and the U.S.A. It is fine that regional airports should benefit from the growth of the low-cost carriers, but not if they are only able to attract such business by using taxpayers' money to offer discounts. This really amounts to an undesirable form of subsidy. Another undesirable development is that some airports, in order to attract air traffic, are turning a blind eye when applying European environmental regulations. The E.U. should not allow this to happen. Europe's citizens have the right to expect uniform environmental standards to apply across Europe.

A level playing field between the United States and Europe does not exist either. European companies do not have the same capability to operate in the U.S.A. as American companies have in Europe. A better balance needs to be created particularly for transatlantic traffic. A coherent competition and investment policy is required for civil aviation. If Europe has the will, it can take a firm stance against the U.S.A., even where indirect government aid is concerned. Whereas European policy on subsidies has been tightened, the floodgates have been thrown wide open in the U.S.A. following September 11.

Europe needs to organise itself in all three areas if it is to facilitate sustainable air transport growth, particularly with the European Union shortly due to be expanded to include several new members. Airports are such important centres of growth for the economy that it is in every government's interest to develop their maximum potential. But that development must take place on a coherent basis.

- Further increase in concession revenues
- Privium system a success
- Parking fee revenues slightly higher

The objective of the Consumers Business Area is to provide an attractive, coherent package of products and services (some of which involve e-business technology) to Amsterdam Airport Schiphol's visitors. This is achieved by offering state-of-the-art shopping and other facilities, enhancing the attractiveness of Amsterdam Airport Schiphol to passengers and visitors alike.
The business area generates income largely from concessions for operating the shops and from car parking fees. Its competitors are the airports in neighbouring countries, shopping centres close to Amsterdam Airport Schiphol and, for parking facilities, other modes of transport besides the private car plus other car parks in the immediate vicinity. The key performance indicators for the Consumers Business Area are concession revenues per departing passenger on international flights, traffic on the www.schiphol.nl website and the number of paying Privium members.

Further increase in operating income
Total operating income for the Consumers Business Area rose by 7%. The favourable result was achieved despite lower revenues, which fell on an incidental basis as a result of the annulment of security activities, project consultancy and Frankfurt consultancy activities. This was partially compensated by increased concession revenues from the See Buy Fly shops plus successful restaurant and bar operations and car parking.

The amount of space for commercial use was again expanded, by 765 m^2 to a total of 27,350 m^2. Three new shops were opened under the See Buy Fly brand name, including two pier shops enabling passengers to make last-minute purchases just before boarding. Three restaurant/bar facilities were opened in the departure lounge area, and the seating area and Internet facilities were further expanded. Five shops at Schiphol Plaza were renovated.

The number of passengers making purchases in the See Buy Fly shops was up from 6.6 million to 7.0 million, with average spend amounting to € 52.06 (2001: € 52.39). Concession revenues from the See Buy Fly shops rose by 3.3%

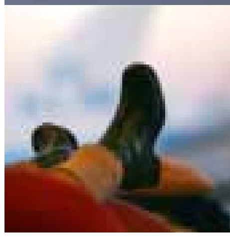
In December, the Rijksmuseum Amsterdam opened a branch in the airport terminal. The Rijksmuseum Amsterdam Schiphol has ten works by Dutch masters from the Golden Age on display. Amsterdam Airport Schiphol is the first airport to house a museum of such scope and repute in its terminal.

Privium system a success
The pilot programme for automatic border passage (ABP) using iris recognition, introduced in 2001, was successfully completed. Tests by TNO (Netherlands Organisation for Applied Scientific Research) showed that the iris recognition equipment performs reliably and provides effective security. The Dutch government subsequently gave the go-ahead for the system to be implemented as a permanent airport facility. ABP combines a high degree of security with speed and convenience for passengers. As at year-end, Privium programme members, whose privileges include automatic border passage, numbered almost 5,000.

Financial figures

(In millions of euros)	2002	2001*
RONA after taxation (as %)	**17.6**	16.4
Total operating income	**242**	249
EBITDA	**133**	128
Operating result	**108**	101
Average fixed assets	**402**	403
Investments	**12**	50

* restated for comparison purposes



Key performance indicators

	2002	2001	target
Concession revenues per departing international passenger	**€ 4.06**	€ 4.06	€ 4.01
Page views on www.schiphol.nl	**35.8 million**	23.4 million	23 million
Visitors to www.schiphol.nl	**6.3 million**	3.1 million	4.5 million
Paying Privium members	**4,910**	400	5,120

Parking fee revenues slightly higher
Income generated by the car parks rose by 3.9%, which was accounted for by an increase in long stay parking. The number of people using the short-stay car parks was down slightly. Schiphol Group took over the activities of VIP Valet Parking in 2002. This service enables passengers to leave their cars in front of the departure hall. The cars are then driven away and parked, and brought back to the arrival hall when passengers are due to return. Schiphol Travel Taxi carried approximately 86,000 passengers, compared with 53,000 in 2001. The sharp increase was mainly due to the fact that various large travel organisations have switched to using Schiphol Travel Taxi exclusively. An undesirable situation arose during the year with regard to taxi services in that independent taxi operators began touting their services in the arrival hall and in Schiphol Plaza. The airport regulations were duly amended, solving the problem. Hardly any independent operators now operate in the arrival hall.

Information and entertainment
To reduce the inevitable waiting times at the airport and to give passengers a welcome feeling, the Schiphol Experience project was launched in 2002. The first part of the project, which is called ‘Beyond the Horizon’, involves showing images of Schiphol and the Dutch landscape, interspersed with images of various travel destinations, on a large projection screen in Departure Lounge 3. The second phase of the project, which has now been completed, is called ‘Transparent Schiphol’, showing images of the various processes in the baggage basement on a screen in Baggage Reclaim 3. Sixteen blocks of toilets and two lifts were also enlivened with typical Dutch features.

In the course of 2002, unmanned information kiosks were installed in the terminal, providing visitors with all kinds of information day and night. This is a joint venture with Fraport, which has considerable experience with the equipment at Frankfurt Airport. The information available includes flight information and details of check-in desks, passport control, security, transfers and transport available to the various facilities at and around the airport.
The first half of the year saw the introduction of the new ‘pick up on return’ service, which enables passengers flying to destinations within the EU to have their See Buy Fly purchases kept until their return to Amsterdam Airport Schiphol, subject to a maximum period of 30 days.

Despite the difficult economic climate and the ban on tobacco advertising, advertising revenues were 2.5% higher. The range of advertising available was expanded, with new possibilities created, for example on the passenger bridges and on the www.schiphol.nl website.

Based on the results of various independent surveys, Amsterdam Airport Schiphol's products and services were again highly rated by passengers in 2002.

E-business continues to power ahead

In recent years, the Internet has grown into one of the most important channels through which Schiphol Group communicates with passengers, business associates and local residents. The website www.schiphol.nl receives between 15,000 and 20,000 visitors a day. Schiphol.nl now provides all the information and facilities necessary to prepare a journey, including five-day weather forecasts, parking recommendations at Amsterdam Airport Schiphol and vaccination and health tips for every country in the world. Booking a ticket or a complete holiday, making a hire car or hotel reservation or arranging a taxi can all be made via the website, with secure online payment.

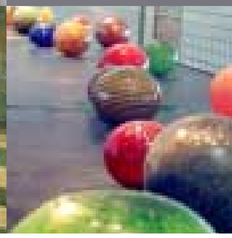
Since the beginning of 2002, Schiphol Travel Update has enabled people to be updated by text message (SMS) or e-mail on the latest departure and arrival times, check-in desk numbers, latest boarding times and gate numbers. In the case of flight arrivals, the baggage reclaim number for the flight is transmitted. Amsterdam Airport Schiphol was the first airport to offer this comprehensive service to its passengers.

In December, Amsterdam Airport Schiphol opened a site on Travel-Net Plus, the private network for Dutch travel agents, providing information on the airport. Surveys had shown that there was a major need for such a site serving the travel industry. Schiphol Info-Net gives travel agents access to the latest flight schedules, airline information, details of transport to and from Amsterdam Airport Schiphol, facilities for business travellers and holidaymakers and maps of the terminal as well as the airport premises.

International activities

Schiphol Group aims to increase the share of commercial, non-aviation activities in its revenue streams. Efforts are accordingly being made via Retail International to acquire a position in the consumer travel market at international airports. In 2002, Stockholm Airport, after talking to various potential partners, selected Schiphol Group as a possible commercial development partner. Agreement has been reached on an initial period of partnership and, on the basis of a preliminary study, a proposal for a commercial joint venture has been presented. Retail International is also working on other projects, in Europe and the United States.

- **Revenues higher despite slightly lower occupancy levels**
- **ACRE Fund launched**
- **No further new building in the Netherlands for the time being**



The principal objective of Schiphol Real Estate (SRE) is to develop, invest in and manage quality real estate at and around airports in the Netherlands and in other countries. The relevant properties form part of a carefully conceived urban development model, taking full account of the needs of users and the quality of public areas. The policy is one of geographical diversification, with a mix of offices and commercial property and a combination of development and periodic disposals of non-strategic properties. Key performance indicators of the Real Estate Business Area are property yields, occupancy levels, the percentage of contracts lapsing within twelve months and tenant satisfaction ratings.

ACRE Fund launched

Seven buildings from the Schiphol Real Estate portfolio were transferred to ACRE Fund (AirportCity Real Estate) Fund, which was set up in 2001. This first tranche comprised a mix of offices and buildings with logistics operations, representing a combined market value of € 93 million. As the year drew to a close, 50% of the shares were placed with institutional investors, the proceeds from this transaction being earmarked for new investments in the future. The plan is for the fund to grow to a volume of around € 360 million by the transfer of other Dutch properties from the Schiphol Real Estate portfolio. In each case, this concerns commercial property not related to the core airport activity. SRE has entered into a partnership with ING Real Estate to set up an international airport property fund.

Satisfactory year for SRE

Although there has been a marked downturn in the Dutch property sector as a result of overcapacity and growing vacancies, SRE can again look back on a satisfactory year. Rents continued to rise, mainly due to indexation of existing contracts and, although the amount of vacant space was slightly higher than in 2001, the level of occupancy, at 96.7% (2001: 98.9%), was still very good. However, with the decline in demand for office space, it was decided not to start any more new building projects in the Netherlands for the time being.

As at year-end 2002 SRE had a portfolio of property comprising a total capacity of 257,000m^2 of net lettable area, made up of 130,000m^2 of offices and 127,000m^2 of business units. Twelve months previously, the combined floorspace amounted to 310,000m^2. The market value of the property portfolio as at year-end 2002 was € 871 million compared with € 819 million at the end of 2001, the difference being accounted for by revaluations (+ € 17 million), investments (+ € 86 million), transfers to ACRE Fund (– € 47 million) and reclassifications (– € 4 million).

Financial figures

(In millions of euros)	2002	2001*
RONA after taxation (as %) including unrealised capital gains	**6.7**	13.0
RONA after taxation (as %) excluding unrealised capital gains	**5.4**	4.9
Total operating income, excluding unrealised capital gains	**114**	73
EBITDA	**80**	64
Operating result	**76**	59
Average fixed assets	**915**	791
Investments	**65**	118

* restated for comparison purposes

Key performance indicators	2002	2001	target
Occupancy	**96.7**	98.9	97.2
Contracts lapsing within twelve months	**15.5%**	7.0%	
Tenant satisfaction rating	**6.8**	6.4	7.0

The result achieved by SRE is compared with the standard Dutch property index ROZ/IPD. For 2001*, this gave the following results:

	SRE	ROZ/IPD
Overall yield (% p.a.)		
average 1999-2001:	19.9%	14.7%
Appreciation (% p.a.)		
average 1999-2001:	11.1%	8.1%
Direct return (% p.a.)		
average 1999-2001:	8.8%	6.6%

* the ROZ/IPD index for 2002 is not yet available.

New investments

The 30,000m² extension to WTC Schiphol Airport at Schiphol-Centrum topped out in October 2002. The first part of the complex (car park and two towers) will be completed by mid-2003, with the two other towers due to be available in September 2003.

In Schiphol-Oost, the Caravelle Building, affording 5,000m² of floorspace, was completed during the year. Construction of the TriStar office complex, also in Schiphol-Oost, is making good progress. The building, which has a floor area of around 11,000m², is expected to be available in August 2003.

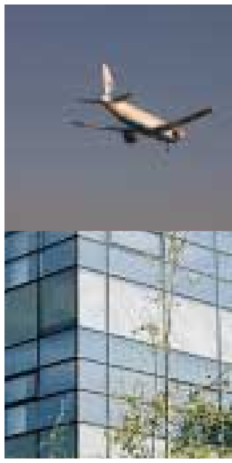
On the south-western part of the former Fokker factory site, a start was made in April with the construction of a law court complete with detention cells, which was opened in January 2003. SRE is leasing the land on which the temporary accommodation has been built to the Ministry of Justice.
An agreement was entered into with Burggolf Schiphol to build a golf course and clubhouse to the north of the airport along the A9 motorway. The complex is expected to open in the second half of 2004.

SRE developed a new fire station, Post Vijfhuizen, alongside the new runway, which was completed in 2002. It is the third fire station on the Amsterdam Airport Schiphol premises.

Activities in other locations

March saw the opening of Flight Forum, a mixed business park adjacent to Eindhoven Airport. The business park will ultimately comprise 90,000m² of offices and 175,000m² of business units. Depending on progress with the planning procedures and market developments, construction should start in September 2003. At the end of 2002, the combined office building Flight Square, providing 14,000m² of floorspace, was completed.

Planning procedures for the development associated with a logistics business park near Malpensa Airport in Italy are proceeding according to plan. In partnership with Grontmij Real Estate, the scheme involves the possible development of a park of office and warehouse units with a combined lettable floor area of 62,000m^2.



Construction work on the logistics centre Tradeport Hong Kong at Chek Lap Kok Airport, which is being developed in partnership with Fraport and a number of local players, is on schedule. The four-floor building, due to open in March 2003, will provide 28,000m^2 of floorspace with scope for extension to 41,000m^2.

- International policy stepped up
- Difficult year for regional airports and JFK IAT
- Brisbane pays first dividend

The objective of the Alliances & Participations Business Area is to strengthen the position of the domestic and regional airports forming part of Schiphol Group and to export the AirportCity concept by acquiring interests in airports in countries outside the Netherlands.

Changed market conditions

Set against the background of sharply altered market conditions, Schiphol Group's international strategy was stepped up in 2002 in view of the fact that:

- the privatisation of airports around the world is proceeding more hesitantly than previously expected
- the prices being paid to acquire interests in airports are too high in our estimation, and
- in all probability, only three airline alliances will survive in the long run and there will be intense competition for hub status among the major airports of North-West Europe.

The thrust of our international policy will therefore be to strengthen the hub position of Amsterdam Airport Schiphol and to increase non-aviation revenues by marketing the AirportCity concept as a package, or just specific elements of the concept. The concept has proved to be particularly robust in the period under review.

Dartagnan established

The success of the automatic border passage system based on iris recognition at Amsterdam Airport Schiphol prompted the establishment in partnership with Joh. Enschede of a company for marketing biometric identification control systems to airports and other businesses under the name of Dartagnan™ biometric solutions. In partnership with the Port Authority of New York & New Jersey, a pilot programme employing iris recognition for airport staff security control has been started at JFK Terminal 4.

Negotiations with Malaysia

The negotiations between Schiphol Group and the Malaysian government on the acquisition of an interest in Malaysia Airport Holding, the company which operates 38 airports in Malaysia, were abandoned in April. The main reason was that Schiphol Group's partner Fraport withdrew from the project. Without a partner, Schiphol Group was not prepared to take a 30% interest because of the risks involved and the Malaysian government was not prepared to talk about a smaller stake.

Alliance with Fraport

The joint venture in Pantares in partnership with Fraport, the operator of Frankfurt Airport, was continued. The logistics centre concept Pantares Tradeport International, which is being implemented in Hong Kong, will also be applied in Singapore, where a logistics centre will be operated.

Domestic airports

Rotterdam Airport

Rotterdam Airport Holding, a wholly-owned subsidiary which operates Rotterdam Airport, had a difficult year. The number of passengers fell by

Financial figures

(In millions of euros)	2002	2001*
RONA after taxation (as %)	– 4.2	– 2.7
Total operating income	35	35
EBITDA	– 4	0
Operating result	– 9	– 5
Average fixed assets	137	128
Investments	10	18

* restated for comparison purposes

17% to 612,000 and the number of air transport movements declined by 11% to 17,991.
The decreases were the result of the general deterioration in the economy and the closure of the airport at night under the terms of its latest operating licence. Despite these difficulties, the company returned a profit. On a positive note, the restriction on night-time operations is probably going to be relaxed by one hour in 2003.
In 2002, investments totalling € 2.6 million were made, mainly in safety and security but also for the purchase of property and the catering business operating in the departure hall.

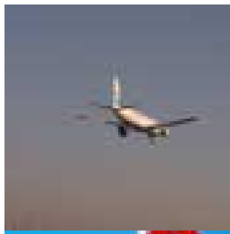
Eindhoven Airport
Eindhoven Airport, in which Schiphol Group has a 51% interest, had an excellent year. The number of passengers rose by over 30% to a record level of 364,000, with a 5% drop in the number of air transport movements. The increase was due to a greater number of holiday passengers and the advent of the low-cost carrier Ryanair, which began operating a scheduled service between Eindhoven and London Stansted in April. Turnover rose by 11%, with profits almost doubling on the back of stringent cost control.
Investments at Eindhoven Airport in 2002 totalled € 0.6 million, of which almost € 0.4 million related to the mandatory screening of all hold baggage as from 1 January 2003.

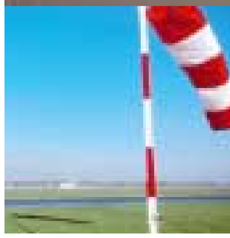
The further growth of Eindhoven Airport is impeded by the absence of statutory noise abatement regulations. Currently there is a restriction on the number of aircraft movements, but this does not take any account of actual noise disturbance. The restriction could be lifted in the period ahead in the light of agreements reached with interested parties in the airport environs at the start of 2003 on a new system for calculating noise levels and remaining within limits. When the new system is in place, the airlines will possibly be less cautious about expansion plans.

Lelystad
Preparations for handling commercial traffic at Lelystad were continued. The plan was to have air traffic control up and running by mid-2003, but this recently appears to have encountered delays. The airport layout was redesigned, with the airport terminal being moved to a central airport location. Other preparations involved constructing the first office building at the airport, extensions to the airport terminal and the apron.

The number of general aviation aircraft movements was up by 0.8% at 138,192. The result was again negative.

A start was also made during the year with the construction of a theme park to which the Aviodrome aviation museum will be relocated.





Foreign airports

Difficult year for JFK IAT
For the joint venture JFK IAT, in which Schiphol USA has an interest of 40%, 2002 was a difficult year. Terminal 4 at New York's JFK Airport, which is operated by the joint venture, saw passenger volume fall by more than 4% to 4.4 million because of the failure of air travel to recover from the tragedy of 11 September arising from the recession. The number of air transport movements was down by more than 18%.

The drop in the number of passengers was entirely accounted for by the domestic market and was mainly due to the collapse of National Airlines, the largest domestic carrier using Terminal 4.
JFK IAT succeeded, however, in attracting a number of other airlines, which mitigated the losses. The number of passengers bound for international destinations remained steady.

JFK IAT's financial position has come under pressure as a result of the downturn in traffic volume. Talks are being held with various bodies regarding terms on which the financial burden can be alleviated, including extension of lease periods. A temporary relaxation of repayment terms was agreed in 2002, and temporary release from the payment of interest was also granted.

New activities in Brisbane

Schiphol Group, through Schiphol Australia, has an interest of 16% in Brisbane Airport Corporation (BAC), the company operating Brisbane Airport. After a poor start, passenger volume recovered during the course of the year, so that the year ended just 8% down on numbers of passengers, with 7% fewer air transport movements. The result improved strongly, mainly resulting from a considerable increase in airport fees as from mid-2002, following deregulation.

Various carriers increased the number of flights again after the downturn in 2001. In May, the extension to the international terminal was commissioned, providing 10% more floorspace and increasing the number of gates from eight to ten.

Numerous companies decided to establish a base at Brisbane Airport in 2002. Among them were the European Aeronautic Defence and Space Company EADS and the largest independent aircraft maintenance company National Jet Systems Group. The Swedish company Sandvik is to relocate its Australian headquarters and distribution centre to Brisbane, Australian Aerospace decided on a major expansion of its head office at Brisbane Airport and Qantas is to build a large maintenance hangar there. At the end of the year, a new training centre operated by Aviation Australia was commissioned. Construction also began on the multifunctional Airport Drive Park development, which will include business units, shops and leisure facilities.

Amsterdam Airport Schiphol expects to see passenger volume grow to more than 42 million in 2003, with cargo volume rising to 1,285,000 tonnes. The number of air transport movements is expected to rise to 416,500. There is, however, considerable uncertainty surrounding this forecast in view of the general political and economic situation in the world and the developments in civil aviation, including air cargo, in particular.

Costs are set to increase considerably also resulting from the additional security duties effective as from 1 April 2003. These extra security activities will be funded by a security charge. In addition salary costs will be higher due to a further increase in the number of full-time equivalents to some 2,300 by year-end 2003, increased pension charges and the costs of operating the new runway. The unrealised capital gains on commercial property will be reflected in the bottom line as a result of applying new financial reporting guidelines relating to property investments, which requires movements in current value to be recognised in the profit and loss account.

The high level of investment means that financing costs will continue to rise. Capital expenditure in 2003 is expected to total € 500 million. Of this figure, € 280 million relates to Departure Lounge 1, the area between Piers G and J, terminal access roads, security and baggage handling facilities. Although the planned investments exceed the forecast cash flow from operating activities and loans totalling € 250 million are due to be repaid in 2003, the existing financial resources and the unutilised credit facilities provide ample funding.

In view of the uncertainty on traffic volumes, Schiphol Group Board of Management is not in a position to forecast the net result for 2003.

Amsterdam, 20 February 2003

Board of Management

Gerlach Cerfontaine
Marike van Lier Lels
Pieter Verboom

Consolidated Balance Sheet as at 31 December 2002 (after proposed profit appropri

(in thousands of euros)

Assets

		31 December 2002		31 December 2001*
Fixed assets				
Intangible fixed assets		**2,697**		1,698
Tangible fixed assets				
Tangible fixed assets for operating activities	**1,935,398**		1,778,097	
Commercial property	**871,043**		818,705	
		2,806,441		2,596,802
Financial fixed assets		**70,976**		70,881
		2,880,114		2,669,381
Current assets				
Stocks	**2,914**		2,736	
Debtors	**141,423**		149,251	
Cash at bank and in hand	**38,015**		75,482	
		182,352		227,469
		3,062,466		2,896,850

* Restated for comparison purposes.

Shareholders’ equity and liabilities

		31 December 2002		31 December 2001*
Shareholders’ equity		**1,951,257**		1,860,011
Minority interests		**7,554**		7,530
Provisions				
Early retirement	**30,437**		29,660	
Other provisions	**5,830**		8,575	
		36,267		38,235
Long-term liabilities		**515,805**		452,286
Current liabilities		**551,583**		538,788
		3,062,466		2,896,850

Consolidated Profit and Loss Account for the year ended 31 December 2002

(in thousands of euros)

	2002	2001*
Net turnover	**774,187**	694,597
Own work capitalised	**15,863**	11,452
Total operating income	**790,050**	706,049
Costs of outsourced work and other external charges	**254,906**	240,559
Salaries and social security charges	**127,586**	114,603
Depreciation/amortisation and movements in value	**103,491**	99,374
Cost of sales of commercial property	**29,657**	5,202
Other operating expenses	**21,551**	22,553
Total operating expenses	**537,191**	482,291
Operating result	**252,859**	223,758
Financial income and expenses	**– 39,254**	– 35,420
Result on ordinary activities before taxation	**213,605**	188,338
Taxation	**– 73,533**	152
Share in results of participating interests	**758**	2,619
Result on ordinary activities after taxation	**140,830**	191,109
Minority interests	**– 136**	– 128
Net result	**140,694**	190,981

*) Restated for comparison purposes.

Consolidated Cash Flow Statement

(in thousands of euros)

	2002	2002	2001*	2001*
Net result		**140,694**		190,981
Adjustments for:				
■ Depreciation/amortisation	**104,363**		99,856	
■ Disposal of assets	**28,156**		5,705	
■ Release of negative goodwill	**– 1,367**		– 1,367	
■ Movements in provisions	**– 1,968**		– 15,869	
■ Other			186	
■ Net movements in stocks debtors and current liabilities**	**58,874**		– 63,981	
		188,058		24,530
Net cash flow from operating activities		**328,752**		215,511
Investments:				
■ Additions to intangible fixed assets	**– 1,505**		– 2,123	
■ Additions to tangible fixed assets	**– 343,235**		– 341,128	
■ Exchange differences	**62**		– 20	
■ Net investments in financial fixed assets	**– 95**		4,938	
Net cash flow from investing activities		**344,773**		– 338,333
Financing:				
■ Dividend paid	**– 45,000**		– 22,689	
■ Exchange differences	**– 4,559**		– 1,498	
■ Movements in minority interests	**23**		200	
■ Added to deferred investment grants	**577**		– 630	
■ Movements in loans and bank borrowings	**27,513**		161,750	
Net cash flow from financing activities		**– 21,446**		137,133
Net movement in cash		**– 37,467**		14,311

* Restated for comparison purposes.

** Excluding dividends, amounts owed to banks and loans.

Basis of consolidation

Criteria for the consolidated financial statements
The consolidated financial statements include the financial information of N.V. Luchthaven Schiphol and its group companies, as listed on page 70 applying the full consolidation method and uniform accounting policies. Group companies are those companies which form part of the economic entity of N.V. Luchthaven Schiphol and in which the latter company has control over business and financial policy.

Joint ventures are accounted for by proportionate consolidation. A joint venture is an activity performed by either a legal entity or a partnership which is controlled by a limited number of entities by virtue of a joint venture agreement. A list of these companies is included on pages 70 and 71.

The results of the group companies acquired in the course of the year are consolidated as from the date on which N.V. Luchthaven Schiphol gains control of such companies. The share of the other shareholders in group equity and group results is disclosed as minority interests.

Reclassification
Certain amounts relating to preceding years have been reclassified in accordance with the format for 2002.

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.

Corporation tax
With effect from 1 January 2002, N.V. Luchthaven Schiphol has been subject to corporation tax. The taxation charge shown in the profit and loss account is therefore substantially higher for 2002 than it was for 2001. At the time of preparation of the financial statements, the opening balance sheet for tax purposes had not been established, and it was not realistically possible to provide an estimate. As soon as a fair estimate of the opening balance sheet becomes available for tax purposes, a tax deferral will be provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements (reference being made in this context to the accounting policies set forth below). The tax deferral will result in an incidental adjustment to equity. This adjustment could be material and may be either positive or negative.

Basis of valuation

The basis of valuation and determination of results has been changed as follows for the 2002 financial statements.

1. With effect from 2002, expenses relating to environmental risks have been accounted for directly in the profit and loss account except where the law requires the existing environmental pollution to be cleaned up or where promises to that effect have been given to the competent authorities. The provision built up for this purpose was released as from 1 January 2002 and was added to the other reserves. A provision is, however, formed in the case of clean-up commitments or obligations. The provision for environmental risks was made up of two parts. One part relates to future asbestos removal, soil decontamination and removal of contaminated sediments from drainage ditches, and another part to mitigating the financial consequences of under-use of the runways as a result of environmental restrictions imposed on the entire runway system.
2. With effect from 2002, expenses relating to major repairs are accounted for directly in the profit and loss account. The provision built up for major repairs was released accordingly as from 1 January 2002 and was added to the other reserves.
3. With effect from 1 January 2002, the operating lease on the P1 car park and the walkway has been accounted for as a finance lease. This means that both the relevant tangible fixed assets and the associated finance are recognised in the financial statements. The associated lease instalments have been divided into depreciation charges and interest charges instead of rent and leasing costs, which, prior to 2002, had been accounted for in costs of outsourced work and other external charges.

The change in accounting policies, which was partly the result of amended guidelines issued by the Council for Annual Reporting in the Netherlands, provides better insight into our financial position and our financial performance and also enhances comparability. The figures for 2001 in the profit and loss account, balance sheet and cash flow statement have been restated according to the new policies for the purposes of comparison.

The cumulative effect of the change in accounting policies on shareholders' equity as at 31 December 2001 was € 81.6 million. The net result for 2001 restated for the various policy changes is posted at €191.0 million, compared with € 182.8 million as originally reported. The valuation basis for the other assets and liabilities is unchanged compared with 2001. They are mainly stated at face value, with the exception of Commercial property, which is stated at market value.

Effect of change in accounting policies on net result:

(In millions of euros)		**2001**
Net result according to existing accounting policies		182.8
Differences due to change in accounting policies:		
■ Environmental risks	13.5	
■ Provision for major repairs	– 4.3	
■ P1 car park / walkway	– 1.0	
Total difference		**8.2**
Net result restated for change in accounting policies		**191.0**

Effect of change in accounting policies on shareholders' equity in other reserves:

(In millions of euros)	
Balance as at 1 January 2002 *(before change in accounting policies)*	**1,331.0**
Environmental costs accounted for directly in profit and loss account	72.8
Major repair costs accounted for directly in profit and loss account	15.8
P1 car park lease accounted for as finance lease	– 7.0
Balance as at 1 January 2002 *(after change in accounting policies)*	**1,412.6**

Foreign currencies

Income and expenses denominated in foreign currencies are included in the profit and loss account at the settlement rate. Other receivables, amounts owed and cash denominated in foreign currencies are translated at the rate prevailing on the balance sheet date. Exchange differences are included in the profit and loss account under financial income and expenses. Exchange differences resulting from translation of net investments in foreign participating interests are taken directly to shareholders' equity.

Intangible fixed assets

Intangible fixed assets represent goodwill purchased from third parties and relate to set up costs and share issue. Goodwill is the difference between the cost of acquisition and the net asset value determined in accordance with Schiphol Group's accounting policies. Goodwill is amortised on a straight-line basis over the estimated life of the asset.

Tangible fixed assets

Tangible fixed assets for operating activities

Tangible fixed assets for operating activities are carried at historical cost depreciated on a straight-line basis over the estimated life of the asset. Land is not depreciated. Assets in the course of construction are carried at historical cost, including:

- Interest costs on borrowings to finance construction for major investments
- Hours charged to investment projects by company staff during the construction phase

Commercial property

Commercial property and land leased out on a long lease for commercial purposes are carried at current value as let property. Approximately 30% of the properties in the portfolio are appraised each year by independent surveyors, the remaining 70% being appraised internally. Land is appraised exclusively by in-house surveyors.
The current value of the land leased out on a long lease is calculated by discounting the ground rents receivable under the relevant contracts. In view of the long-term nature of these contracts, no residual value is recognised for reasons of prudence.
Commercial property under development is carried at historical cost, including capitalised interest during construction. Unrealised capital gains and losses are reflected in the revaluation reserve.
On disposal of the asset, any realised capital gain or loss is taken to the profit and loss account.
Tangible fixed assets of which the company and its subsidiaries are the beneficial owners under a lease contract are capitalised.

Financial fixed assets

Financial fixed assets consist of participating interests, other financial fixed assets and other receivables. Participating interests are carried at net asset value. Participating interests over which the company does not have significant influence are carried at historical cost less a provision for impairment, where necessary.
Other financial fixed assets are carried at the amounts for which they were acquired less a provision for bad debts, where necessary.

Current assets

Stocks

In general, stocks are carried at average cost. Stocks held for technical maintenance purposes are valued at nil.

Debtors

Debtors are carried at face value less a provision for bad debts where necessary.

Cash at bank and in hand

Cash at bank and in hand is carried at face value.

Revaluation reserve

Unrealised changes in the valuation of commercial property (including land leased to third parties) resulting from current value appraisals are recognised in the revaluation reserve. On disposal of the assets revalued in this way, any realised gains and losses relative to historical cost are taken to the profit and loss account. Also included in the revaluation reserve are valuation differences arising from the revaluation of participating interests reflected directly in shareholders' equity.

Provisions

The provisions for early retirement are generally carried at actuarial value, applying an actuarial interest rate of 4% (2001: 4%).

Long-term liabilities

Long-term liabilities are carried at face value. They include deferred investment grants, which comprises grants received towards the operating expenses associated with capital projects less the amounts released to income each year.
The deferred investment grants are carried at face value.

Current liabilities

Current liabilities are carried at face value.

Basis of profit determination

Net turnover

Net turnover represents the income from the supply of goods and services less tax on turnover. Income is recognised when the goods are delivered or the services are rendered, with costs charged against turnover in the year in which the related turnover is accounted for.

Depreciation and amortisation

The intangible and tangible fixed assets for operating activities are in principle amortised and depreciated on a straight-line basis according to the depreciation schedule below, depending in part on the nature of the asset. No depreciation is charged on land, assets under construction or commercial property.

Depreciation and amortisation periods

Intangible fixed assets	
Goodwill	5 years
Set-up costs	2 years
Tangible fixed assets	
Runways, taxiways and aprons	30 - 40 years
Land and roads	
■ Car parks	30 years
■ Roads	30 years
■ Other paved areas	10 - 30 years
Buildings	20 - 40 years
Installations	5 - 30 years
Other fixed assets	3 - 20 years

Deferred investment grants

Investment grants are released to the profit and loss account (set against depreciation) over the life of the qualifying assets.

Taxation

Taxation on the result is calculated by applying the statutory tax rate to the result for the year, taking into account any permanent differences between the profit as calculated for reporting purposes and that according to tax rules. Deferred taxation is carried at face value. Deferred tax assets are only recognised if their future realisation is a certainty. Reference is also made to the notes under the heading corporation tax.

Financial instruments

The company makes use of derivative financial instruments such as interest rate and currency swaps, which are not included in the balance sheet, in order to limit the borrowing costs of the long-term loans contracted and to hedge exchange risks. The gains and losses generated by these swaps are taken to the profit and loss account (under financial income and expenses) in proportion to their effect in the reporting period. If swaps are liquidated because there is no longer a matching position, the related income or expense is taken directly to the profit and loss account.

(in thousands of euros)

Assets

Fixed assets

Intangible fixed assets

The movements were as follows:

	Goodwill	Set-up Costs	Total
Book value at beginning of year	1,698	0	1,698
Additions	1,220	285	1,505
Amortisation	– 506	0	– 506
Book value at year-end	**2,412**	**285**	**2,697**

The goodwill relates to the food and beverage facilities in the departure hall of the terminal building included by Rotterdam Airport in 2002. The set-up costs relate to Airport Real Estate Basisfonds C.V.

Tangible fixed assets

The movements in tangible fixed assets for operating activities were as follows:

	Runways, taxiways and aprons	Land and roads	Buildings	Installations
Year-end analysis				
Cost	398,547	320,685	895,949	677,840
Depreciation	– 163,827	– 74,989	– 304,848	– 336,936
Book value at year-end	**234,720**	**245,696**	**591,101**	**340,904**
Book value at beginning of year	240,764	248,101	624,790	280,161
Movements during the year	**– 6,044**	**– 2,405**	**– 33,689**	**60,743**
Analysis of movements during the year				
Additions	5,409	7,270	3,337	85,173
Disposals	– 512	–	– 483	– 312
Reclassification	–	–	– 7,770	13,602
Exchange differences	–	–	–	–
Depreciation	– 10,941	– 9,675	– 28,773	– 37,720
Total movements during the year	**– 6,044**	**– 2,405**	**– 33,689**	**60,743**

The tangible fixed assets used for operational activities include an amount of € 50.2 million in respect of the book value of assets to which the company does not have legal title (finance leases).

Other fixed assets	Assets under construction	Total
178,795	448,845	2,920,661
– 104,663	0	– 985,263
74,132	**448,845**	**1,935,398**
62,600	321,681	1,778,097
11,532	**127,164**	**157,301**
28,803	127,164	257,156
– 620	–	– 1,927
– 1,768	–	4,064
– 62	–	– 62
– 14,821	–	– 101,930
11,532	**127,164**	**157,301**

The movements in commercial property were as follows:

	Operating property	Property under development	Land	Total
Book value at beginning of year	493,166	104,630	220,909	818,705
Additions	131	85,948		86,079
Disposals	– 27,810	– 346		– 28,156
Unrealised capital gains and losses	5,293		11,806	17,099
Realised capital gains and losses	– 18,620			– 18,620
Reclassification	8,876	– 17,745	4,805	– 4,064
Book value at year-end	**461,036**	**172,487**	**237,520**	**871,043**

In December 2002, seven buildings forming part of the commercial property portfolio were transferred to Airport Real Estate Basisfonds C.V. N.V. Luchthaven Schiphol, via its wholly-owned subsidiary Schiphol Real Estate, has a 50% interest in the share capital of this company. This interest is proportionately consolidated (50%). The sales price of € 46 million shown in the analysis with respect to this transaction (including realised capital gains) concerns 50% of the total proceeds from the sale.

Operating property includes an amount of € 114 million in respect of the current value of assets held under finance leases. Land includes both land for future development by the company and land leased to third parties.

Financial fixed assets

The movements were as follows:

	Participating interests	Loans to participating interests	Other amounts receivable	Total
Book value at beginning of year	66,777	1,354	2,750	70,881
Additions	4	–	–	4
Withdrawals	–	976	2,612	3,588
Results	758	–	–	758
Dividend	– 602	–	–	– 602
Exchange differences	– 3,617	–	–	– 3,617
Other movements	–	–	– 36	– 36
Book value at year-end	**63,320**	**2,330**	**5,326**	**70,976**

Current assets

Stocks

This item refers to stocks held in connection with the provision of services and stocks for technical maintenance purposes. The aggregate value of stocks was € 2.9 million (2001: € 2.7 million). The carrying amount is stated after deduction of a provision for the general impairment of technical maintenance stocks.

Debtors

The analysis is as follows:

	2002	2001
Trade debtors	**77,018**	102,753
Amounts owed by shareholders and participating interests	**26,431**	4,487
Other receivables	**11,248**	17,807
Repayments and accrued income	**26,726**	24,204
	141,423	149,251

Trade debtors includes a provision for bad debts. Other receivables include an amount of approximately € 8.5 million (2001: approximately € 8.4 million) in respect of taxation and social security contributions.

Cash at bank and in hand

Cash at bank and in hand includes € 29.5 million (2001: € 3.5 million) in the form of deposits with terms ranging from 1 to 12 months.

Shareholders' equity and liabilities

Shareholders' equity

The notes to the corporate balance sheet include an analysis of the changes in shareholders' equity. In 2002, an amount of €17.1 million was added to shareholders' equity following revaluation of commercial property (including land leased out on a long lease). An amount of € 18.6 million was withdrawn from the revaluation reserve following the disposal of a 50% interest in seven properties to Airport Real Estate Basisfonds C.V.

Minority interests

This item refers to minority interests held by third parties in the capital of the group companies Eindhoven Airport N.V., Malpensa Real Estate B.V. and Malpensa Real Estate SRL.

Provisions

Early retirement

The movements in the provision were as follows:

	Occupational early retirement	Retaining pay	Pre-early retirement	Total
Book value at beginning of year	16,160	949	12,551	29,660
Utilisation	– 1,340	– 378	– 3,964	– 5,682
Release	–	–	– 100	– 100
Other movements	1,788	–	22	1,810
Additions	2,204	276	1,619	4,099
Reclassification	0	0	650	650
Book value at year-end	**18,812**	**847**	**10,778**	**30,437**

The amounts of the provisions for occupational early retirement and retaining pay are calculated on an actuarial basis, applying an actuarial interest rate of 4% (2001: 4%). The provision for occupational early retirement includes an amount of € 11.0 million for commitments relating to future benefit recipients (2001: € 11.1 million).

The provision for pre-early retirement results from:

- the Collective Labour Agreement adopted in 1996/1997, under which staff have the opportunity to retire before the official early retirement age
- the 1999 reorganisation, as part of which a group of employees was offered early retirement
- the over-55 night-shift arrangement, which provides for early retirement of full-time employees aged 55 and over who regularly work nights

The other movements related mainly to taking over the pension liabilities relating to the staff of Rotterdam Airport from the City of Rotterdam. The relevant amount has been received from the Municipal Authority.

Other provisions

The movements in the various provisions were as follows:

	Lelystad under-performance	Reorgani-sation	Other	Total
Book value at beginning of year	3,769	4,369	437	8,575
Utilisation	– 352	– 1,369	– 363	– 2,084
Release	0	0	– 11	– 11
Reclassification	0	– 650	0	– 650
Book value at year-end	**3,417**	**2,350**	**63**	**5,830**

Lelystad underperformance

The provision for underperformance by group company N.V. Luchthaven Lelystad was formed in 1993 in connection with a commitment made at the time of its acquisition and is utilised to cover the future losses of that airport.

Reorganisation

The reorganisation provision relates to the expected costs resulting from an internal reorganisation carried out in 1999.

Long-term liabilities

The analysis is as follows:

		2002		2001	
	Average interest %	**Total**	**Due after 5 years**	Total	Due after 5 years
Bonds and private loans and finance lease obligations	5	**456,455**	**135,013**	395,456	132,962
Bank loans	9	**12,879**	**–**	12,879	–
Deferred investment grants		**13,183**	**10,016**	12,607	8,069
Other		**33,288**	**30,589**	31,344	28,107
		515,805	**175,618**	452,286	169,138

Schiphol Group launched a Euro Medium Term Note (EMTN) programme in 1999 (the ceiling of which was most recently increased in 2002), making it possible to raise funds as required in the years ahead up to a maximum of € 1,000 million. As at year-end 2002, the amount raised totalled € 396 million.
An arrangement has also been entered into with the European Investment Bank for a facility of € 150 million. This facility was not drawn on in 2002.

The other long-term liabilities comprise amounts received in connection with the purchase of long leases, these amounts being released to the profit and loss account in instalments over the duration of the leases concerned.

Amounts repayable in the current year are included as current liabilities in the balance sheet, and total € 246.9 million.

Current liabilities

The analysis is as follows:

	2002	2001
Instalments on long-term loans due within one year	**246,932**	292,137
Bank loans	**9,985**	209
Trade creditors	**88,629**	65,646
Amounts owed to shareholders and participating interests	**3,055**	1,802
Taxation and social security charges	**26,570**	565
Pension liabilities	**1,087**	2,000
Dividend	**42,000**	45,000
Other liabilities	**30,878**	36,585
Accruals and deferred income	**102,447**	94,844
	551,583	538,788

Contingencies and commitments not included in the balance sheet

In addition to the liabilities included in the balance sheet, the company has the following commitments:

	2002	2001
Commitments:		
▪ Investments	**204,968**	237,928
▪ Operating leases and rental contracts	**2,396**	3,459
▪ Subsidies and other contributions to third parties	**9,106**	9,055
Guarantees issued to third parties for:		
▪ Loans contracted	**4,538**	4,538
▪ Loans contracted by staff and other guarantees	**883**	720
	221,891	255,700

Commitments

Subsidies and other contributions include € 8.5 million for the Uitwerkingsplan Mainport en Groen project, and the payments made will be spread over the years 2006-2009. Also included in this item is € 0.6 million for Schipholfonds.

As at year-end 2002, combined interest rate/currency swaps had been contracted totalling USD 75 million and JPY 10 billion to hedge the interest rate and exchange rate exposures on loans. The contracts mature in 2007 and 2009. Interest rate swaps totalling an additional € 77 million had also been contracted to hedge the interest rate exposure on long-term loans. These contracts mature in 2004 and 2009. The market value of the contracts amounted to € 37 million negative. The swap transactions entered into match the underlying loans fully and hedge the positions relative to the euro or fixed interest rates.

KLM has appealed against the decision of the Minister of Transport and Public Works to approve the increase in airport fees for 2000. Various other claims have been filed against the company and/or its group companies. All are being contested. Although the outcome of the various disputes cannot be predicted with any certainty, on the basis of legal advice and the information available, it can be assumed that there will be no material consequences for the Group’s financial position. Accordingly, no provisions have formed.

The group companies Airport Real Estate Management B.V., Schiphol Telematics B.V., Flight Forum Beheer B.V. and Flight Square Beheer BV, in their capacity as general partners, bear joint and several liability for the debts of Airport Real Estate Basisfonds C.V., Schiphol Telematics C.V., Flight Forum CV and Flight Square C.V.

The company bears similar liability for the debts of the partnership VOF Proefdraaiplaats Holding 27. In addition, the company has filed declarations of joint and several liability pursuant to Section 403, Book 2 of the Netherlands Civil Code, with respect to a number of group companies, for which reference is made to pages 70 and 71.

(in thousands of euros)

Net turnover

The analysis by activity is as follows:

	2002	2001
Airport fees	**381,229**	333,483
Concessions	**119,137**	116,400
Rents and leases	**101,475**	95,834
Parking fees	**59,703**	57,481
Utility services	**16,950**	16,532
Sale of commercial property	**46,723**	8,370
Other activities	**48,970**	66,497
	774,187	694,597

Operating income was generated mainly in the Netherlands. Income from other activities primarily relates to work carried out for third parties and advertising.

Own work capitalised

Own work capitalised relates to interest during construction on major investment projects and investments in commercial property and to staff hours which are charged to capital projects during the construction phase. The analysis is as follows:

	2002	2001
Capitalised staff hours	**8,227**	6,424
Capitalised interest	**7,636**	5,028
	15,863	11,452

Costs of outsourced work and other external charges

The analysis is as follows:

	2002	2001
Outsourced work	**85,336**	79,456
Energy	**21,260**	20,910
Maintenance	**49,573**	47,024
Other external charges	**98,737**	93,169
	254,906	240,559

Salaries and social security charges

	2002	2001
Wages and salaries	**105,058**	95,786
Pension charges	**10,373**	8,830
Social security charges	**12,155**	9,987
	127,586	114,603

The average number of employees (converted into full-time equivalents) of N.V. Luchthaven Schiphol and its group companies totalled 2,134 (2001: 2,038).

The remuneration of the members of the Board of Management (including former members) and the Supervisory Board, disclosed pursuant to Section 383C, Book 2, of the Netherlands Civil Code was as follows:

Board of Management

	2002	2001
G.J. Cerfontaine		
Regular salary	348,907	332,088
Profit-sharing and bonus payments (short-term)	144,563	101,470
Profit-sharing and bonus payments (long-term)	126,860	–
Future remuneration (pensions)	42,303	32,764
Total	**662,633**	466,322
P.M. Verboom		
Regular salary	274,347	261,369
Profit-sharing and bonus payments (short-term)	106,486	63,682
Profit-sharing and bonus payments (long-term)	99,092	–
Future remuneration (pensions)	32,662	26,075
Total	**512,587**	351,126
M.E. van Lier Lels		
Regular salary	265,079	252,617
Profit-sharing and bonus payments (short-term)	107,572	80,957
Profit-sharing and bonus payments (long-term)	97,076	–
Future remuneration (pensions)	31,962	24,720
Total	**501,689**	358,294
R. Uijlenhoet		
Regular salary	–	111,942
Severance pay	–	39,521
Future remuneration (pensions)	–	93,724
Total	–	245,187
Combined total for the members of the Board of Management	**1,676,909**	1,420,929

The increase in pay shown as regular salary in 2002 amounted to 5%. The increase in regular salary in 2003 will be 3%. The overall increase in the remuneration is mainly due to the long-term incentive (LTI) scheme introduced in 2002. Both the short-term bonus and the long-term bonus payments depend on targets. The short-term bonus targets were largely met. The targets are both financial (e.g. ROE) and non-financial (job-related). All the members of the Board of Management met their long-term bonus targets (economic profit realised – EPR). The short-term bonus will be paid in 2003. The long-term bonus will be paid in 2005.

The emoluments paid to members of the Supervisory Board 2002 were as follows:

	2002	2001
P.J. Kalff	**27,227**	23,426
H. van den Broek	**20,420**	20,420
G.D. Dales	**20,420**	20,420
J.M. Hessels	**20,420**	20,420
J. Kremers	**20,420**	15,712
G.H.O. van Maanen	**20,420**	20,420
T.H. Woltman	**20,420**	20,420
M.J. Cohen	**20,420**	15,315
T.A. Maas-de Brouwer	**20,420**	–
P.H.J.M. van Dijk	**15,315**	17,016
H.J. Simons	–	5,105
R.J. Nelissen	–	6,807
A. van Es	–	5,105
Total	**205,902**	190,586

Amortisation

		2002		2001
Goodwill	**506**		425	
		506		425

Depreciation

Runways, taxiways and aprons	**10,941**		10,710	
Land and roads	**9,675**		8,159	
Buildings	**28,773**		32,180	
Installations	**37,720**		32,563	
Other fixed assets	**14,821**		13,231	
	101,930		96,843	
Additional depreciation on disposals	**1,927**		2,152	
Impairment	–		938	
	103,857		99,933	
Deferred investment grants	**– 872**		– 984	
		102,985		98,949
Total depreciation and capital gains		**103,491**		99,374

Cost of sales of commercial property

This mainly concerns the historical cost of seven buildings transferred to Airport Real Estate Basisfonds C.V.

Other operating expenses

This item includes a sum of € 12,0 million for other personnel expenses.
Other operating expenses includes € 4.0 million (2001: € 3.9 million) in respect of net additions to provisions (addition less release). For further details of the additions, reference is made to the notes to the consolidated balance sheet.

Financial income and expenses

The analysis is as follows:

	2002	2001
Interest income	**4,507**	4,060
Interest expense	**– 43,875**	– 39,965
Other financial gains and losses	**114**	485
	– 39,254	– 35.420

Taxation

The tax burden amounts to 34.2%, which is the same as the tax rate currently applicable to the primary fiscal entity.

Share in results of participating interests

This item concerns the Group's share in the results of the non-consolidated participating interests.

Schiphol, 20 February 2003

Supervisory Board

P.J. Kalff, Chairman
H. van den Broek
J.M. Hessels
J. Kremers
T.H. Woltman
T.A. Maas-de Brouwer
S. Patijn
W.F.C. Stevens

Board of Management

G.J. Cerfontaine, President
M.E. van Lier Lels, Member of the Board of Management and Chief Operating Officer
P.M. Verboom, Member of the Board of Management and Chief Financial Officer

Corporate Balance Sheet as at 31 December 2002 (after profit appropriation)

(in thousands of euros)

Assets

	31 December 2002	31 December 2001*
Fixed assets		
Financial fixed assets	**1,764,402**	1,755,758
Current assets		
Other receivables from group companies	**160,031**	156,373
Cash at bank and in hand	**77,108**	
	2,001,541	1,912,131

Shareholders' equity and liabilities

		31 December 2002		31 December 2001*
Shareholders' equity				
Issued capital	**77,712**		77,712	
Revaluation reserve	**367,514**		370,402	
Statutory reserve for participating interests	**7,764**		6,247	
Exchange differences reserve	**– 11,500**		– 6,941	
Other reserves	**1,509,767**		1,412,591	
		1,951,257		1,860,011
Long term liabilities to group companies		**2,763**		–
Current liabilities		**47,521**		52,120
		2,001,541		1,912,131

Corporate Profit and Loss Account for the year ended 31 December 2002

(in thousands of euros)

	2002	2001*
Operating result	**218**	–
Share in results of participating interests	**140,476**	190,981
	140,694	190,981

* Restated for comparison purposes.

(in thousands of euros)

General

The accounting policies are the same as for the consolidated balance sheet and profit and loss account. Reference is therefore made to the notes to the consolidated financial statements. Notes to the corporate balance sheet and profit and loss account have only been included where there are material differences.

Financial fixed assets

The analysis is as follows:

	Participations in group companies	Other receivables from group companies	Other participating interests	Total
Book value at beginning of year	1,748,700	–	7,058	1,755,758
Withdrawals	–	15,387		15,387
Result	140,093	–	383	140,476
Dividend	– 143,972	–	– 383	– 144,355
Revaluation	– 2,888	–	–	– 2,888
Exchange differences	1,257	– 1,233	–	24
Book value at year-end	**1,743,190**	**14,154**	**7,058**	**1,764,402**

Group companies refers to the wholly-owned subsidiaries Schiphol Nederland B.V. and Schiphol International B.V.

Other participating interests refers to the 1% interest in Flughafen Wien AG.

(in thousands of euros)

Shareholders' equity

The movements were as follows:

	Issued capital	Revaluation reserve	Statutory reserve for participating interests	Translation reserve	Other reserves	2002 Total	2001 Total
Balance at beginning of year	77,712	370,402	6,247	– 6,941	1,412,591	**1,860,011**	1,618,880
Unrealised capital gains and losses	–	17,099	–	–	–	**17,099**	99,608
Realised capital gains and losses	–	– 18,620	–	–	–	**– 18,620**	–
Addition from profit appropriation	–	–	1,723	–	96,971	**98,694**	144,204
Other movements	–	– 1,367	– 206	– 4,559	205	**– 5,927**	– 2,681
Balance at year-end	**77,712**	**367,514**	**7,764**	**– 11,500**	**1,509,767**	**1,951,257**	**1,860,011**

Issued capital

Shareholders:

State of the Netherlands	58,937	75.8%
City of Amsterdam	16,915	21.8%
City of Rotterdam	1,860	2.4%
	77,712	**100.0%**

The authorised capital is € 136,134,065 divided into 300,000 shares of € 453.78 each.

Revaluation reserve

This relates to the revaluation reserves for commercial property and for participating interests. The former concerns unrealised increases in commercial property value (including land leased to third parties). The realised capital gain concerns the increase in current value relative to historical cost, which was realised on disposal and has been included in the profit and loss account. In calculating the revaluation reserve, no account has been taken of the current or deferred taxation effects (see note on corporation tax above).

Statutory reserve for participating interests

An amount of € 206,000 was charged to the reserve in respect of dividend distributions made by participating interests, which have been added to other reserves.

Translation reserve

This comprises the exchange differences resulting from the translation of net investments in foreign participating interests.

Current liabilities

Current liabilities include the proposed dividend distribution for 2002 of € 42 million. The balance relates to accruals and deferred income.

Contingencies and commitments not included in the balance sheet

Reference is made to the notes to the consolidated balance sheet for details of the various contingencies and commitments.

The company filed a statement of joint and several liability as referred to in Section 403, Part 9 of Book 2, of the Netherlands Civil Code, for a number of group companies (see pages 70-71 for list).

Schiphol, 20 February 2003

Supervisory Board

P.J. Kalff, Chairman
H. van den Broek
J.M. Hessels
J. Kremers
T.H. Woltman
T.A. Maas-de Brouwer
S. Patijn
W.F.C. Stevens

Board of Management

G.J. Cerfontaine, President
M.E. van Lier Lels, Member of the Board of Management and Chief Operating Officer
P.M. Verboom, Member of the Board of Management and Chief Financial Officer

Provisions of the articles of association concerning profit appropriation

Article 25 of the company's articles of association contains the following provisions on profit appropriation:

1. Without prejudice to the provisions of Section 105, Book 2, of the Netherlands Civil Code, the profit pursuant to the approved financial statements shall be added to reserves unless the General Meeting of Shareholders resolves to make profit distributions.

2. The General Meeting of Shareholders shall decide the appropriation of the amounts thus reserved according to a proposal by the Board of Management having the approval of the Supervisory Board.

Proposed profit appropriation

(in thousands of euros)

Result	140,694
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 statutory reserve for participating interests	– 1,723
	138,971
Dividend distribution	– 42,000
Addition to other reserves	**96,971**

The balance sheet has been drawn up on the assumption that this proposal will be adopted.

To the Shareholders of N.V. Luchthaven Schiphol

Introduction
In accordance with your instructions we have audited the financial statements of N.V. Luchthaven Schiphol, Schiphol, for the year 2002 (as set out on pages 43 to 67). These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope
We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Amsterdam, 20 February 2003

PricewaterhouseCoopers Accountants N.V.

Participating Interests

Group companies	Registered in	% share
Schiphol Nederland B.V. [1]	Schiphol	100
Schiphol Belgium N.V.	Antwerp	100
Schiphol Australia Pty Ltd.	Brisbane	100
Schiphol North America Holding Inc.	Delaware	100
Eindhoven Airport N.V.	Eindhoven	51
Schiphol Asia Sdn. Bhd.	Kuala Lumpur	100
N.V. Luchthaven Lelystad	Lelystad	100
Schiphol USA Inc.	New York	100
Schiphol USA LLC	Delaware	100
Rotterdam Airport B.V. [1]	Rotterdam	100
Rotterdam Airport Supplies Services B.V.	Rotterdam	100
Rotterdam Airport Holding B.V.	Rotterdam	100
Rotterdam Airport Vastgoed B.V.	Rotterdam	100
Beheer- en beleggingsmaatschappij Balnag B.V.	Schiphol	100
Brisbane Airport Real Estate B.V.	Schiphol	100
Malpensa Real Estate B.V.	Schiphol	60
Malpensa Real Estate SRL	Lonate Pozzolo	60
Schiphol Real Estate Caravelle B.V.	Schiphol	100
Schiphol Dienstverlening B.V. [1]	Schiphol	100
Schiphol International B.V.	Schiphol	100
Schiphol Project Consult B.V. [1]	Schiphol	100
Schiphol Real Estate Logistics Park B.V.	Schiphol	100
Schiphol Real Estate B.V. [1]	Schiphol	100
Schiphol Real Estate Eindhoven B.V.	Schiphol	100
Schiphol Real Estate Eindhoven Finance B.V.	Schiphol	100
Schiphol Real Estate Eindhoven II B.V.	Schiphol	100
Schiphol Real Estate International B.V.	Schiphol	100
Schiphol Real Estate Tristar B.V.	Schiphol	100
Schiphol Utility Services B.V. [1]	Schiphol	100
Schiphol Utility Network B.V. [1]	Schiphol	100
Fricla B.V.	Utrecht	100
Schiphol Real Estate Parking B.V.	Schiphol	100
Schiphol Real Estate World Trade Center B.V.	Schiphol	100
Schiphol Real Estate Italy S.R.L..	Lonate Pozzolo	100
Airport Real Estate Management B.V.	Schiphol	100
Airport Property Management B.V.	Schiphol	100
Proportionally consolidated companies		
Airport Real Estate Basisfonds C.V.	Schiphol	50
Pantares Systems B.V.	Schiphol	50
Pantares Tradeport Asia Limited	Hong Kong	50
Schiphol Telematics C.V.	Schiphol	50
Schiphol Telematics B.V.	Schiphol	50
Schiphol Travel Taxi B.V.	Schiphol	50
Flight Square Beheer B.V.	Schiphol	50
Flight Square C.V.	Schiphol	50
Flight Forum Beheer B.V.	Eindhoven	50
Flight Forum C.V.	Eindhoven	49.05

1) Section 403, Book 2 of the Netherlands Civil Code has been applied.

Other participating interests	Registered in	% share
Beijing GSA Aviation Business Management Corporation Ltd.	Beijing	$33^{1/3}$
Brisbane Airport Corporation Ltd.	Brisbane	15.82
P.T. Angkasa Pura Schiphol	Jakarta	50
T4 Expansion Development LLC	New York	40
JFK IAT LLC	New York	40
Beheer Personeelsrestaurant Schiphol B.V.	Schiphol	50
Cargonaut B.V.	Schiphol	37
Schiphol Area Development Company N.V.	Schiphol	25
SADC Parkmanagement B.V.	Schiphol	25
Schiphol Logistics Park B.V.	Schiphol	45
V.O.F. Proefdraaiplaats Holding 27	Schiphol	50
Flughafen Wien AG	Vienna	1
Tradeport Hong Kong Limited	Hong Kong	18.75
Airport Medical Services B.V.	Haarlemmermeer	20
Airport Medical Services C.V.	Haarlemmermeer	20

Historical Summary*

(in millions of euros unless stated otherwise)

* Historical figures have been restated according to current accounting policies.

		2002	2001
Profit and loss account			
	Net turnover	**774**	695
	Other income	**16**	11
	Total operating income	**790**	706
	Total operating expenses before depreciation/amortisation	**– 434**	– 383
	EBITDA	**356**	323
	Depreciation/amortisation	**– 103**	– 99
	Operating result	**253**	224
	Financial income and expenses	**– 39**	– 35
	Taxation and share in operating results of participating interests	**– 73**	3
	Result on ordinary activities	**141**	191
	Extraordinary income and expenses	**–**	–
	Net result	**141**	191
Balance sheet			
	Fixed assets	**2,880**	2,669
	Current assets	**182**	227
	Total assets	**3,062**	2,896
	Shareholders' equity	**1,951**	1,860
	Provisions	36	38
	Long-term liabilities	**523**	459
	Current liabilities	**552**	539
	Total shareholders' equity and liabilities	**3,062**	2,896
	Operating cash flow [1]	**329**	215
Ratios			
	Operating result as % of net turnover	**32.7**	32.2
	Interest coverage ratio [2]	**6.4**	6.3
	Return on average equity	**7.4**	11.0
	RONA [3]	**9.1**	8.9
	ROCE [4]	**9.3**	9.4
	Interest-bearing debt/total assets	**0.24**	0.26
Figures per share			
	Earnings per share	**823**	1,117
	Operating cash flow per share	**1,920**	1,249
	Dividend per share	**245**	263
Personnel			
	Average effective full-time equivalent employees	**2,134**	2,038

1) For analysis see the cash flow statement.

2) Interest coverage ratio: Operating result / net financial income and expenses.

2000	1999	1998	1997	1996	1995	1994	1993
637	575	553	504	446	401	370	387
10	11	11	0	0	0	0	0
647	586	564	504	446	401	370	387
– 340	– 312	– 287	– 259	– 236	– 225	– 261	– 249
307	274	277	245	210	176	109	138
– 105	– 80	– 81	– 78	– 72	– 69	– 27	– 57
202	195	196	167	137	108	82	81
– 35	– 32	– 30	– 24	– 33	– 32	– 25	– 31
4	6	3	2	– 5	1	1	0
171	169	169	145	99	77	58	50
– 18	– 29	0	0	0	0	0	0
153	140	169	145	99	77	58	50
2,337	2,093	1,803	1,604	1,447	1,382	1,232	1,140
187	171	253	228	220	143	164	150
2,524	2,264	2,056	1,832	1,667	1,525	1,396	1,290
1,618	1,427	1,276	1,121	979	864	786	706
54	71	43	39	33	29	29	31
448	342	536	524	514	519	457	428
404	423	201	148	140	113	124	124
2,524	2,264	2,056	1,832	1,667	1,525	1,396	1,290
251	290	283	237	190	115	144	115
31.7	34.0	35.4	33.1	30.7	26.8	22.2	21.0
5.8	6.0	6.5	6.9	4.1	3.4	3.3	2.6
10.1	10.4	14.1	13.8	10.7	9.3	9.3	7.3
9.1	10.0	11.5	10.9	9.7	8.2	6.9	7.4
10.2	10.6	11.1	10.4	9.3	8.0	6.7	7.8
0.23	0.24	0.27	0.29	0.32	0.34	0.33	0.34
895	819	987	844	578	449	338	293
1,468	1,696	1,655	1,386	1,112	673	840	673
133	119	119	93	66	41	41	41
1,864	1,868	1,928	1,791	1,717	1,687	2,151	2,187

3) Return on net assets = operating result / average fixed assets.

4) Return on capital employed = operating result / average liabilities less non-interest-bearing short-term loans.

Appendix 1a

Traffic volume, Amsterdam Airport Schiphol

		2002		2001	% change
Passengers					
(excluding transit direct)		**40,587,562**		39,309,441	+ 3.3
Transit direct passengers		**148,447**		221,682	– 33.0
Air cargo (in tonnes)		**1,239,900**		1,183,208	+ 4.8
Air mail (in tonnes)		**48,726**		50,953	– 4.4
Aircraft movements					
Air transport movements	**401,385**		416,462		– 3.6
Other	**15,735**		15,639		+ 0.6
Total aircraft movements		**417,120**		432,101	– 3.5

Appendix 1b

Traffic volume, Rotterdam Airport

(source: CBS)

		2002		2001	% change
Passengers					
(excluding transit direct)		**612,021**		747,827	– 18.2
Air cargo (in tonnes)		**285**		563	– 49.4
Aircraft movements					
Air transport movements	**17,991**		19,933		– 9.7
Other	**68,980**		72,941		– 5.4
Total aircraft movements		**86,971**		92.874	– 6.4

Appendix 1c

Traffic volume, Eindhoven Airport

(source: CBS)

		2002		2001	% change
Passengers					
(excluding transit direct)		**363,373**		278,517	+ 30.5
Air cargo (in tonnes)		**511**		198	+158.1
Aircraft movements					
Air transport movements	**10,758**		11,347		– 5.2
Other	**5,555**		6,177		– 10.1
Total aircraft movements		**16,313**		17,524	– 6.9

Appendix 1d

Traffic volume, Lelystad Airport

(source: CBS)

	2002	2001	% change
Total aircraft movements	**138,192**	137,144	+ 0.8

Appendix 1e

Traffic volume, Terminal 4, JFK Airport, New York

		2002		2001	% change
Passengers					
(excluding transit direct)		**4,378,035**		4,574,906	– 4.3
Air cargo (in tonnes)		**4,903**		5,467	– 10.3
Aircraft movements					
Air transport movements	**26,254**		32,140		– 18.3
Other	**n.a.**		n.a.		
Total aircraft movements		**26,254**		32,140	– 18.3

n.a. = not applicable

Appendix 1f

Traffic volume, Brisbane Airport, Australia

		2002		2001	% change
Passengers					
(excluding transit direct)		**11,946,653**		12,985,466	– 8.0
Air cargo (in tonnes)		**not available**		not available	
Aircraft movements					
Air transport movements	**128,932**		138,164		– 6.7
Other	**12,158**		31,388		– 61.3
Total aircraft movements		**141,090**		169,552	– 16.8

Appendix 2

Comparison of the 10 major Western European airports

Air transport movements

(x 1,000)

		2002	2001	% change
1	London [1]	849.5	855.4	– 0.7
2	Paris [2]	709.2	730.7	– 2.9
3	Frankfurt	444.0	441.1	+ 0.7
4	Amsterdam	401.4	416.5	– 3.6
5	Madrid	367.2	374.7	– 2.0
6	Munich	320.3	310.3	+ 3.2
7	Milan [4]	298.8	317.7	– 6.0
8	Rome [3]	295.0	294.7	+ 0.1
9	Barcelona	267.8	270.4	– 0.9
10	Copenhagen	263.2	284.9	– 7.6

Amsterdam Schiphol share 9.5% (2001: 9.7%).

Passenger movements (including transit direct passengers counted once)

(x 1,000)

		2002	2001	% change
1	London 1)	109,016	105,587	+ 3.2
2	Paris 2)	71,465	71,025	+ 0.6
3	Frankfurt	48,450	48,569	– 0.2
4	Amsterdam	40,736	39,531	+ 3.0
5	Madrid	33,906	33,987	– 0.2
6	Rome 3)	26,266	26,284	– 0.1
7	Milan 4)	25,257	25,707	– 1.8
8	Munich	23,164	23,647	– 2.0
9	Barcelona	21,348	20,748	+ 2.9
10	Manchester	19,038	20,633	– 7.7

Amsterdam Schiphol share 9.7% (2001: 9.5%).

Air cargo

(x 1,000 ton)

		2002	2001	% change
1	London 1)	1.666.0	1.627.7	+ 2.4
2	Paris 2)	1.510.2	1.460.3	+ 3.4
3	Frankfurt	1.494.9	1.476.4	+ 1.3
4	Amsterdam	1.239.9	1.183.2	+ 4.8
5	Luxembourg	577.5	526.4	+ 9.7
6	Brussels	506.1	559.6	– 9.6
7	Cologne	501.1	443.0	+ 13.1
8	Liège	326.2	273.2	+ 19.4
9	Zurich	309.7	352.6	– 12.2
10	Milan 4)	296.1	292.8	+ 1.1

Amsterdam Schiphol share 14.7% (2001: 14.4%).

1) = Heathrow, Gatwick and Stansted

2) = Charles de Gaulle and Orly

3) = Fiumicino and Ciampino

4) = Malpensa and Linate

Appendix 3

Airlines using Amsterdam Airport Schiphol

as at December 31, 2002

Passenger / cargo carriers

1. Adria Airways
2. Aer Lingus
3. Aeroflot
4. Air Alps Aviation
5. Air Bosna
6. Air Dolomiti
7. Air France
8. Air Malta
9. Alitalia
10. Armenian Airlines
11. Aurigny Air Services
12. Austrian Airlines
13. BMIBaby
14. British Airways
15. British Airways (Maersk Air Ltd.)
16. British Midland Airways
17. Buzz
18. Cathay Pacific Airways
19. China Airlines
20. China Southern Airlines
21. CityFlyer Express
22. Continental Airlines
23. Croatia Airlines
24. Cyprus Airways
25. Czech Airlines
26. Delta Air Lines
27. Dutch Caribean Express
28. easyJet
29. Egypt Air
30. El-Al
31. Ethiopean Airlines
32. Eurowings
33. EVA Air
34. Finnair
35. Garuda Indonesia
36. Iberia
37. Icelandair
38. Iran Air
39. Japan Airlines
40. JAT Jougoslav Air Transport
41. Kenya Airways
42. KLM
43. KLM cityhopper
44. KLM exel
45. KLM uk
46. Kuwait Airways
47. Libyan Arab Airlines
48. Lithuanian Airlines
49. LOT Polish Airlines
50. Lufthansa
51. Lufthansa CityLine
52. Macedonian Airlines
53. Maersk Air
54. Malaysia Airlines
55. Malev Hungarian Airlines
56. Martinair Holland
57. Meridiana
58. Northwest Airlines
59. Olympic Airways
60. PIA Pakistan International
61. Pulkovo Airlines
62. Royal Air Maroc
63. Royal Jordanian
64. SAS Scandinavian Airlines
65. Scot Airways
66. Singapore Airlines
67. Skynet
68. Swiss
69. Syrian Arab Airlines
70. TACV Cabo Verde
71. TAP Air Portugal
72. THY Turkish Airlines
73. Transavia Airlines
74. Tunis Air
75. Ukraine International Airlines
76. United Airlines
77. US Airways
78. Varig

Cargo carriers

1. Asiana Airlines
2. Dragonair
3. Emirates
4. Korean Air
5. Nippon Cargo Airlines
6. Polar Air Cargo
7. TMA of Lebanon
8. VLM
9. Westair

ACRE Fund
AirportCity Real Estate Fund
A property fund to which a number of Schiphol Real Estate buildings were transferred, 50% of the shares of which have been placed with institutional investors.

Airport fees
Charges for take-offs, landings, aircraft parking and passenger fees.

Airport Security Charge
A fee introduced on April 1, 2002 to compensate for the costs of and investments in security measures.

Aviation Act
Legislation laying down new standards for noise, air quality, odour and third-party risk at Amsterdam Airport Schiphol applicable from 20 February 2003.

Catchment area
The area where the airport can attract passengers and cargo because of its distance from the airport and accessibility over land.

Clean area
The area (after Passport Control) that can only be accessed by passengers and staff who have undergone a security check.

Concession income
Income derived from a concession, that is a licence to carry out specific activities such as operating a restaurant or shop at the airport.

Departure Lounge 1
Waiting area for passengers travelling to a Schengen country (see Schengen Treaty).

Eligibility for Permanent Invalidity Benefit (Restrictions) Act
A new Act, the objective of which is to reduce the influx of disabled workers.

Euro Medium Term Note
Certificate of debt that can be issued in a variety of currencies, the due date of which can be defined together with the relevant bank.

FireFly
An aircraft simulator the airport fire service uses for fire training.

Fraport
The company operating Frankfurt/Main airport.

FTEs
Full-time equivalents, or the number of full-time positions calculated by full working weeks.

Iris recognition
Biometric identification of the human eye.

Iris scan
A camera that registers and verifies iris geometry.

Kosten Unit
A measure used in the Netherlands to determine aircraft noise on an annual basis, named after its creator Professor Kosten (Kosteneenheid or Ke).

Low cost carrier
A 'no frills' airline offering low air fares.

Noise zone
The area within which physical planning limitations apply to building and insulating homes, and outside of which aircraft noise may not exceed specific limits. Until 20 February 2003, two noise zones were applicable to Amsterdam Airport Schiphol: the 35 Ku zone for the full 24-hour period and the 26 Laeq dBA night-time zone.

Key Performance Indicator (KPI)
A key indicator used to measure a company's or business area's results.

Mainport
A hub for air, road and rail transport, which serves as home base to airline alliances and generates significant economic influence on its environs.

Mainport destination
An intercontinental destination that is important to Amsterdam Airport Schiphol's network.

MTOW
Maximum Take-Off Weight. The maximum take-off weight of aircraft taking off which is used to calculate take-off and landing fees.

New runway (Polder Runway)
Amsterdam Airport Schiphol's new runway, formerly known as the fifth runway, construction of which began in 2000 and finished at the end of 2002. It is the airport's fifth main runway used for take-offs and landings after opening for air traffic on 20 February 2003.

Pantares
The Schiphol Group and Fraport alliance.

Passenger Service Charge
Compensation for a passenger's use of airport facilities.

Pre-ordering
Ordering airport goods and services at home on the internet.

Privium
An airport service programme applying automatic border passage employing iris recognition.

ROZ/IPD index
Dutch index used to determine the added value of commercial property.

RSI
Abbreviation for Repetitive Strain Injury, also called Computer-Related RSI.

See Buy Fly
The shopping centre located after Passport Control operating on the basis of a co-operation agreement between the shopkeepers in the terminal and Amsterdam Airport Schiphol.

Schengen Treaty
A treaty allowing free transport of persons and goods within countries participating in the treaty (named after the city in Luxemburg, where the treaty was negotiated).

Schiphol Area Development Company
The company that develops and operates business parks in the environs of Amsterdam Airport Schiphol.

Schiphol Experience
An element of the AirportCity concept aiming to make passengers feel welcome and/or make their waiting time at the airport more pleasurable.

Schiphol Plaza
An integrated, central entrance hall, train station and public shopping centre at the Amsterdam Airport Schiphol terminal.

Schiphol Travelport
The airport's virtual travel agency – a component of the airport's website – where visitors can reserve airline tickets and rental cars online.

Schiphol Travel Taxi
A combined on-call transport service to and from Amsterdam Airport Schiphol.

Schiphol Travel Update
A component of the airport's website, that provides important flight information by text message or e-mail.

Terminal
The airport building, including the arrival and departure halls.

Transfer passenger
A passenger changing planes at an airport.

Transit direct passenger
A passenger arriving at an airport and continuing his/her journey on the same plane.

WTC
World Trade Center Schiphol Airport.

Zuidtangent
An express shuttle bus service, the first phase of which began operating in early 2002 from Haarlem to the Central Station in Amsterdam via Amsterdam Airport Schiphol and the Amsterdam-Bijlmer station.