



Each day Schindler moves
one billion people.
Group Review 2013



Schindler

Each day Schindler moves one billion people.

Schindler is a global provider of mobility solutions. Each day, it transports one billion people with its elevators and escalators – rapidly, efficiently, and in accordance with their diverse needs.

Its offerings range from cost-effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for skyscrapers.

Schindler moves people and materials, and connects vertical and horizontal transport systems through intelligent mobility solutions driven by green and user-friendly technologies.



Our products and services

Passenger elevators

For any individual need in the market, Schindler provides an appropriate elevator solution. Starting with low-rise requirements focusing on basic transportation needs at affordable costs, through mid-rise applications for the residential and commercial market segments, and finally on to the high requirements in the high-rise segment for buildings up to 500 meters.

Freight elevators

For small and large volumes, and light- or heavy-duty freight.

Escalators and moving walks

Escalators for all applications, from shopping malls, offices, hotels, and entertainment centers, to busy airports, subways, and railway stations. Moving walks – inclined and horizontal – for efficient transportation in public areas.

Modernization

Elevator and escalator modernization products.

Services

The next technician is always within reach, worldwide, 24 hours a day.





Ladies and Gentlemen,

By the end of this century Europe will account for just under 4% of the world's population (compared to 20% in 1900). And it is against this demographic background that Schindler's current strategy of organic expansion should be seen. Few people will wonder in 2050 why we posted an EBIT of 10.2% in 2013 – just as few people ask today why our EBIT in the early 1980s (when we spun off our non-core businesses) stood at around 4%. The words Seneca wrote 2 000 years ago are as true now as they were then: "What may look like the summit to you is only a point on the journey."

Schindler's positives of 2013 include the strong sales and revenue growth reported in all market regions. A further landmark development was the signing in summer of the new free trade agreement between Switzerland and China – a historic step which will enable Switzerland to further reduce its dependence on the European market.¹ Systematically diversifying one's sales markets is one of the key prerequisites for organic growth. Away from the business headlines, markets such as Indonesia and the Philippines are recording high growth rates. And their combined population already exceeds that of the entire European continent.

Another positive surprise in 2013 was provided by the placement of CHF 218 million worth of bonds exchangeable into registered shares of IT logistics company ALSO Holding AG, which was eight times oversubscribed. The bond issue is intended to engineer Schindler's medium-term divestment of its entire ALSO holding and to steadily increase the proportion of free-floating ALSO shares. Given its favorable operating performance for the first nine months, ALSO is expected to post encouraging annual results for 2013 as a whole.

A further major event of 2013 in political and economic terms was the clear rejection by the Swiss electorate of the "1:12 Initiative" to cap top executive pay. If approved, the initiative would have posed substantial problems for internationally active Swiss-based corporations. The voters' massive rejection should be an incentive to keep top salaries within reasonable bounds and to regain public trust which was lost.

In addition to the tough general economic situation, three problems cloud both our review of 2013 and the outlook ahead. The first is the Swiss-franc exchange rate, especially against the currencies of Brazil, India, and Indonesia. Currency conversion losses have cost Schindler well over CHF 2 billion in sales over the past ten years.

The second is the CHF 219 million impairment on our holding in Hyundai Elevator Co. Ltd. of South Korea, which has been prompted by serial capital increases conducted by Hyundai Elevator to support the loss-making marine business of its sister company HMM. These capital increases (some of which have been carried out with no preemptive rights and in combination with double-digit percentage discounts) are, in effect, a statutorily-legitimized expropriation of minority shareholders.

And the third problem is that the current regulatory zeal continues unabated – in sharp contrast to the substantial decrease of listed Swiss companies in Switzerland and to the fact that, on average, shareholders now hold on to their shares for less than 12 months.

Despite these adversities and its high rate of expansion, Schindler was still able to increase its cash flow by 3.3% in 2013, and also created around 3 000 new jobs worldwide.

2013 made great demands on everyone who works for the Schindler Group all over the globe. It is their interaction that has enabled us to report profitable growth in such a harsh business environment. And for this I offer everybody concerned my deepest thanks, on behalf of the Board of Directors and our Group Executive Committee. Schindler is a family concern with a keen sense of safety, innovation, quality and responsibility; and when we enjoy success, we are well aware that it is a success in which every contribution counts.

Alfred N. Schindler

¹ Please also see my foreword to the Chinese edition of R. James Breiding's "Swiss Made: the untold story behind Switzerland's success" (pages 65–67)

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Schindler in brief

Group

The company was founded in 1874 in Lucerne, Switzerland. Today, the Schindler Group is one of the world's leading providers of elevators, escalators, and moving walks and is active in the areas of production, installation, maintenance, and modernization. It has operations in more than 100 countries.

The Group employed 48 169 people in 2013. Around 59% worked in the area of installation and maintenance, 8% at production facilities in the USA, Brazil, Europe, China, and India, and 33% in engineering, sales, and administration. The company reported revenue of CHF 8 813 million for 2013.

Strategic orientation

"Leadership through Customer Service" is our vision, since one billion people around the world use Schindler products every day. These people should be able to rely on high-quality mobility solutions and services at all times.

To achieve this, Schindler is strengthening its global presence and expanding its service network in individual markets. This will enable the company to exploit different global growth cycles, to smooth out currency risks, to reduce response times thanks to its proximity to customers, and, at the same time, to increase the productivity of its services.

Today, 7 out of 10 elevators are sold in Asia and only 3 in the rest of the world. Schindler is responding to this trend and repositioning itself at a number of levels. During the reporting period, Schindler invested in: the construction of new production facilities in China and India, as well as Slovakia and the US; the expansion of market and research capacity; the introduction of new product lines; and – very importantly – training and development.

With its clear focus on its core competencies, Schindler aims to outperform its competitors in an increasingly price-sensitive market through cost leadership. Schindler works constantly to secure this competitive advantage. All processes are optimized on an ongoing basis, manufacturing depth is reduced by focusing exclusively on strategic core competencies, and the range of product families is limited to a reasonable number.

At the same time, Schindler is committed to developing leading products that feature the latest technology. Its offering ranges from cost-effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for multifunctional high-rise buildings.

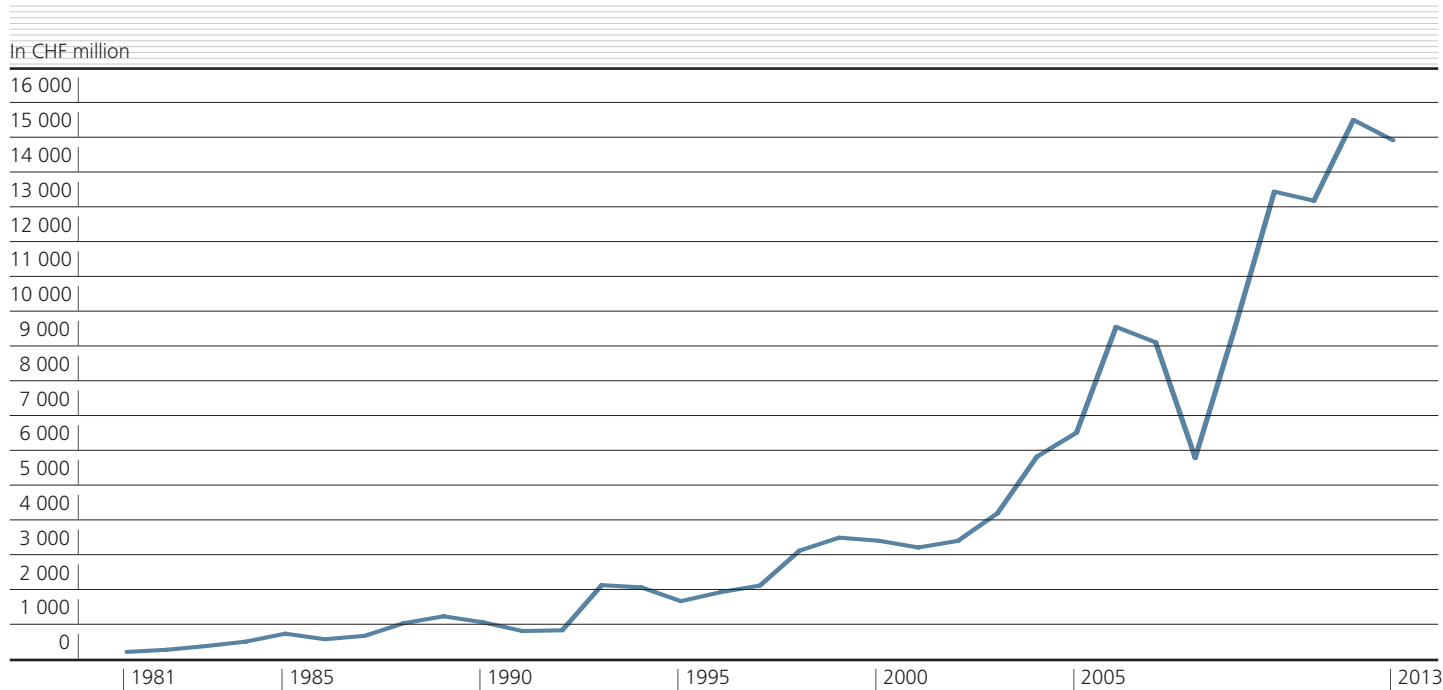
Examples of innovations include: the first patent for elevators without a machine room, the Miconic 10 hall call destination system; its successor, Schindler ID, incorporating personalized access control; and the third-generation system PORT technology, which is revolutionizing the traffic and security philosophy in buildings and opens up previously inconceivable possibilities for architects. Modern traction belt technology represented a further milestone in the development of elevators.

Today, Schindler has an innovative, state-of-the-art product range featuring three global product lines: the Schindler 3300 elevator (residential segment), the Schindler 5500 elevator (commercial segment) and the Schindler 7000 elevator (high-rise segment). In 2013, the US business magazine "Forbes" included Schindler on its list of the world's 100 most innovative companies for the third year in succession.

Schindler will continue to systematically pursue the aforementioned strategy in order to further expand its leading position, provide secure long-term employment, and create value for shareholders.

We create value

Market capitalization 1981 to 2013



The market capitalization corresponds to the value as of December 31.

Key figures 2013

Group

In CHF million	2013	2012	Δ %	Δ % local currencies
Orders received	9 456	8 967	5.5	7.2
Revenue	8 813	8 258	6.7	8.4
Operating profit (EBIT)	896	990	-9.5	-7.6
in %	10.2	12.0		
Net income from financing and investing activities	23	-7		
Hyundai impairment	-219	-		
Profit before taxes	700	983	-28.8	
Income taxes	237	253		
Net profit	463	730	-36.6	
Net profit before Hyundai impairment	682	730	-6.6	
Cash flow from operating activities	808	782	3.3	
Investments in fixed assets	252	132	90.9	
As of December 31				
Order backlog	7 722	7 083	9.0	13.8
Headcount at year-end	48 169	45 246	6.5	

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

In CHF	2013	2012
Registered share	2.20	2.20
Participation certificate	2.20	2.20

Subject to approval by the General Meeting, the dividend will be paid on March 24, 2014.

Organization

Board of Directors Schindler Holding Ltd.

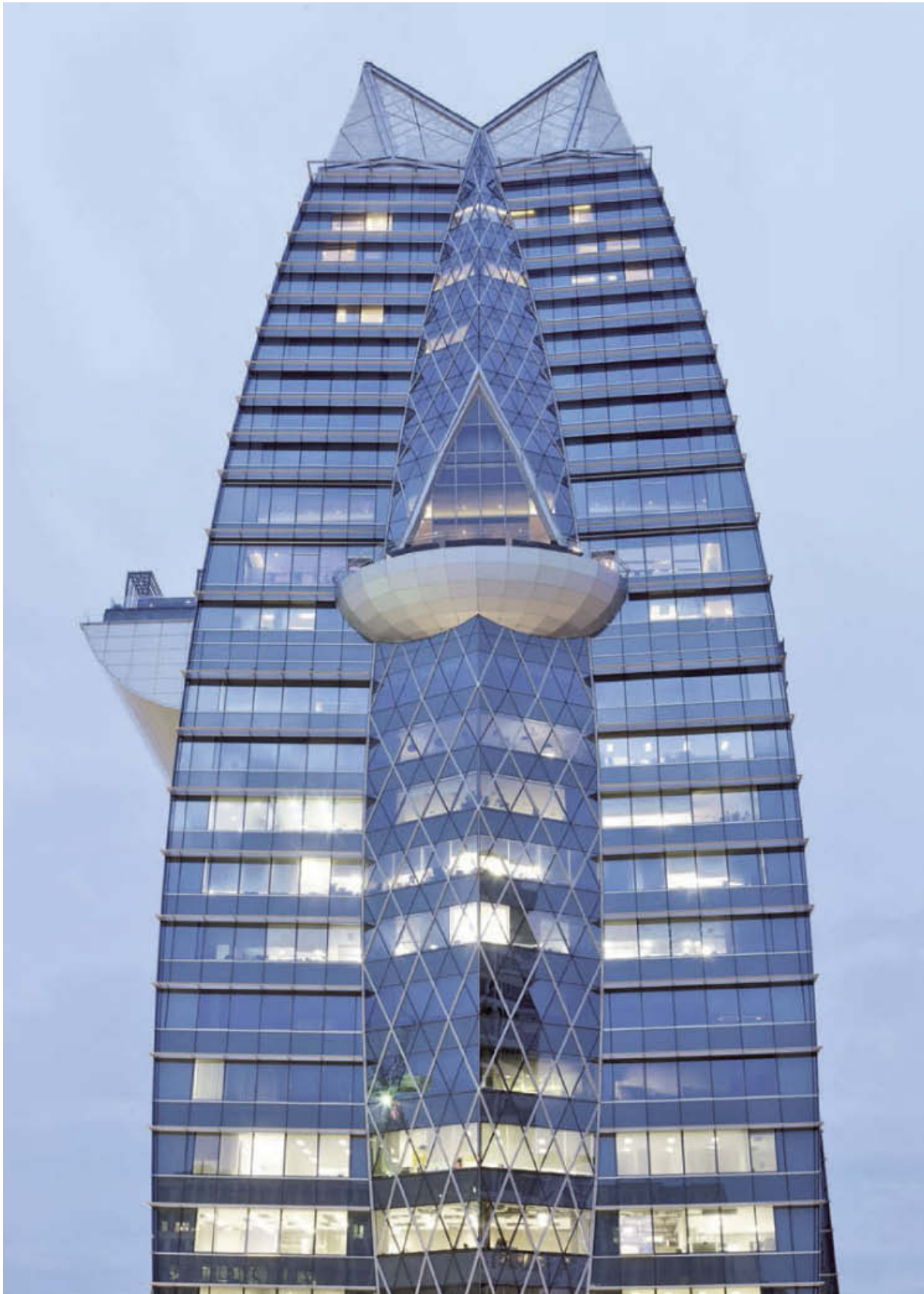
as of December 31, 2013

Alfred N. Schindler	Chairman	Member of the Supervisory and Nomination Committee
Luc Bonnard	Vice Chairman	
Dr. Rudolf W. Fischer	Member	Member of the Supervisory and Nomination Committee
Prof. Dr. Pius Baschera	Member	
Prof. Dr. Monika Büttler	Member	
Dr. Hubertus von Grünberg	Member	
Prof. Dr. Karl Hofstetter	Member	
Anthony Nightingale	Member	
Lord Charles Powell	Member	
Rolf Schweiger	Member	
Carole Vischer	Member	
Prof. Dr. Klaus W. Wellershoff	Member	

Group Executive Committee

as of December 31, 2013

Jürgen Tinggren	CEO
Miguel A. Rodríguez	Deputy CEO, India and Middle East
Erich Ammann	CFO
David Clymo	Corporate Human Resources
Didier Gaudoux	Europe South
Albert Haffert	Field Quality & Excellence
Silvio Napoli	Asia/Pacific
Thomas Oetterli	China
Oswald Schmid	Europe North
Jakob Züger	North, Central, and South America



7.00 at Park Ventures, Bangkok, Thailand



This complex, which includes a hotel and offices, has obtained LEED Platinum certification – the highest such rating – reflecting the sustainable practices used in the construction of the building as well as the focus on the efficient use of resources in its interior. Schindler’s contribution was the supply of energy-efficient elevators featuring innovative PORT technology to swiftly transport the large numbers of people within the complex to their destinations while ensuring a high level of security.



11.00 at Torre New York Life,
Mexico City, Mexico



Finding sustainable solutions is a major challenge in today's world. This is also the case at the Torre New York Life, which is used each day by countless people who expect to travel in safe and efficient elevators. The 13 Schindler 7000 high-rise elevators and 9 Schindler 5400 elevators installed here feature PORT technology or the hall call destination system Miconic 10. This ensures the highly efficient flow of passengers throughout the building while, at the same time, taking account of all the security standards defined by the customer.



12.30 at CRC Center, Shenyang, China



At midday, the people in CRC Center have different objectives – since the complex brings together a shopping mall, offices and leisure facilities under one roof. Smart mobility solutions developed by Schindler transport passengers to their destination quickly, safely and with maximum efficiency.



17.00 at Corporativo Origami (Gentera),
Mexico City, Mexico



At Schindler, mobility and security go hand in hand. In buildings such as the 23-storey Corporativo Origami (Gentera), passengers can rapidly travel to their destination at any time. The innovative PORT transit management system ensures that they can only access areas of the building for which they have authorization.

To the shareholders

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Statement of the Board of Directors

Group expands in growth markets

Schindler aims to achieve a higher level of organic growth in growth markets. Today, 7 out of 10 elevators are sold in the Mumbai–Seoul–Hong Kong triangle and only 3 in the rest of the world. Schindler has responded to this trend through targeted investments and the strategic expansion of its business, as well as by constantly innovating and adopting a farsighted approach. Its successful expansion outside Europe confirms the direction it is taking.

In regions that are experiencing strong growth, Schindler is expanding its business at a number of levels: during the reporting year, it further increased its research capacity, broadened its geographical presence, and invested in the areas of sales, installation, maintenance, and training. Schindler is thus sustainably strengthening its operational network. As part of its growth strategy, Schindler created around 3 000 new positions worldwide in 2013. At the same time, it focused on securing its competitiveness in established markets.

In 2013, Schindler invested in the construction of new production plants in China and India as well as in the USA and Slovakia. In order to achieve growth, it is important for the individual stages of its expansion plans to be completed on schedule. Schindler's efforts are on track: the construction of its new escalator plant in China – the largest production facility of its kind worldwide – was completed in just 12 months. This new plant and the new elevator plant in India delivered their first products at the start of 2014. The new production plants in Slovakia and the USA already began operating in the fourth quarter of 2013. Other milestones in the reporting period were the simultaneous introduction of the Schindler 5500 elevator for the commercial segment in different markets around the world, as well as the introduction of the Schindler 3600 product line for the affordable housing segment in China.

Schindler's long-term expansion is key to the continued success and further development of this traditional and independent Swiss family business.

Orders received and order backlog

Orders received totaled CHF 9 456 million and thus rose by 5.5% compared to the previous year (+7.2% in local currencies). Despite adverse developments in European markets, Schindler was able to maintain orders received in Europe at the same level as in the previous year and to generate increases in all other regions, with substantial growth in certain markets. The success of its growth strategy is highlighted by its strong growth rates in China and India, which significantly exceeded market growth.

The order backlog was CHF 7 722 million, representing an increase of 9.0% compared to the end of 2012 (+13.8% in local currencies). This was mainly attributable to Schindler's success in the growth markets of Asia.

Revenue

Revenue totaled CHF 8 813 million, an increase of 6.7% (+8.4% in local currencies). The growth in revenue accelerated in the fourth quarter and reached 8.1% (+10.8% in local currencies). The Asia/Pacific region – particularly China and India – achieved the strongest growth in the reporting period. North and South America also made a good contribution to revenue growth. Europe produced a slight increase in revenue despite a further decline in market volumes in Southern Europe.

Operating profit

Operating profit (EBIT) decreased by 9.5% to CHF 896 million in the reporting period (–7.6% in local currencies), corresponding to an EBIT margin of 10.2%. It was not possible to achieve an increase in operating profit while executing the growth strategy. The operational improvements that were achieved during the reporting year were largely offset by the impact of the strong Swiss franc, expenses related to the strategic expansion of the business in growth markets (costs of around CHF 30 million), delays in the implementation of cost reduction and efficiency measures, and significant pricing pressure. Restructuring costs of CHF 25 million were incurred in the fourth quarter of 2013.

Net income from financing and investing activities

Net income from financing and investing activities was CHF –196 million (previous year: CHF –7 million). This change was mainly attributable to the Hyundai impairment totaling CHF 219 million as well as currency hedging. An improvement in income from associates had a positive impact.

Schindler has held a significant minority participation in Hyundai Elevator Co. Ltd. since 2006 as part of its growth strategy. Hyundai Elevator Co. Ltd. is the market leader in South Korea, which is the world's fourth-largest elevator market. The participation was acquired following the signing of a Letter of Intent with the controlling shareholders of Hyundai Elevator Co. Ltd., which stated that Schindler would acquire a majority participation in Hyundai's elevators and escalators business. In view of regulatory issues, the Letter of Intent was withdrawn with the agreement of both parties based on the understanding that they would later reconsider the planned transaction if appropriate.

In the following years, Hyundai Elevator Co. Ltd. embarked on a strategy that involved the massive use of its own funds to finance its control of its sister company Hyundai Merchant Marine Ltd., leading to repeated losses as a result of write-downs as well as derivative contracts used for control purposes. The share price of Hyundai Elevator Co. Ltd. subsequently came under significant pressure. The capital increase executed in June 2013 and a further capital increase announced in November 2013 of 44% placed the share price under further strong pressure due, in particular, to the high level of dilution. In view of these substantial price losses, Schindler had to record two impairments: CHF 155 million in the second quarter of 2013 and a further CHF 64 million in the fourth quarter of 2013.

As of December 31, 2013, Schindler's participation in Hyundai Elevator Co. Ltd. was 30.9%.

Net profit and cash flow from operating activities

Net profit totaled CHF 463 million, or CHF 682 million excluding the impairments of CHF 219 million relating to the Hyundai participation.

Cash flow from operating activities increased to CHF 808 million (previous year: CHF 782 million). This was mainly due to a further improvement in net working capital.

Headcount

Schindler had 48 169 employees at the end of 2013. Although adjustments had to be made in several markets in response to weaker demand, the number of employees increased in the growth markets of Asia/Pacific and South America, resulting in the creation of 2 923 new positions (+6.5%).

Bond exchangeable for shares of ALSO Holding AG

At the end of May 2013, Schindler successfully placed an exchangeable bond with an issuance volume of CHF 218 million that can be exchanged for ALSO shares. This measure is designed to enable Schindler to almost completely exit its participation in ALSO, which currently stands at 28.4%, without adversely impacting the market and to substantially increase the free float.

Changes to the Board of Directors and Group Executive Committee

The General Meeting of Shareholders of March 26, 2013, elected Prof. Dr. Monika Bütler, Anthony Nightingale, and Carole Vischer as new members of the Board of Directors. The Board of Directors therefore comprises the following members: Alfred N. Schindler (Chairman), Luc Bonnard (Vice Chairman), Dr. Rudolf W. Fischer, Prof. Dr. Karl Hofstetter, Prof. Dr. Pius Baschera, Dr. Hubertus von Grünberg, Lord Powell of Bayswater, Rolf Schweiger, Prof. Dr. Klaus Wellershoff, Prof. Dr. Monika Bütler, Anthony Nightingale, and Carole Vischer.

Silvio Napoli succeeded Jürgen Tinggren as CEO of the Schindler Group on January 1, 2014. Jürgen Tinggren will be proposed for election to the Board of Directors of Schindler Holding Ltd. at the forthcoming General Meeting of March 17, 2014. It is intended that he will be appointed as a member of the Supervisory and Nomination Committee. Thomas Oetterli has been a member of the Group Executive Committee since January 1, 2010, and has been responsible for the Schindler Group's activities in China since April 1, 2013. From January 1, 2014, he will report directly to the CEO. With effect from January 1, 2014, the Asia/Pacific region – excluding China – was combined with the India and the Middle East region to form the new Asia/Pacific and Middle East region. Miguel A. Rodríguez, who was previously responsible for the India and Gulf region, will lead this new expanded region. The Group Executive Committee comprises the following members as of January 1, 2014: Silvio Napoli (CEO), Erich Ammann, David Clymo, Didier Gaudoux, Albert Haffert, Thomas Oetterli, Miguel A. Rodríguez, Oswald Schmid, and Jakob Züger.

Schindler Holding Ltd.

Dividend and capital structure

Schindler Holding Ltd. closed the financial year 2013 with a net profit of CHF 765 million (previous year: CHF 551 million). This significant increase is due to exceptional income from Group companies as well as changes in participation structures. The payment of a dividend of CHF 2.20 per registered share and participation certificate will be proposed to the forthcoming General Meeting of March 17, 2014.

Repurchase program

During the reporting year, Schindler Holding Ltd. repurchased a total of 2 618 693 registered shares and 1 258 576 participation certificates as part of the repurchase program that was launched on January 3, 2013, and will run until December 31, 2015.

On October 18, 2013, Schindler Holding Ltd. launched an additional public repurchase offer for a maximum of 4 100 000 registered shares and a maximum of 4 100 000 participation certificates at a fixed price. The purpose of the offer was to achieve a reduction in capital through the cancellation of the repurchased securities. A total of 2 406 693 registered shares and 613 976 participation certificates were tendered under this program.

It will be proposed to the General Meeting of March 17, 2014, that the total of 2 707 293 registered shares and 1 553 376 participation certificates be cancelled.

Outlook

Despite early signs of growth, economic conditions will continue to be impacted by high levels of political and macroeconomic uncertainty. Schindler expects that the construction sector will expand most rapidly in the growth markets of Asia and that the North, Central, and South America region may improve slightly, while Southern Europe will probably stabilize at a low level and Northern Europe may experience marginal growth.

Schindler will continue to pursue its growth strategy and will focus on further expanding its market position in growth markets. Further investments and project costs will be recorded in 2014.

Thanks to a further strong increase in the order backlog (+13.8% in local currencies), Schindler expects revenue to increase by around 6-8% in local currencies in 2014. Schindler will issue a forecast concerning its net profit for 2014 when it publishes its half-year results.

Schindler thanks its employees and customers

Thanks to the enormous motivation of Schindler's workforce of around 48 000 employees, Schindler was able to absorb the additional workload resulting from its cost reduction and efficiency program as well as its expansion plans. Its employees played a decisive part in the implementation of these measures, demonstrated a high level of flexibility, and were willing to support the necessary changes. The Board of Directors and the Group Executive Committee wish to express their thanks and appreciation to all Schindler employees for their considerable efforts. We also wish to thank all of the Group's customers and business partners around the world for their continuing loyalty to the company.



Alfred N. Schindler
Chairman of the Board
of Directors

Luc Bonnard
Vice Chairman of the Board
of Directors

Elevators & Escalators

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Market overview

Global megatrends – especially urbanization – continued to have a positive impact on the demand for elevators and escalators. The market as a whole experienced good growth in 2013, although individual market regions displayed different trends. For example, the major markets of China, India, and Southeast Asia achieved strong growth, while North America continued to recover and developments in the markets of Latin America were mixed. Within Europe, the Southern and Eastern European markets continued to weaken, while the rest of Europe experienced low growth or stagnated at 2012 levels.

Strategic focus on growth

The new installations business is now dominated by the Asia/Pacific market region, which accounts for more than three-quarters of global demand. In the reporting year, Schindler therefore assigned priority to expanding its position in the growth markets of China and India. This involves constructing new production plants and increasing its market and research capabilities, as well as strengthening its local expertise. In China, Schindler launched the Schindler 3600 elevator for the affordable housing segment, thus laying the foundations for its entry into a large new market segment.

The product range for the commercial segment was extended to include the Schindler 5500 elevator line, which was introduced simultaneously in all markets around the world. This new product line replaces local product programs and will significantly strengthen Schindler's competitive position and enable it to achieve additional growth in the commercial market.

To further increase growth and competitiveness, Schindler invested in new production plants, which were constructed within a very short period of time: the new production facilities in Slovakia and the US already began operating at the end of 2013. The escalator plant in Jiading, China, and the elevator plant in Pune, India, will begin production in the first half of 2014. All of the new production facilities were constructed in accordance with the green, efficient, and sustainable building practices defined under the LEED and BREEAM certification methods.

Further building projects will be carried out in 2014 and 2015: an elevator plant, a research center with a 200-meter test tower, and Schindler's regional headquarters will be added to the campus in China, while an escalator plant, a research center, and a test tower will be constructed on the campus in India.

Strategic focus on competitiveness

In addition to constructing new production plants, Schindler is continuing to focus on measures to reduce costs and enhance efficiency on a Group-wide basis. However, the operational improvements that were achieved were largely offset by the impact of the strong Swiss franc, expenses related to the expansion of the business in growth markets, implementation delays in individual markets, and continued pricing pressure.

Key figures for the reporting year

- Orders received increased by 5.5% (+7.2% in local currencies)
- Revenue grew by 6.7% (+8.4% in local currencies)
- The order backlog rose by 9.0% (+13.8% in local currencies)
- Operating profit (EBIT) was CHF 896 million and the EBIT margin was 10.2%
- Net profit totaled CHF 463 million, or CHF 682 million excluding the impairments of CHF 219 million relating to the Hyundai participation
- Cash flow from operating activities was CHF 808 million

Attractive product range

Schindler elevators and escalators transport one billion people each day. In order to offer smart and innovative mobility solutions that are driven by green, user-friendly technology, Schindler invests well over CHF 100 million in research and development each year.

The Schindler 5500 elevator line was introduced globally during the reporting year and is being used primarily in the commercial segment. Together with the Schindler 3300 elevator line for the residential segment, as well as the Schindler 7000 elevator line for the high-rise segment, Schindler thus has three leading product lines in terms of technology and energy efficiency that are used worldwide and optimally meet client needs.

Schindler is continuing its success story in the area of traffic management with its groundbreaking PORT technology. It was developed from Miconic 10 – the world's very first hall call destination system – followed by the second generation system Schindler ID with personalized access control. The innovative PORT technology goes one step further and provides numerous options to optimize the flow of traffic throughout the building.

Schindler's comprehensive range of escalators meets the requirements of commercial buildings, shopping malls, railway stations, and airports. As well as being suited to a wide variety of uses and providing a high level of reliability, the product range features attractive designs and incorporates a number of energy-saving components.

Schindler thus has an innovative, state-of-the-art product range that satisfies the diverse needs of clients around the world. In addition, customized modernization solutions make it possible to equip older installations with the latest technology in order to significantly extend their service life.

Europe

Satisfactory level of orders received

Developments in the construction segment in Europe continue to reflect differing economic trends within the region. Markets in Northern Europe experienced marginal growth or stagnated at 2012 levels, while markets in Eastern and Southern Europe tended to weaken. Viewed overall, however, competition intensified and pricing pressure therefore persisted. In this difficult environment, Schindler was able to maintain orders received at the same level as in the previous year for Europe as a whole.

Schindler secured orders for projects including the Warsaw Spire – a commercial building that will be one of the tallest structures in Warsaw respectively Poland upon its completion. Schindler will supply it with 14 Schindler 7000 high-rise elevators, 27 Schindler 5500 elevators, and 4 Schindler 9300 escalators. PORT technology will be installed in the building.

Successful product launch

In the reporting year, the Schindler 5500 global elevator line – which is suited to a wide variety of uses in the commercial segment – was presented to a large number of clients. In addition to the new Schindler 5500 product line, Schindler also unveiled additions to the Schindler 3300 product line, which has been very successful in the residential segment. The new offering and the format of the client presentations met with a very positive response.

Modernization business and SNEL

The modernization market is stagnating or experiencing a decline in the current environment. Furthermore, the implementation of the EU Safety Norm for Existing Lifts (SNEL) was completed in several countries, meaning that the norm is unlikely to have any further positive impact on growth in the short term.

Environmental award for new production plant in Slovakia

The new elevator plant with a logistics center was opened next to the existing escalator plant near Dunajská Streda, Slovakia, during the reporting year. The elevator plant features state-of-the-art, environmentally friendly technology and achieved the BREEAM rating of “Excellent” for its environmental standards.

Europe

Revenue:	CHF 3 981 million
Headcount at year-end:	19 518
Countries:	37
Production sites:	6

North, Central, and South AmericaRevenue:
CHF 2 496 millionHeadcount at year-end:
13 160Countries:
12Production sites:
3**North, Central, and South America****North America: recovery continues**

The construction sector experienced an upturn during the reporting year and Schindler was able to generate a significant increase in orders received. This was due, in particular, to good sales of the Schindler 3300 elevator line, the awarding of several major orders, and the recovery in the modernization and repair market.

Schindler secured orders for projects including the Hudson Yards Tower C office building in New York, which will be equipped with 32 elevators, including 27 Schindler 7000 high-rise elevators, and 4 escalators Schindler 9300 AE. The flow of traffic within the building will be optimized using the PORT transit management system.

Solar Impulse crosses the USA

Media interest in Solar Impulse's five-stage flight across the USA exceeded all expectations. As one of the main partners of Solar Impulse, Schindler organized client and employee events relating to the project that were attended by around 1 000 guests. It was thus possible to significantly strengthen public, client, and employee awareness of the prominent role played by Schindler in the areas of innovation and sustainability.

New production plant obtains LEED Gold certification

The new elevator plant in Hanover, Pennsylvania, obtained the globally accepted LEED Gold sustainability certification. Schindler's new production facility is thus one of just under 150 industrial buildings worldwide to achieve this standard.

Latin America: market stabilizes at a good level

The construction sector in Latin America has stabilized at a good level although market conditions have become more challenging – especially in Brazil. Schindler achieved growth in Latin America due, in particular, to the introduction of new products such as the new Schindler 5500 elevator line. It secured orders for projects including Viracopos international airport in Campinas, Brazil, where 53 of the new Schindler 5500 elevators, and 64 escalators and moving walks will be installed.

Asia, Australia, Africa

Very good level of orders received

China, Southeast Asia, and India are among the largest global growth markets. Schindler has strengthened its position across the entire region and significantly exceeded market growth in a number of countries. As a result, it recorded a very good level of orders received for the region as a whole.

China

The new installations market in China experienced good growth and is by far the most important market worldwide. Schindler succeeded in growing faster than the market and moved ahead swiftly with its geographical expansion in this country.

Schindler further strengthened its leading market position in the escalators business as well as in the high-rise segment of the elevators business. Its modern PORT technology demonstrates Schindler's innovative strength in this context. In the residential and commercial construction segments, Schindler achieved further growth due, in particular, to the new Schindler 3600 elevator line for the affordable housing segment. During the reporting year, Schindler secured orders for notable projects including the Ping An Financial Center in Shenzhen, which will reach a height of 660 meters – making it China's tallest building. Schindler is supplying it with 33 Schindler 7000 double-deck elevators with PORT technology.

The construction of the new escalator plant on the new Schindler campus in the Jiading district of Shanghai has been completed in just 12 months. Over the next two years, an elevator plant, the regional research center with a 200-meter test tower, and Schindler's regional headquarters will also be constructed on the site, which covers an area of 285 000 square meters.

India

Although growth in India slowed compared to the previous year, the country saw an intensive level of residential construction activity. Schindler generated a strong level of orders received and recorded a large order backlog in this environment.

The Schindler 3100 elevator line that was developed specifically for the Indian market was expanded in 2013. In addition, the new Schindler 5500 global elevator line was introduced in this market.

The construction of the elevator plant on the Pune campus was completed in the reporting year and began operating at the start of 2014. The escalator plant, research center, and test tower will be built in the next phase of the building project.

Asia, Australia, Africa

Revenue:
CHF 2 336 million

Headcount at year-end:
15 491

Countries:
28

Production sites:
4

Southeast Asia and Australia

The construction sector developed well in the high-rise and infrastructure segments in particular. Schindler was once again able to grow faster than the market and recorded a good level of orders received in Southeast Asia.

Schindler secured orders for projects including the Venetian Parcel 3 – The Parisian in Macau, which it will supply with 44 high-rise elevators, 41 further elevators, and 46 escalators, as well as the impressive New World Centre H3 in Hong Kong, which will be equipped with a total of 67 Schindler elevators, including 31 high-rise elevators, and 2 escalators. In Australia, Schindler will supply a total of 22 elevators for the prestigious 1 William Street project. In all of these projects, the modern PORT system will calculate how to transport passengers to their destination most efficiently and will offer a range of other customized services.

The introduction of the Schindler 5500 elevator line was also highly successful in this market region. This is reflected by the sales figures for the second half of 2013.

Middle East and Africa

In the Middle East region, the United Arab Emirates, Qatar, and Saudi Arabia are planning to invest billions in infrastructure projects and public facilities. For example, the United Arab Emirates is organizing Expo 2020 and Qatar is preparing to host the Football World Cup in 2022. Schindler generated an increase in orders received in these states.

Schindler is moving ahead with its efforts to strengthen its organizational structure in the region. It is also focusing on technical training and development in the areas of installation and maintenance.

Outlook

Schindler anticipates that the Asia/Pacific region will continue to experience good growth. The North, Central, and South America region is expected to improve slightly. In Europe, Schindler expects that Southern and Eastern Europe will probably stabilize at a low level and that Northern Europe will experience slight growth in certain countries.

Schindler will continue to focus on expanding its activities in strategic growth markets and on further improving competitiveness and productivity to strengthen its market position globally in the long term.

Europe

Albania	Tirana Ring Center, commercial building, Tirana	12 elevators, including 8 Schindler 5500 and 4 Schindler 5300; as well as 6 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
Austria	Kaufhaus Tyrol, shopping mall, Innsbruck	Maintenance contract for 22 Schindler 9300 AE escalators
	Styria Media Center, office, commercial and residential building, Graz	7 elevators, including 6 Schindler 5500 and 1 Schindler 5300
	Brosswaldengasse, residential buildings, Bregenz	9 Schindler 3300 elevators
Belgium	Hôtel de Police et Extension de Charleroi-Danses, office building, Charleroi	13 elevators, including 5 Schindler 5500 and 8 Schindler 3300
Bosnia and Herzegovina	Sarajevo City Center, shopping mall, hotel, and office building	25 elevators with Lobby Vision, including 23 Schindler 5500 and 2 Schindler 2600; as well as 16 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
Croatia	Stambeni objekti D. Drenova, residential buildings, Rijeka	8 Schindler 3300 elevators
Czech Republic	Evropská 11, office and commercial building, Prague	10 Schindler 5500 elevators
	Metropole Zličín, residential buildings, Prague	10 Schindler 5300 elevators
	BB Centrum, building Delta I and II, commercial buildings, Prague	17 elevators, including 10 Schindler 5500 and 7 Schindler 3300; as well as 2 Schindler 9300 AE escalators
France	Ritz Paris, hotel, Paris	Modernization of 16 elevators, including 7 Schindler 5400 and 4 Schindler 6300
	Michelin, Campus RDI – Ubalad, office and commercial building, Clermont-Ferrand	24 elevators, including 23 Schindler 5500 and 1 platform; as well as 3 Schindler 9300 AE escalators
	Tour Blanche, office building, Paris La Défense	Modernization of 10 elevators, including 8 Schindler 7000
Germany	Deutsche Bahn, various railway stations	21 Schindler 9700 escalators
	Munich Airport, satellite building at terminal 2, Munich	17 Schindler 9500 moving walks
	SLK-Kliniken, various cities	21 elevators
Hungary	Várkert Bazár, historic monument, Budapest	16 elevators, including 8 Schindler 5300, 3 Schindler 5500, 3 Schindler 6300, and 1 Schindler 3300; as well as 1 Schindler 9300 AE escalator
	Metro line M4, Örmező station, Budapest	2 Schindler 2400 elevators and 7 Schindler 9300 AE escalators
	400-bed hospital, University of Pécs Medical School, Pécs	Modernization of 4 Schindler 6500 elevators and 5 Schindler 6300 elevators
Italy	Cruise ship for Holland America Line	20 elevators and 2 platforms
	Metro line 6, various stations, Naples	19 elevators, including 4 Schindler 5400 and 15 Schindler 2400; as well as 46 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Regione Piemonte Tower, office building, Turin	34 elevators, including 16 Schindler 7000, 8 Schindler 5500, and 10 Schindler 3300
	UniCredit, office buildings, various cities	Maintenance contract for 740 elevators, 41 platforms, 10 escalators, and 83 stairlifts
Netherlands	G-Star Raw, office building, Amsterdam	8 elevators, including 7 Schindler 5500 and 1 Schindler 2600
Poland	Galeria Tarasy Zamkowe, shopping mall, Lublin	14 elevators, including 8 Schindler 2600 and 6 Schindler 2400; as well as 16 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Business Garden, office buildings, Poznań	19 Schindler 5500 elevators
Portugal	Alegro Setúbal, shopping mall, Setúbal	11 Schindler 5500 elevators, 19 Schindler 9300 AE escalators, and 11 Schindler 9500 moving walks
	Montepio Geral, residential buildings, Lisbon	Modernization of 11 elevators with Schindler 6300
	Clube Praia da Rocha III, residential buildings, Praia da Rocha	Modernization and maintenance contract for 20 Schindler 6300 elevators
	ANAM – Aeroportos e Navegação Aérea da Madeira, S.A., airports, Madeira	Maintenance contract for 30 elevators and 9 escalators

For selected orders featuring PORT technology: see pages 44 and 45

Europe

Romania	AFI Palace, shopping mall, Ploiesti	12 elevators, including 8 Schindler 2400, 3 Schindler 2600, and 1 Schindler 5400; as well as 4 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Cora, shopping center, Constanța	5 elevators, including 4 Schindler 5400 and 1 Schindler 2600; as well as 2 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Floreasca Park, office building, Bucharest	10 Schindler 5500 elevators with Miconic 10
	National Bank of Romania, Bucharest	Modernization of 17 elevators, including installation of Lobby Vision
Russia	41 Oruzhejny lane, office and commercial building, Moscow	38 elevators, including 27 Schindler 7000 with Miconic 10, 9 Schindler 5400, and 2 Schindler 2600
Slovakia	Bory Mall, shopping mall, Bratislava	24 Schindler 5500 elevators
Slovenia	Krka Notol 2, production plant, Novo Mesto	12 elevators, including 5 Schindler 5500, 4 Schindler 2600, and 1 Schindler 2400
	PSO Gorica, residential buildings, Velenje	8 Schindler 5300 elevators
Spain	Garellano Towers, residential buildings, Bilbao	27 elevators, including 9 Schindler 5500, 14 Schindler 3300, and 4 Schindler 3100
	Metro, various underground stations, Madrid	Maintenance contract for 334 escalators
	OAMI headquarters, office building, Alicante	13 elevators, including 12 Schindler 5300 and 1 platform; as well as 2 Schindler 9300 AE escalators
	Institut Català de La Salut (ISC), hospitals, various cities	Maintenance contract for 79 elevators
	Tribunal Constitucional, court building, Madrid	Modernization of 6 elevators with Schindler 6500
Sweden	Tyresö View, shopping mall and residential buildings, Tyresö	5 Schindler 5500 elevators
Switzerland	Freilager Zürich, residential and commercial buildings, Zurich	33 elevators, including 27 Schindler 3300 and 6 Schindler 5500
	Stades de Bienne, sports stadiums, Bienne	22 elevators, including 14 Schindler 5500 and 6 Schindler 2600; as well as 2 Schindler 9300 AE escalators and 2 Schindler 9500 AE moving walks
	Archi di Luce, residential buildings, Castagnola	18 elevators, including 8 Schindler 2200
	International Center Cointrin, office building, Geneva	Modernization of 15 elevators
Turkey	Tandoğan Keçiören, subway M4, various stations, Ankara	26 Schindler 5400 elevators and 87 Schindler 9300 AE escalators
	Koru Florya, shopping mall, hotel, office, commercial and residential buildings, Istanbul	39 elevators, including 32 Schindler 3300 AP, 4 Schindler 5400 AP, 1 Schindler 6300, and 2 Schindler 3300; as well as 32 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Altın Koza University, Ankara	52 elevators, including 39 Schindler 3300 AP, 6 Schindler 5300, 1 Schindler 3300 EU, 1 Schindler 5400, and 2 Schindler 5500; as well as 4 Schindler 9300 AE escalators
UK	10 Trinity Square, hotel and residential buildings, London	16 Schindler 5500 elevators
	Heathrow Airport, Terminal 5, Tracked Transit System Enhancement, London	3 Schindler 5500 elevators and 10 Schindler 9300 AE escalators
	Resorts World Birmingham, hotel, casino, and shopping mall, Birmingham	19 elevators, including 15 Schindler 5500, 2 Schindler 5300, and 1 Schindler 2600; as well as 12 Schindler 9300 AE escalators

For selected orders featuring PORT technology: see pages 44 and 45





Shoppi Tivoli, shopping mall; Spreitenbach, Switzerland

Ghelamco Arena, football stadium and commercial buildings; Ghent, Belgium



Winkelcentrum Zaailand, shopping mall; Leeuwarden, Netherlands



Frankfurt Airport, Gate A-Plus; Frankfurt am Main, Germany

Florentinum, shopping mall, office and commercial building; Prague, Czech Republic



North, Central, and South America

California	Third Street Light Rail, various stations, San Francisco	13 elevators and 18 Schindler 9700 escalators
Georgia	Ponce City Market, shopping mall, Atlanta	8 Schindler 400A elevators and 5 Schindler 330A elevators; as well as modernization of 10 elevators
Hawaii	Honolulu Authority for Rapid Transportation, various stations, Honolulu	49 elevators and 24 Schindler 9700 escalators
Idaho	St. Luke's Boise Medical Center, hospital, Boise	Maintenance contract for 79 elevators
New York	72nd Street Station, 2nd Avenue Line, New York City Subway	11 Schindler 9700 escalators
	City Point, phase II, shopping mall and residential buildings, Long Island	7 elevators, including 2 Schindler 400A and 5 Schindler 330A; as well as 20 Schindler 9300 AE escalators
	Continuum Healthcare, various hospitals, New York	Maintenance contract for 111 elevators
	1293 Broadway, commercial building, New York	3 elevators and 10 Schindler 9300 AE escalators
	JCI Health and Hospital Group, various hospitals, New York	Maintenance contract for 222 elevators and 6 escalators
North Carolina	Charlotte Douglas International Airport, Charlotte	Maintenance contract for 37 elevators and 38 escalators
Ohio	Cleveland Hopkins International Airport, Cleveland	Maintenance contract for 57 elevators and 21 escalators
Texas	Austin-Bergstrom International Airport, Conrac, Austin	7 elevators, including 2 Schindler 330A; as well as 8 Schindler 9300 AE escalators
Washington D.C.	Dulles Corridor Metrorail Project, various stations, Washington D.C.	28 Schindler 9700 escalators
	Georgetown University, Washington D.C.	Maintenance contract for 129 elevators and 2 escalators
Across the USA	Walgreens, drugstore chain	National maintenance contract for 77 elevators and 11 escalators
	United States Postal Service (USPS)	National maintenance contract for over 1000 units
	CBRE Microsoft, office buildings	National maintenance contract for 352 elevators

For selected orders featuring PORT technology: see pages 44 and 45

North, Central, and South America

Brazil	Viracopos International Airport, Campinas	53 Schindler 5500 elevators, 39 Schindler 9300 AE escalators, and 25 moving walks, including 21 Schindler 9500 and 4 Schindler 9500 AE
	RioMar Shopping, shopping mall, Fortaleza	24 elevators, including 4 Schindler 5500 and 20 Schindler 300 L; as well as 47 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Brookfield Towers, office buildings, São Paulo	47 elevators, including 28 Schindler 7000, 18 Schindler 5500, and 1 Schindler 5300
Chile	Mall Plaza Los Dominicos, shopping mall, Santiago	54 Schindler 9300 AE escalators and 8 Schindler 9500 moving walks
Mexico	Nuevo Sur, shopping mall, hotel, and residential buildings, Monterrey	32 Schindler 3300 elevators, 14 Schindler 9300 AE escalators, and 2 Schindler 9500 moving walks
	Vía Vallejo, shopping mall, Mexico City	26 elevators, including 23 Schindler 5400, 1 Schindler 3300, and 2 Schindler 330A; as well as 34 Schindler 9300 AE escalators and 8 Schindler 9500 moving walks
Venezuela	Torre Bel, office building, Barquisimeto	7 elevators, including 4 Schindler 7000 with Miconic 10 and 3 Neolifts
	Torre Ibérica & Plaza Mayor, office and commercial buildings, Barquisimeto	16 elevators, including 5 Schindler 7000 with Miconic 10 and 11 Neolifts; as well as 10 Schindler 9300 AE escalators
	Centro Financiero Los Andes, office and commercial building, Barquisimeto	5 Schindler 7000 elevators with Miconic 10

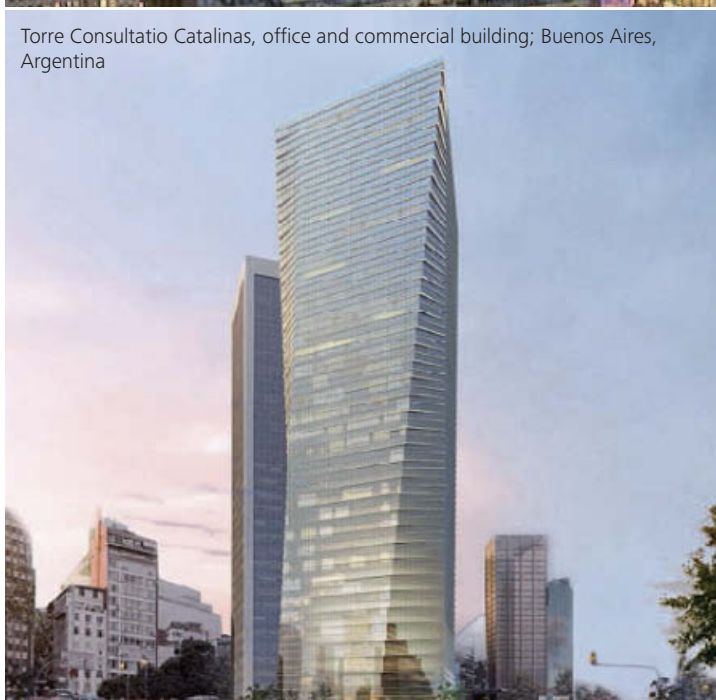
For selected orders featuring PORT technology: see pages 44 and 45



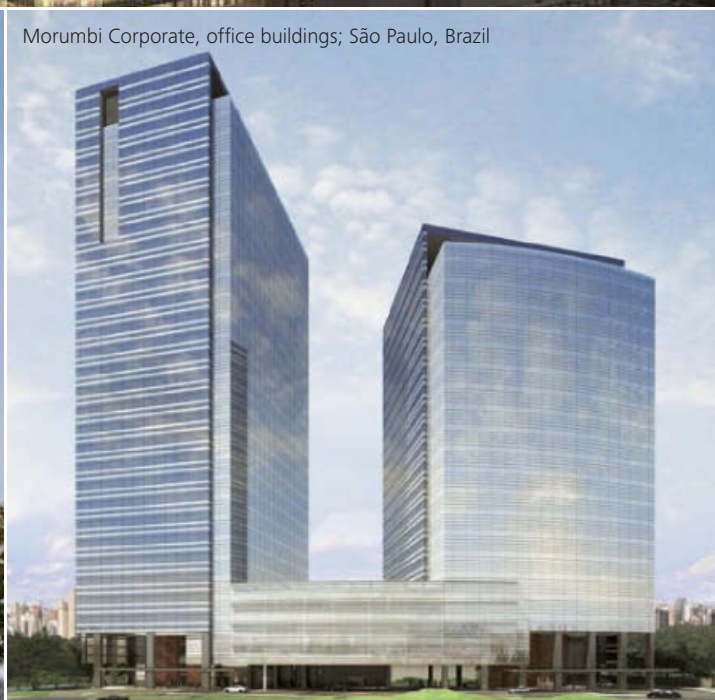
Bay Adelaide East Tower & Podium, commercial building; Toronto, Canada



Torre Consultatio Catalinas, office and commercial building; Buenos Aires, Argentina



Morumbi Corporate, office buildings; São Paulo, Brazil



Asia, Australia, and Africa

China	Chongqing CRC City Crossing, phase I, shopping mall, hotel, and office buildings, Chongqing	88 elevators, including 38 Schindler 7000 and 50 Schindler 3300 AP; as well as 116 Schindler 9300 AE escalators
	Victoria Plaza, hotel, office, and commercial buildings, Dalian	66 elevators, including 53 Schindler 7000 and 13 Schindler 3300 AP; as well as 4 Schindler 9300 AE escalators
	Riverside 66, shopping mall, Tianjin	11 elevators, including 9 Schindler 3300 AP and 2 Schindler 300 C; as well as 102 Schindler 9300 AE escalators
	Yunda Central Plaza, hotel and office buildings, Changsha	46 elevators, including 37 Schindler 7000 and 9 Schindler 3300 AP; as well as 10 Schindler 9300 AE escalators
	Yi Shang Yuan Zhu, residential buildings, Beijing	159 Schindler 3300 AP elevators
	Daci Temple Cultural and Commercial Complex, shopping mall, hotel, office, and commercial buildings, Chendu	99 elevators, including 29 Schindler 7000 and 68 Schindler 3300 AP; as well as 69 Schindler 9300 AE escalators
	Guanlan International Community, residential buildings, Yuncheng	80 elevators, including 78 Schindler 3600 and 2 Schindler 3300 AP
	Yiwu International Capital Goods Market, commercial buildings, Yiwu	188 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Metro line 1, various stations, Fuzhou	115 Schindler 9300 AE escalators
	Yuehai Xintiandi, shopping mall, Yinchuan	96 elevators, including 92 Schindler 3300 AP; as well as 53 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Tseung Kwan O Area 66A, phase 3, residential buildings, Hong Kong	28 elevators, including 20 Schindler 7000 and 8 Schindler 5500 MRL; as well as 6 Schindler 9300 AE escalators
	Kwong Fuk Estate, residential buildings, Tai Po, Hong Kong	Modernization of 12 elevators
	The Manhattan, residential buildings, Hong Kong	Modernization of 10 elevators
	Residential Development, Lot 898, Tai Po Tsai in Sai Kung, residential buildings, Hong Kong	61 Schindler 5500 MRL elevators and 6 Schindler 9300 AE escalators
	Venetian Parcel 3 – The Parisian, hotel and casino, Macau	85 elevators, including 40 Schindler 7000 and 39 Schindler 5500 MRL; as well as 46 Schindler 9300 AE escalators
India	Shantigram, residential buildings, Ahmedabad	132 Schindler 3300 IN elevators
	The Address Boulevard, residential buildings, Mumbai	22 elevators, including 16 Schindler 5500 and 6 Schindler 3300 AP
	Primanti, residential buildings, Gurgaon	73 elevators, including 58 Schindler 3100 IN and 15 Schindler 3300 IN
	Palm Hills, residential buildings, Gurgaon	55 Schindler 3300 IN elevators
	Sahyadri Park, phase 3, commercial buildings, Pune	20 Schindler 5400 AP elevators, including 19 with Miconic 10; as well as 2 Schindler 9300 AE escalators
Indonesia	Bintaro Lifestyle Mall, shopping mall, Greater Jakarta	9 elevators, including 7 Schindler 5400 and 2 Schindler 5400 MRL; as well as 27 Schindler 9300 AE escalators
	Pasar Turi, shopping mall, Surabaya	36 Schindler 9300 AE escalators
	Cityloft Gajahmada, shopping mall, Jakarta	11 Schindler 5500 elevators and 12 Schindler 9300 AE escalators
	Aspen Apartment Tower A-B and One Bel Park, shopping mall, Jakarta	18 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Manado Town Square 3, shopping mall, Manado	7 Schindler 5300 elevators and 14 Schindler 9300 AE escalators

For selected orders featuring PORT technology: see pages 44 and 45

Asia, Australia, and Africa

Korea	Gimhae Buwon Annex, shopping mall, Gimhae	8 Schindler 9300 AE escalators
	Gimpo International Airport, Gimpo	10 Schindler 9500 moving walks
	IKEA, shopping mall, Gwangmyeong	17 elevators, including 3 Schindler 5400 and 14 freight elevators; as well as 17 Schindler 9300 AE escalators and 10 Schindler 9500 moving walks
	Nonhyun-dong Apelgamo, shopping mall, Seoul	10 Schindler 9300 AE escalators
	Sinsa-dong Complex, commercial center, Seoul	1 Schindler 5400 elevator and 6 Schindler 9300 AE escalators
Malaysia	Menara Public Mutual, commercial building, Kuala Lumpur	21 elevators, including 18 Schindler 7000 and 3 Schindler 5400 MRL; as well as 2 Schindler 9300 escalators
	Casa Andaman, commercial building, Petaling Jaya	30 Schindler 5300 AP elevators
	Sunway Velocity, shopping mall, Kuala Lumpur	42 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Next Fortune, residential buildings, Petaling Jaya	28 Schindler 3300 AP elevators
	Coaches Bay, office building and shopping mall, Malacca	8 Schindler 5400 MRL elevators and 18 Schindler 9300 AE escalators
	ASM Development, office building, Kuala Lumpur	19 elevators, including 6 Schindler 7000, 1 Schindler 5500, and 12 Schindler 5300 AP; as well as 8 Schindler 9300 AE escalators
Philippines	Solaire Resort & Casino, phase 1–3, hotel and shopping mall, Manila	25 elevators, including 24 Schindler 5500 MRL; as well as 6 Schindler 9300 AE escalators
	Robinsons Place, shopping malls, various locations, Makati	12 elevators, including 6 Schindler 5500, 3 Schindler 5400 and 3 Schindler 5400 MRL; as well as 37 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Felcris, hotel, Cebu	8 elevators, including 6 Schindler 5400 MRL and 2 Schindler 2600; as well as 8 Schindler 9300 AE escalators and 1 Schindler 9500 moving walk
	Robinsons Las Piñas, shopping mall, Makati	4 elevators, including 3 Schindler 5500 and 1 Schindler 5300; as well as 16 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
Singapore	Parc Olympia, residential buildings	32 Schindler 3300 AP elevators
	Paya Lebar Square, office building	18 elevators, including 16 Schindler 5500 MRL and 2 Schindler 5500; as well as 12 Schindler 9300 AE escalators
	Seletar Mall, shopping mall and office building	5 Schindler 5500 MRL elevators, 18 Schindler 9300 AE escalators, and 8 Schindler 9500 moving walks
	Chijmes, commercial building	5 Schindler 5500 elevators and 6 Schindler 9300 escalators
	Shaw House and Shaw Centre, commercial buildings	Modernization of 11 elevators and 16 escalators
	Eastpoint Mall, shopping mall	Modernization of 6 elevators and 18 escalators
	Marina One Residences, residential buildings	34 elevators, including 30 Schindler 7000 and 4 Schindler 5500 MRL
Taiwan	Giu-Fu, residential buildings, Kaohsiung	28 Schindler 3300 AP elevators
	Shang Shun, hotel, Taipei	10 Schindler 5300 AP elevators and 6 Schindler 9300 AE escalators
	Shang Shun Plaza, shopping mall, Taipei	5 Schindler 5400 elevators and 14 Schindler 9300 AE escalators
Thailand	Paseo Town Sukhaphiban 3, shopping mall, Bangkok	6 elevators, including 4 Schindler 5300 AP and 2 Schindler 5500 MRL; as well as 16 Schindler 9300 AE escalators
	Plum Phaholyothin 89, residential buildings, Bangkok	32 Schindler 3300 AP elevators
	Tesco Lotus, shopping malls, various cities	5 elevators, including 4 Schindler 5400 and 1 Schindler 5500; as well as 11 Schindler 9300 AE escalators and 6 Schindler 9500 moving walks
Vietnam	Binh Duong, political and administrative center – B1 & B11, Binh Duong	17 elevators, including 14 Schindler 5500 and 3 Schindler 5300 AP; as well as 4 Schindler 9300 AE escalators
	Caravelle, hotel, Ho Chi Minh City	Modernization of 9 elevators

For selected orders featuring PORT technology: see pages 44 and 45

Asia, Australia, and Africa

New Zealand	Wiri Prison, Auckland	7 Schindler 5500 MRL elevators
Egypt	Raya Plaza, commercial center, Giza	14 elevators, including 13 Schindler 5400 and 1 Schindler 5300; as well as 6 Schindler 9300 AE escalators
	Village Gardens Katameya, residential building, Cairo	56 Schindler 5300 elevators
	Mall of Egypt, shopping mall, Giza	28 Schindler 5500 elevators and 20 Schindler 9500 AP moving walks
	Saudi German Hospital, Cairo	11 elevators, including 10 Schindler 5500
	Westown Residence, residential buildings, Giza	70 Schindler 3100 elevators
Lebanon	Hill Top Residence, residential buildings, Beirut	18 elevators, including 16 Schindler 3300 and 2 Schindler 3300 AP
Namibia	Mall of Namibia, shopping mall, Windhoek	14 elevators, including 9 Schindler 5500 AP, 1 Schindler 2600, and 4 Schindler 2400; as well as 8 Schindler 9300 AE escalators
Saudi Arabia	Jabal Omar Development Towers, phase II, Mecca	45 elevators, including 32 Schindler 7000 and 10 Schindler 5400 AP; as well as 8 Schindler 9300 AE escalators
	MIG Tower, commercial building, Riyadh	5 Schindler 7000 elevators with Miconic 10
	Al Muzdalifah Government Complex, residential buildings, Mecca	100 Schindler 3300 EU elevators
	Ministry of Foreign Affairs, headquarters, office building, Riyadh	15 elevators, including 12 Schindler 5500 EU; as well as 10 Schindler 9300 AE escalators
	Ministry of Municipalities and Rural Affairs (MOMRA), headquarters, office building, Riyadh	15 Schindler 5500 EU elevators
	Al Ajlan Commercial & Administration Center, commercial building, Riyadh	27 Schindler 3300 AP elevators
South Africa	Newtown Junction, shopping mall, Johannesburg	22 Schindler 5500 AP elevators and 8 Schindler 9300 AE escalators
	Wonderpark Shopping Centre, Pretoria	14 elevators, including 12 Schindler 5500 AP and 2 Schindler 2400; as well as 8 Schindler 9300 AE escalators
	Matimba Power Station, Johannesburg	Modernization of 28 elevators
	Rosebank Mall, shopping mall, Johannesburg	22 Schindler 9300 AE escalators

For selected orders featuring PORT technology: see pages 44 and 45

Ping An Finance Center, office building; Shenzhen, China



Wheelock Square, office building; Shanghai, China



The North Bund White Magnolia Plaza, hotel, office, and commercial buildings; Shanghai, China



1 William Street, office building; Brisbane, Australia



Portside, office building; Cape Town, South Africa



ASB North Wharf, commercial building; Auckland, New Zealand



Alturki Business Park, office building; Al Khobar, Saudi Arabia



PORT technology

Innovative new technology to manage the flow of passengers

Schindler launched the world's very first hall call destination system, Miconic 10, in 1990. This unique product was followed in 2000 by Schindler ID – a second-generation traffic management system that was used in the market thousands of times. A decisive factor behind this breakthrough was the product's new destination-dispatch algorithm combined with a state-of-the-art access control system.

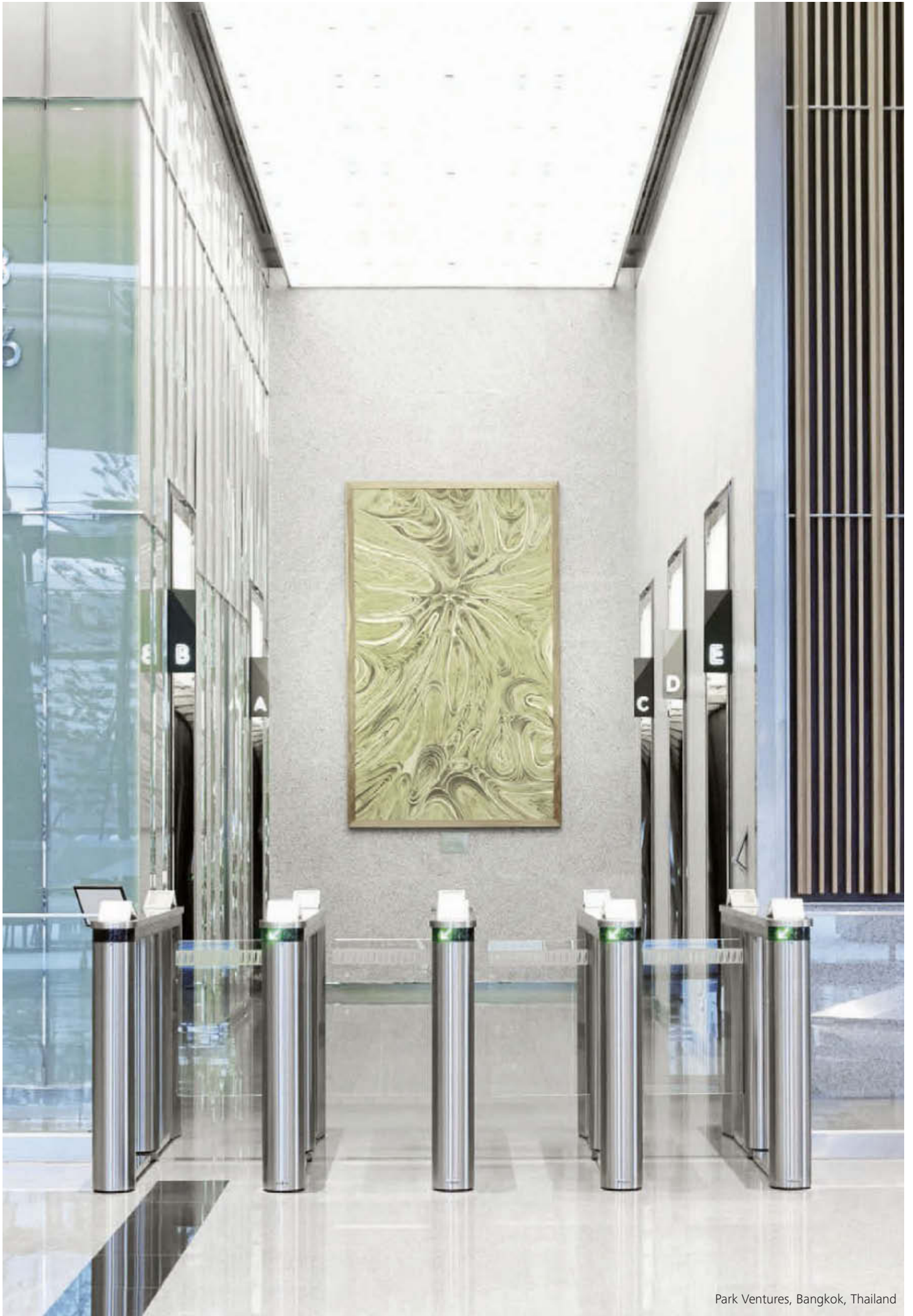
In 2009, Schindler launched its PORT technology, which centers on a Personal Occupant Requirement Terminal (PORT) – a universal communication system that is interconnected throughout the building. This communication platform makes it possible to calculate the optimal route to any destination in the building while ensuring a high level of security.

PORT technology has now become established around the globe as the standard for high-end buildings where there is a need to transport large numbers of people to their destination with maximum efficiency while meeting stringent security requirements. The use of PORT technology has enabled architects and developers to make significant improvements to their projects. This is reflected, in particular, by the large numbers of customer orders for this technology.

Schindler has laid the foundations for further research into transit management and has entered into partnerships with several academic institutions in this key area of technology. These joint research activities are focused on developing new solutions for the benefit of customers.

PORT technology not only features in commercial buildings used by large numbers of people but is now also being installed in residential buildings. A high-end application with significantly expanded security and information modules will become available for the residential segment in the near future.

With new developments such as these, Schindler is once again positioning itself as a leader in the field of innovation.



Park Ventures, Bangkok, Thailand

Selected orders featuring PORT technology

Argentina	Torre Consultatio, office and commercial building, Buenos Aires	19 elevators, including 15 Schindler 7000, of which 14 with PORT technology, 2 Schindler 5400 and 2 Schindler 3300
Australia	1 William Street, office building, Brisbane	22 elevators, including 20 Schindler 7000 with PORT technology and 2 Schindler 5500; as well as 2 Schindler 9300 AE escalators
	200 George Street, office building, Sydney	17 elevators, including 14 Schindler 7000 with PORT technology and 3 Schindler 5500
	Gateway, One Macquarie Place, office building, Sydney	Modernization of 21 elevators with PORT technology
	1 O'Connell Street, office building, Sydney	Modernization of 13 elevators with PORT technology
	City West Police Station, office building, Melbourne	10 elevators, including 6 Schindler 7000 with PORT technology and 4 Schindler 5500
	Old Treasury Building, office building, Perth	13 elevators, including 11 Schindler 7000 with PORT technology and 2 Schindler 5500
	20 Martin Place, office building, Sydney	7 elevators, including 4 Schindler 7000 with PORT technology and 3 Schindler 5500
Belgium	Ghelamco Arena, football stadium and commercial buildings, Ghent	29 elevators, including 15 Schindler 3300, of which 3 with PORT technology, and 14 Schindler 5500; as well as 1 Schindler 9300 escalator
Canada	Bay Adelaide East Tower & Podium, commercial building, Toronto	32 elevators, including 22 Schindler 7000 and 8 Schindler 400A, of which 4 with PORT technology; as well as 6 Schindler 9300 AE escalators
	Imperial Oil, commercial building, Calgary	22 Schindler 400A elevators with PORT technology
Chile	Nueva Las Condes VII, office building, Santiago	12 elevators, including 8 Schindler 7000 with PORT technology; as well as 3 Schindler 6300 and 1 Schindler 3300
	Isidora Santander, office building, Santiago	8 Schindler 7000 elevators with PORT technology
China	The North Bund White Magnolia Plaza, hotel, office, and commercial buildings, Shanghai	44 elevators, including 42 Schindler 7000, of which 34 with PORT technology, 6 double-deck, and 2 Schindler 3300 AP; as well as 12 Schindler 9300 AE escalators
	Zhujiang New Town, plot J2-2, office building, Guangdong	40 elevators, including 33 Schindler 7000, of which 30 with PORT technology, 4 double-deck, and 7 Schindler 3300 AP; as well as 18 Schindler 9300 AE escalators
	Century Link Plaza, hotel, office, and commercial building, Shanghai	22 elevators, including 18 Schindler 7000, of which 14 with PORT technology and double-deck, and 4 Schindler 5400 AP; as well as 77 Schindler 9300 AE escalators
	Zhujiang New Town, plot B1-7, hotel, office, and commercial building, Guangdong	27 elevators, including 22 Schindler 7000, of which 18 with PORT technology, and 5 Schindler 3300 AP; as well as 4 Schindler 9300 AE escalators
	New World Centre H3, remodeling, hotel, and commercial building, Hong Kong	67 elevators, including 31 Schindler 7000, of which 9 with PORT technology, and 36 Schindler 5500 MRL; as well as 2 Schindler 9300 AE escalators
	Shatin Communications & Technology Centre, Hong Kong Jockey Club, office building, Hong Kong	9 elevators, including 6 Schindler 5500 with PORT technology and 3 Schindler 3300 MRL; as well as 6 Schindler 9300 AE escalators
	One Bay East, office buildings, Hong Kong	25 elevators, including 20 Schindler 7000, of which 16 with PORT technology, 4 Schindler 5500 MRL, and 1 Schindler 5400 MRL; as well as 4 Schindler 9300 AE escalators
	Junction of Hung Luen Road and Kin Wan Street, office buildings, Hong Kong	26 elevators, including 15 Schindler 7000, of which 13 with PORT technology, and 11 Schindler 5500 MRL
France	Tour Europe, office building, Paris La Défense	Modernization of 9 Schindler 7000 elevators with PORT technology
Indonesia	Bahana Tower, office building and shopping mall, Jakarta	18 elevators, including 13 Schindler 7000, of which 9 with PORT technology, and 5 Schindler 5500 MRL; as well as 8 Schindler 9300 AE escalators
	International Financial Center 2, office building, Jakarta	19 elevators, including 13 Schindler 7000, of which 12 with PORT technology, 3 Schindler 3300 AP, and 3 Schindler 5500
Italy	IDeA FIMIT, office building, Rome	Modernization of 15 elevators, including 6 with PORT technology

Selected orders featuring PORT technology

Mexico	Torre Reforma, office buildings, Mexico City	27 elevators with PORT technology, Miconic 10 and Lobby Vision, including 14 Schindler 7000 and 13 Schindler 5400; as well as 2 Schindler 9300 AE escalators
	Parque Tereo, shopping mall and office buildings, Mexico City	62 elevators with PORT technology, including 35 Schindler 7000 and 17 Schindler 5400; as well as 53 Schindler 9300 AE escalators and 2 Schindler 9500 AE moving walks
New Zealand	Stout Street, commercial building, Wellington	Modernization of 8 elevators, of which 5 with PORT technology
Poland	Warsaw Spire, office buildings, Warsaw	41 elevators with PORT technology, including 14 Schindler 7000 and 27 Schindler 5500; as well as 4 Schindler 9300 AE escalators
	Gdański Business Center, office buildings, Warsaw	17 Schindler 5500 elevators with PORT technology
Saudi Arabia	Al Rajhi Bank, headquarters tower, Riyadh	25 elevators, including 17 Schindler 7000, of which 15 with PORT technology
Singapore	FX5, office building	19 Schindler 5500 elevators, including 9 with PORT technology; as well as 8 Schindler 9300 AE escalators
Taiwan	Yuan Li Sing Yi Mansion, residential building, Taipei	6 Schindler 7000 elevators, including 4 with PORT technology
Thailand	AIA Sathorn Tower, office building, Bangkok	14 elevators, including 11 Schindler 7000, of which 10 with PORT technology, and 3 Schindler 5400 MRL; as well as 4 Schindler 9300 AE escalators
	Stock Exchange of Thailand, Bangkok	17 elevators, of which 10 with PORT technology, including 6 Schindler 7000, 6 Schindler 5500, 3 Schindler 5500 MRL, and 2 Schindler 5400 MRL; as well as 12 Schindler 9300 AE escalators
UK	12–14 New Fetter Lane, office building, London	8 Schindler 5500 elevators, including 6 with PORT technology
	South Bank Tower, office and residential buildings, London	14 elevators, including 3 Schindler 7000, 4 Schindler 5500 with PORT technology, and 7 Schindler 5500
United States of America	10000 Santa Monica Boulevard, residential building, Los Angeles	6 elevators, including 5 Schindler 7000, of which 4 with PORT technology, and 1 Schindler 330A
	7 Bryant Park, office building, New York	11 elevators, including 10 Schindler 7000, of which 9 with PORT technology, and 1 Schindler 400A
	Concourse Corporate Center, office buildings, Atlanta	Modernization of 44 elevators, including 32 with PORT technology
	Hudson Yards, Tower C, office building, New York	32 elevators, including 27 Schindler 7000, of which 24 with PORT technology; as well as 4 Schindler 9300 AE escalators
	Millennium Tower, residential building, Boston	9 elevators, including 8 Schindler 7000, of which 6 with PORT technology, and 1 Schindler 400A
	City Center Bellevue, office building, Seattle	Modernization of 12 elevators, including 11 with PORT technology
	100 East Pratt, office building, Baltimore	Modernization of 7 elevators, including 6 with PORT technology
	345 California Center, office building, San Francisco	Modernization of 13 elevators, including 12 with PORT technology
	Prudential Tower 1, office building, Chicago	Modernization of 26 elevators, including 24 with PORT technology
	1000 West Fulton, office building, Chicago	10 elevators, including 8 Schindler 400A, of which 7 with PORT technology, and 2 Schindler 330A
	Faena Saxony, hotel, Miami	8 elevators, including 6 Schindler 400A, of which 4 with PORT technology; and 2 Schindler 330A
	Southeast Financial Center, office building, Miami	Modernization of 38 elevators, including 29 with PORT technology
	U.S. Steel Tower, office building, Pittsburgh	Modernization of 16 elevators with PORT technology
Venezuela	Torre Humboldt, office building, Caracas	Modernization of 11 Schindler 7000 elevators with PORT technology
Vietnam	Viglacera Complex, Tower A & B, residential buildings, Hanoi	26 elevators, including 25 Schindler 7000, of which 20 with PORT technology, and 1 Schindler 5300 AP; as well as 4 Schindler 9300 AE escalators

Corporate Citizenship

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Wide-ranging corporate commitments

Each day, Schindler elevators and escalators across all continents transport one billion people as well as a variety of goods to their destination. The company's long-term success largely depends on how well it can meet the need for safe, comfortable, and efficient mobility solutions in a market-oriented and profitable manner. The more successful it is in achieving this, the greater are the benefits for its customers, employees, shareholders, and other key stakeholders. Schindler's corporate citizenship reporting illustrates how the company performs its role within society and assumes its responsibilities towards various stakeholders and the environment.

Safety

Ensuring the safety of its workforce of over 48 000 employees, as well as the one billion passengers who use its products each day, is a core element of Schindler's approach to corporate responsibility. Consequently, its quality and safety standards are not restricted to its products: they apply to the entire company. A comprehensive internal and external risk and safety management system was implemented at an early stage. Schindler does not compromise on safety.

Environment

Elevators and escalators are generally in operation for more than 30 years. From a product ecology perspective, their main impact on the environment occurs while the products are in use – in view of their long service life – and not as a result of the actual manufacturing process. Schindler's primary objective when developing new elevators and escalators is therefore to improve their energy and material efficiency in comparison with previous models.

Operational ecology performance indicators reveal that almost 60% of Schindler's impact on the environment is attributable to its fleet of over 20 000 service vehicles in use globally. Particular attention is therefore paid to reducing fuel consumption by optimizing scheduled journeys, and by selecting more environmentally friendly models when purchasing new vehicles.

Employees

Schindler believes that highly motivated employees are a prerequisite to meet customer needs and to thus guarantee the company's success. It therefore wants to be the employer of choice in the industry. A number of different measures have been developed to attract and retain the best employees and to further develop their skills. They include the provision of a healthy and safe workplace, annual training and development opportunities, and efforts to support the political, cultural, or charitable commitments of staff.

Values and social responsibility

Schindler's vision is "Leadership through Customer Service." The Schindler name is therefore synonymous with customer service and uncompromising integrity. In 1997, Schindler became the first company in the European elevator industry to introduce a Code of Conduct, which requires all its managers and employees worldwide to act in an ethical manner and in accordance with applicable legislation. The implementation of, and compliance with, the Code of Conduct is monitored by dedicated Compliance Officers, who have a direct reporting line to the Audit Committee appointed by the Chairman of the Board of Directors.

Schindler subsequently signed the Partnering Against Corruption Initiative (PACI) established by the World Economic Forum (WEF), which is aimed at preventing all forms of corruption and bribery worldwide.

Sustainability Brochure

In its Sustainability Brochure, which was published for the first time in the reporting year, Schindler provides an overview of sustainability topics that are of importance to the company and outlines the way in which they are addressed.

The brochure, as well as other related information such as Schindler's Corporate Sustainability Policy, and detailed environmental performance indicators for previous financial years, are available on the Schindler website at:

www.schindler.com/corporatecitizenship

Innovative technologies for environmentally friendly buildings

Around half of the world's population today lives in urban agglomerations. According to estimates by the UN, this figure is likely to increase to around 70% by 2050. More recent studies indicate that these urban centers are today already responsible for between 60% and 80% of total energy consumption and generate around 75% of the global CO₂ output. Measures to promote efficient energy use in buildings – such as through “greener” elevators – are therefore growing in importance.

Significant improvement in energy efficiency across the entire product range

The energy required to operate an elevator can account for up to 80% of its environmental impact over its entire life cycle.

To improve energy efficiency, priority is today assigned to the use of materials that have a lower environmental impact and can be disposed of in an ecologically sound manner. The development of much lighter components has resulted in further energy savings.

Schindler's hall call destination systems optimize travel within buildings and thus lead to a reduction in energy consumption per passenger. The third generation – the revolutionary PORT transit management system – now interconnects the entire building and provides architects with new possibilities in terms of traffic management and security planning.

In addition, modern elevator drives with energy recovery systems feed unused energy back into the building's electricity network. This results in a reduction in waste heat, thus also significantly reducing elevator cooling requirements. Schindler has combined this efficient solution with intelligent controls which, for example, place elevators on standby mode and turn off the lights and ventilators when they are not in use.

As a result, the energy efficiency of the Schindler 3300 product line increased by up to 42% compared to the previous model. In the case of the Schindler 3100, it was possible to improve its environmental performance over its entire life cycle by 50% compared to earlier elevators.

The energy efficiency of escalators is also continuously being improved. With ECOLINE power management, clients can define whether the escalator should run at full speed during peak times and automatically slow down or even stop when there are no passengers. Additional innovations relating to escalator drives and the switch to LED for all escalator lighting have enabled total energy consumption to be reduced by an impressive 36%.

Sustainability throughout the life cycle of the product

For more than ten years, Schindler has been pursuing an approach to product management that takes account of environmental aspects and has been analyzing the environmental footprint of the products it installs. During this period, it has succeeded in achieving the energy efficiency class A under the VDI 4707 standard – i.e. the greenest rating – for all new Schindler elevator models. This is why Schindler products are frequently installed in environmentally friendly buildings that are seeking LEED certifications,¹ such as in Deutsche Bank's head office in Frankfurt, the Hearst Tower in New York, and Kalpataru Square in Mumbai.

¹ LEED (Leadership in Energy and Environmental Design) is a globally accepted sustainability certification issued by the US Green Building Council that takes account of the entire life cycle of the building and its components.

The Schindler Award goes global

In 2014, the Schindler Award will be open to entrance from around the globe for the first time. The competition dates back to 2003 – the European Year of People with Disabilities. The aim of previous Schindler Awards was to raise awareness among architecture students in Europe of the need for barrier-free architecture and mobility.

Nowadays, people want to be empowered to lead independent lives – irrespective of their age, state of health or physical abilities. Mobility is of key importance in achieving this. Mobility systems transport people, goods, or concepts by road, rail, seas, or air across cities, regions, or the entire world. Schindler alone transports one billion people each day.

With the Global Schindler Award, architecture students throughout the world are being invited to make a contribution towards overcoming the challenges of urbanization. The award will be presented in recognition of exceptional and sustainable concepts for forms of urban mobility that help to create a more attractive urban landscape. This means that as well as widening the geographical scope of the Schindler Award, a new dimension is being added to the subject it addresses.

The new Global Schindler Award is being run in conjunction with the Swiss Federal Institute of Technology (ETH) in Zurich and the Future Cities Laboratory (FCL) in Singapore.

Further information is available at: www.schindleraward.com

Solar Impulse

Groundbreaking technology

In view of the increasing demand for mobility at a time when resources are growing scarcer and more expensive, the use of clean, sustainable energy from renewable sources is key to the future of mankind. As a partner of Solar Impulse, Schindler is committed to the development of innovative technologies that break through supposed technological barriers and thus pave the way for clean and sustainable mobility.

Solar Impulse and Schindler share a pioneering and entrepreneurial spirit that is focused on developing previously unimaginable concepts and on entering new ground in the field of technology. For example, Schindler developed the solar-powered elevator, which represents a logical step forward in the use of cleaner and more sustainable mobility solutions. The elevator can operate using solar energy and/or power from the grid. Schindler's goal is to be able to meet the entire energy needs of elevators in residential and smaller commercial buildings using solar energy in the long term, thus helping to address the challenges of the future.

Across America Mission in summer 2013

Solar Impulse completed its five-stage journey across the USA – from the west coast to the east – thus demonstrating yet again that it is possible for an aircraft to fly for 24 hours while being powered exclusively by solar energy, not fuel. In achieving this feat, Solar Impulse once again broke through supposed technological barriers. The International Aviation Federation (FAI) has confirmed that Solar Impulse set three new aviation records with this flight.

Acting today to address the challenges of tomorrow

The Solar Impulse team works with specialists, including Schindler engineers, to develop innovative solutions that will revolutionize the structure of construction materials, increase their robustness, and reduce their weight. Innovations such as these – which are actively supported by Schindler – make an important contribution towards significantly lowering energy consumption in modern buildings.

Schindler is proud to be one of the main partners of Solar Impulse and looks forward to the unveiling of the new solar aircraft HB-SIB for the planned flight around the world in 2014.

Across America Mission: flight over San Francisco Bay



Overview of financial results

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Summary financial statements Group

Consolidated income statement

In CHF million	2013	2012	2011	2010	2009 ¹	2009
Revenue	8 813	8 258	7 854	8 187	8 281	12 691
Operating profit (EBIT)	896	990	793	950	934	974
Financial result	-240	-22	-15	-17	-44	-64
Income from associates	44	15	-1	5	-6	-6
Profit before taxes	700	983	777	938	884	904
Income taxes	237	253	211	259	248	251
Profit from continuing operations	463	730	566	679	636	
Profit of the disposal group ALSO	-	-	35	32	17	
Net profit	463	730	601	711	653	653

¹ Adjusted retrospectively in the 2010 financial statements due to the separate reporting of the disposal group ALSO

Consolidated balance sheet December 31

In CHF million	2013	2012	2011	2010	2009
Cash and cash equivalents	2 228	2 178	2 403	2 310	1 919
Other current assets	3 260	2 992	2 695	3 092	3 184
Total current assets	5 488	5 170	5 098	5 402	5 103
Property, plant, and equipment	655	522	483	456	501
Intangible assets	742	804	842	768	834
Other non-current assets	912	1 326	1 146	804	642
Total non-current assets	2 309	2 652	2 471	2 028	1 977
Total assets	7 797	7 822	7 569	7 430	7 080
Financial debts	594	133	169	145	174
Other current liabilities	3 380	3 195	3 176	3 526	3 292
Total current liabilities	3 974	3 328	3 345	3 671	3 466
Financial debts	413	621	619	132	245
Other non-current liabilities	885	1 060	954	808	848
Total non-current liabilities	1 298	1 681	1 573	940	1 093
Total liabilities	5 272	5 009	4 918	4 611	4 559
Equity	2 525	2 813	2 651	2 819	2 521
Total liabilities and equity	7 797	7 822	7 569	7 430	7 080

Cash flow statement

In CHF million	2013	2012	2011	2010	2009
Cash flow from operating activities	808	782	690	1 114	1 052
Cash flow from investing activities	-164	-532	-464	-361	215
Cash flow from financing activities	-584	-459	-102	-339	-624
Exchange differences	-10	-16	-41	-13	22
Change in cash and cash equivalents	50	-225	83	401	665

Key figures Group

Group

In CHF million	2013	2012	2011	2010	2009 ¹	2009 ²
Orders received	9 456	8 967	8 249	8 778	8 418	12 865
Δ %	5.5	8.7	-6.0	4.3	-9.1	-11.1
Δ % in local currencies	7.2	8.5	4.8	7.7	-5.6	-7.8
Revenue	8 813	8 258	7 854	8 187	8 281	12 691
Δ %	6.7	5.1	-4.1	-1.1	-5.5	-9.5
Δ % in local currencies	8.4	5.0	6.9	2.4	-1.8	-5.9
Operating profit (EBIT)	896	990	793 ³	950	934	974
in %	10.2	12.0	10.1 ³	11.6	11.3	7.7
Net profit	463⁵	730	601 ⁴	711	653	653
Cash flow from operating activities	808	782	690	1 114	1 052	1 052
Investments in fixed assets	252	132	124	147	103	103
Total equity	2 525	2 813	2 651	2 819	2 521	2 521
Equity ratio in %	32.4	36.0	35.0	37.9	35.6	35.6
Order backlog	7 722	7 083	6 438	6 075	6 200	6 341
Δ % in local currencies	13.8	12.4	8.3	7.8	-3.2	-2.6
Research & Development cost	127	115	113	109	109	109
Headcount at year-end	48 169	45 246	44 387	43 010	41 962	43 437

¹ Adjusted retrospectively in the 2010 financial statements due to the separate reporting of the disposal group ALSO

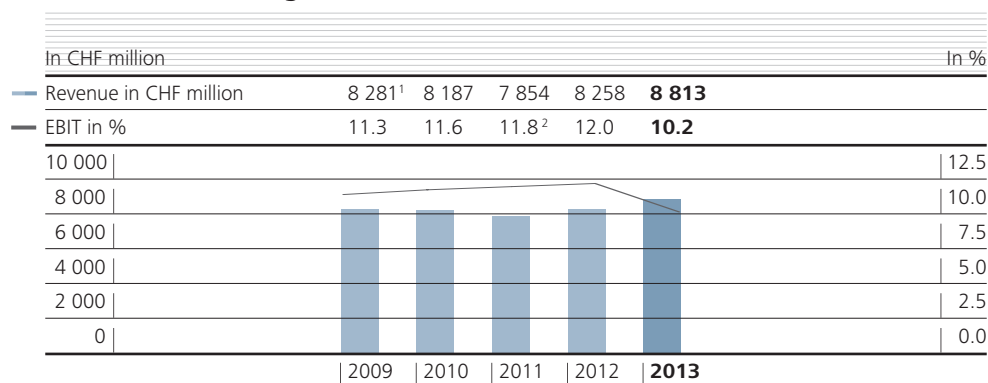
² Including ALSO

³ Before LEAP restructuring costs: CHF 928 million, in %: 11.8

⁴ Before LEAP restructuring costs: CHF 699 million

⁵ Before Hyundai Elevator Co. Ltd. impairment: CHF 682 million

Revenue / EBIT margin



¹ Only revenue from Elevators & Escalators, excluding ALSO

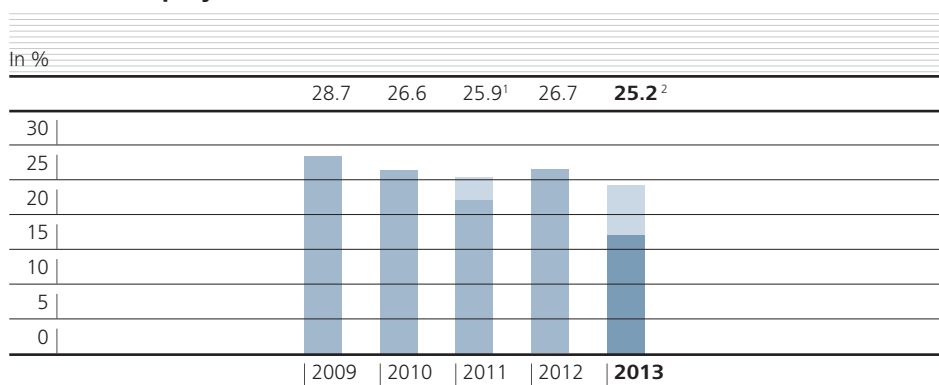
² After LEAP restructuring costs: 10.1%

Revenue by market

	2013		2012		2011		2010		2009	
	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %
Europe	3 981	45	3 817	46	3 902	50	4 250	52	4 498	54
North, Central, and South America	2 496	28	2 400	29	2 233	28	2 352	29	2 406	29
Asia, Australia, Africa	2 336	27	2 041	25	1 719	22	1 585	19	1 377	17
Total	8 813	100	8 258	100	7 854	100	8 187	100	8 281¹	100

¹ Only revenue from Elevators & Escalators, excluding ALSO

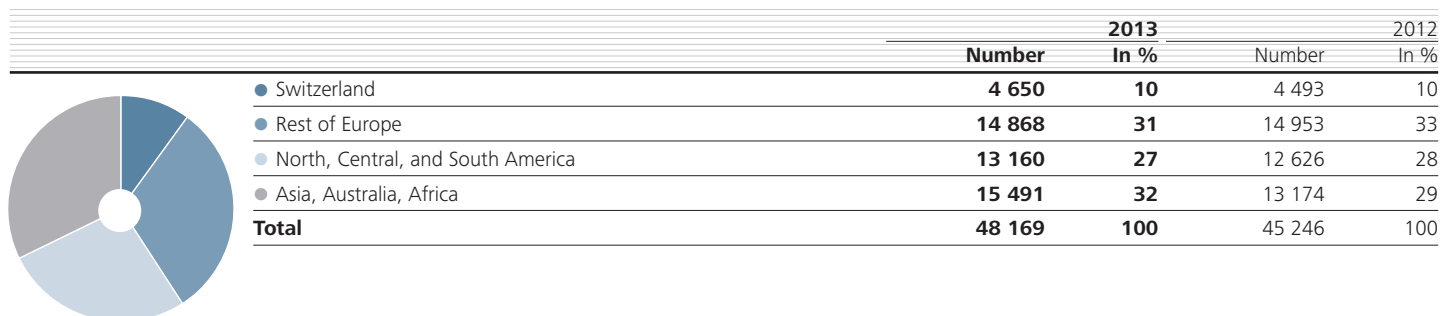
Return on equity



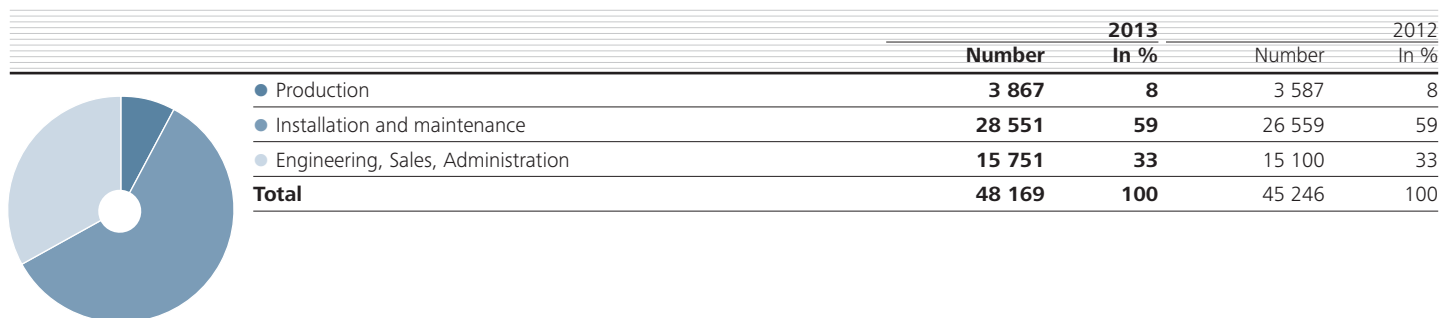
¹ After LEAP restructuring costs: 22.3%

² After Hyundai Elevator Co. Ltd. impairment: 17.3%

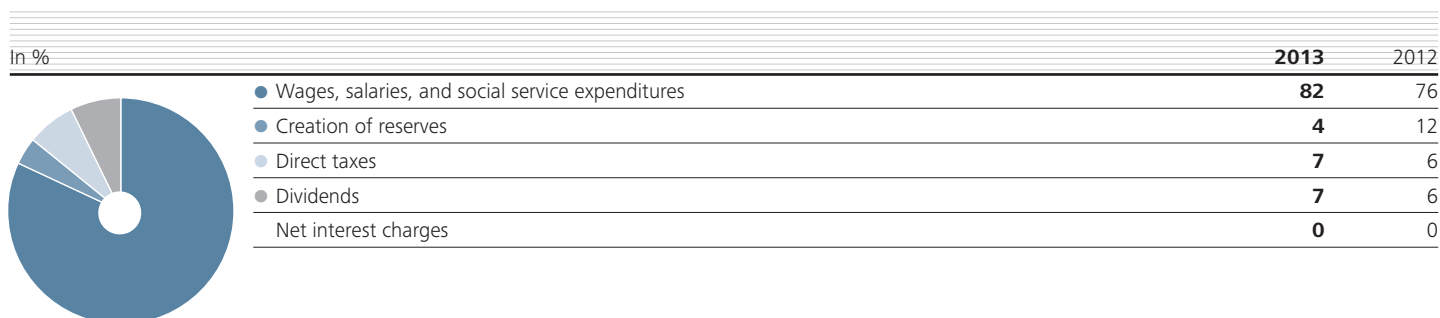
Headcount by market



Headcount by business area



Allocation of the Group's net value added



The Group's total value added is the increase in value achieved by the whole Group within a certain period of time. The net value added is calculated by subtracting the value of goods and services drawn on by other companies, as well as depreciations, from overall Group income. The distribution of the Group's net value added shows how employees, the governments, the company itself, the shareholders, and other providers of finance participate in this economically relevant amount.

Summary financial statements Schindler Holding Ltd.

Income statement

In CHF million	2013	2012	2011	2010	2009
Income from participations	1 083	590	683	766	553
Other income	22	39	60	10	26
Total income	1 105	629	743	776	579
Write-downs, impairments, and change in provisions	283	36	27	73	54
Other expenses	57	42	45	33	34
Total expenses	340	78	72	106	88
Net profit	765	551	671	670	491

Balance sheet December 31

In CHF million	2013	2012	2011	2010	2009
Cash and cash equivalents	1 583	1 626	1 657	1 291	932
Other current assets	1 161	635	702	192	203
Participations	1 503	1 863	1 576	1 600	1 600
Other non-current assets	463	8	37	37	4
Total assets	4 710	4 132	3 972	3 120	2 739
Bonds	818	600	600	–	–
Other liabilities	472	484	439	503	553
Total liabilities	1 290	1 084	1 039	503	553
Share capital and participation capital	12	12	12	12	12
Other equity	3 408	3 036	2 921	2 605	2 174
Total equity	3 420	3 048	2 933	2 617	2 186
Total liabilities and equity	4 710	4 132	3 972	3 120	2 739

Dividend payment

In CHF million	2013 ¹	2012	2011	2010	2009
Registered shares	156	154	140	211	141
Participation certificates	102	100	92	144	97
Total dividend payment	258	254	232	355	238
Gross dividend in CHF	2.20	2.20	2.00	3.00 ²	2.00

¹ Proposal by the Board of Directors

² Ordinary CHF 2.00; additional CHF 1.00

Dividend policy

The dividend policy approved and communicated by the Board of Directors is earnings-related and provides for a payout ratio of 35% to 45% of the consolidated net profit (excluding non-controlling interests).

Key figures registered share/ participation certificate

Registered share

In CHF	2013	2012	2011	2010	2009
Number of registered shares outstanding	70 887 645	71 440 056	71 776 700	71 776 700	71 776 700
thereof in treasury stock	3 285 417	1 138 281	1 388 971	1 327 102	1 271 425
Nominal value	0.10	0.10	0.10	0.10	0.10
Price high	142.00	130.50	114.50	118.00	79.40
Price low	120.20	104.10	79.25	76.60	45.80
Year-end rate	131.60	129.80	109.10	111.90	78.35
P/E ratio December 31	23.7¹	21.9	22.8	19.9	15.1

¹ After Hyundai Elevator Co. Ltd. impairment: 35.7

Participation certificate

In CHF	2013	2012	2011	2010	2009
Number of certificates outstanding	46 171 909	46 894 800	48 609 400	48 609 400	48 609 400
thereof in treasury stock	1 953 873	1 555 803	2 543 219	404 831	120 826
Nominal value	0.10	0.10	0.10	0.10	0.10
Price high	146.90	132.90	113.70	118.40	80.60
Price low	121.40	102.60	78.10	76.05	47.10
Year-end rate	131.30	132.00	109.40	110.60	79.65
P/E ratio December 31	23.6¹	22.3	22.9	19.7	15.3

¹ After Hyundai Elevator Co. Ltd. impairment: 35.6

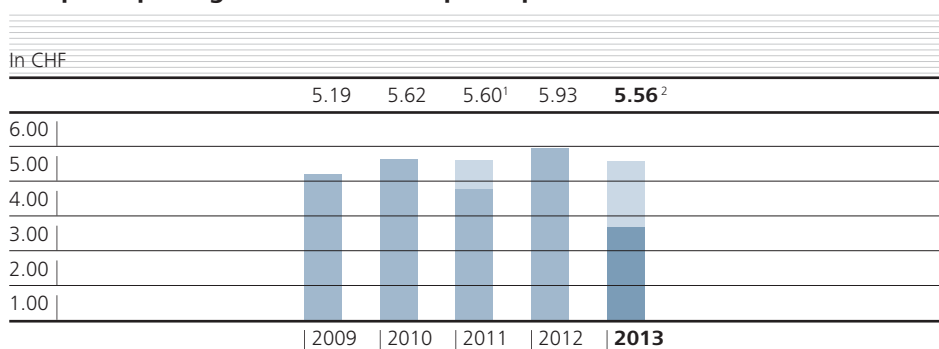
Information per registered share and participation certificate

In CHF	2013	2012	2011	2010	2009
Net profit	3.69	5.93	4.78	5.62	5.19
Cash flow from operating activities	6.90	6.61	5.73	9.25	8.74
Equity at year-end	22.13	24.04	22.50	22.88	20.27
Gross dividend	2.20¹	2.20	2.00	3.00 ²	2.00
Pay-out ratio (in %)	59.6	37.1	41.8	53.3	38.5
Market capitalization (in CHF million)	14 881	15 463	13 149	13 408	9 495

¹ Proposal by the Board of Directors

² Ordinary CHF 2.00; additional CHF 1.00

Net profit per registered share and participation certificate



¹ After LEAP restructuring costs: CHF 4.78

² After Hyundai Elevator Co. Ltd. impairment: CHF 3.69

Both the registered shares and the participation certificates are traded on the SIX Swiss Exchange. Holders of participation certificates have the same rights as holders of registered shares with the exception of attendance at the Annual General Meeting and voting rights.

Ticker and security number

	Registered share	Participation certificate
Bloomberg	SCHN	SCHP
Reuters	SCHN.S	SCHP.S
Valor	002463821	002463819
ISIN	CH0024638212	CH0024638196

Significant shareholders

At the end of 2013, registered shares of Schindler Holding Ltd. were held by 6 304 shareholders (previous year: 4 619).

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 47 720 376 registered shares (previous year: 50 077 828) of Schindler Holding Ltd., corresponding to 67.3% (previous year: 70.1%) of the voting rights of the share capital entered in the Commercial Register.

Financial calendar

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	2014	2015
Annual results media conference	February 14	February 13
Ordinary General Meeting Schindler Holding Ltd.	March 17	March 20
First trading date ex-dividend	March 19 ¹	
Date of Schindler Holding Ltd. dividend payment	March 24 ¹	
Publication of selected key figures as of March 31	April 22	April
Publication of Interim Report as of June 30	August 13	August
Publication of selected key figures as of September 30	October 21	October

¹ Subject to approval of a dividend payment by the General Meeting of Schindler Holding Ltd.

Important addresses

For further information about our company, our products, and our services, please contact one of the following addresses:

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Foreword by Alfred N. Schindler to the Chinese edition of R. James Breiding's "Swiss Made: the untold story behind Switzerland's success":

Entrepreneurship: part of the Swiss identity

It is an honor to be able to present Swiss entrepreneurship in a book that will be read in China. To do justice to this honor is difficult, however, because our two countries could hardly be more different. Switzerland is a microcosm with eight million inhabitants squeezed into 42 000 square kilometers, a quarter of which is inaccessible mountain terrain. The country is also less than 800 years old. China, by contrast, is home to more people than any other country on the planet, with a population 160 times greater than Switzerland's. China is vast, too, at almost ten million square kilometers, its history stretches back thousands of years, and its present is characterized by a level of growth that the world has never seen.

At first glance, then, the differences between the two countries are immense and comparisons would seem to be impossible. A closer look, though, reveals some surprising similarities; as Albert Einstein put it: "Not everything that counts can be counted, and not everything that can be counted counts."

The power of roots

This book is appearing at a time of change. The world today is beset by natural and man-made catastrophes, revolution and war, far-reaching economic and currency crises, and out-of-control state finances with hastily constructed bailouts whose outcomes are impossible to predict. Nature, the economy and the political world are all ailing and infecting each other. The nations of the world are overwhelmed, the financial systems are at a crossroads. Economic growth is declining, Europe is stagnating, and many currencies are losing their value and strength.

Switzerland remains healthy, though, even in these turbulent times. There are various reasons for this; and the most important lies in the country's roots. The same values that led Switzerland to such success at the beginning of the Industrial Revolution in the 19th century are proving their worth today. These values are deeply ingrained in our nation. Let's begin, in the words of the great German writer Johann Wolfgang von Goethe, with two fundamental traits: "Courage and modesty are the most unequivocal of virtues, for they are of a kind that hypocrisy cannot imitate. They also have this quality in common: that they are expressed by the same color."

These colors were never very bright in Switzerland: we were a poor country, without natural resources and without access to the sea – so poor, in fact, that our people had to work as mercenaries in the service of rich princes elsewhere. But Switzerland never cowed before its rich neighbors, never allowed itself to be subjugated and never pinned its banner to their mast; our love of freedom was simply too strong. But one who is poor and wishes to remain free must be frugal and prepared to live within his means, not to consume more than he can produce. This shapes people and spurs them on: scarcity forces one to make the most efficient use of the scant resources available. Those who wish to advance must not only be tough and determined, but also innovative if they are to make something more out of what they have.

Switzerland has known neither aristocracy nor autocracy. Success stems from our roots. What counts are ability and performance, not descent and/or hierarchical position. Ideas are judged not by whom has voiced them but whether they are good and likely to lead to success. This laudable approach still characterizes Switzerland today.

No freedom without responsibility

The evolution of Swiss enterprise reflects that of Switzerland itself – a journey in which the country's position on the international stage was achieved not with the weight of power and size but through pioneering spirit, a passion to perform and quality. Those who do not have access to the instruments of political power must instead earn respect through talent and empathy. It was not by accident that Switzerland founded the first democracy in modern Europe and is today still the only direct democracy in the world in which the people have the final say.

The greatest respect is reserved for the citizen, who in Switzerland is the only conceivable sovereign. These citizens know the price of freedom, they accept responsibility and they have developed the ability to find their own answers to the challenges they face. It is from these origins that the country has come to accept and value private initiative, collective responsibility and entrepreneurial spirit. Indeed, entrepreneurship is not only encouraged; it is expected. Four out of five Swiss work in the business sector. Unemployment is low at less than three per cent. There is a deep appreciation of the fact that without entrepreneurship, there would be unemployment.

In a country as small as Switzerland, responsibility for political and economic prosperity cannot be separated. Even before the crisis, the country chose to keep its national debt under control when the Swiss electorate overwhelmingly voted to introduce a mandatory debt ceiling. This was not at the behest of some higher power but because of the simple understanding that one cannot continually spend more than one earns. At a time when states are failing to master their finances, it is again all too clear that politics has no magic solutions; that in the end nations must live by the same rules as families, companies and economies. Unemployment and austerity are not simply children of their time: they are the offspring of excessive debt that has again been allowed to build up because responsibility has been devolved to no-man's land. In Switzerland, this awareness has been burned into our consciousness over many hundreds of years, and still marks the nation and its spirit of enterprise.

The engines of success

Switzerland and its entrepreneurialism have proved themselves in the current crisis, not in spite of but because of the country's small size. Being smaller means one must be more alert, every individual counts, and because bigger players can't be expected to take account of their smaller counterparts, it is up to the small to be flexible, to put themselves in the position of their markets and customers, and to learn to empathize.

This, too, is the Swiss way. Our microcosm is a patchwork of cultural and linguistic majorities and minorities in which interests are continually being balanced and consensus is important. It works because our political institutions, our society and our economy share the same values. Switzerland has no professional parliament, but a parliament of professionals. Business experience is as important in the context of political responsibility as is experience from all other walks of life. Parameters are not dictated from above, but developed through cooperation. What is true for the state is also true for the economy and for society – every action comes with responsibility and, in our country as small as ours, that responsibility is clearly visible.

A culture that emerges from scarcity is not hindered but inspired. Of course, there is the risk of failure but this the entrepreneur is prepared to take: first because he knows that risk is inherent in the external environment, and second because he knows that success comes from the combination of opportunity and action. No action, no progress – that would be the biggest risk of all.

Apart from external factors, success itself can become a risk: nothing is more dangerous than a long upward trend followed by a sudden bursting of the bubble. When I graduated from university in the early 1970s, the US dollar was worth four-and-a-half Swiss francs. Today it's worth 90 centimes. The pound has fallen from around 12 francs to one franc fifty over the same period. Today the euro is too weak and the franc too strong. Switzerland's stability in an unstable world has its price: margins are eroding while wages, costs and prices are rising. Again we are facing a major challenge.

For all of our failings – and we in Switzerland are far from immune – the individual's view of himself as part of the wider community leads to a better understanding of and a greater respect for other people's concerns. Politically, this translates into social peace and liberal attitudes; and both of these lend stability, motivation and development potential to the economy. Both make crises more manageable, provided one is ready and has the stamina to tackle the difficulties concerned.

Those who are small and without political power cannot change the world in which they find themselves. However, they can operate astutely within them and, in doing so, overcome mountains without having to flatten them. The small must deliver more than they promise. The ability to live up to this demand – in good times and bad – is one of the primary drivers of Swiss entrepreneurship described in this book.

Learning from China

With all due respect for our many differences, I also alluded to the similarities between tiny Switzerland and mighty China in my introductory remarks. One parallel certainly has to do with our extremes of geographical size, which means we have to operate within certain parameters. But a house is more than just a geographical envelope: it is filled with life in all of its forms. No country in the world has led more of its people out of poverty and need than China – a phenomenal achievement, given the scale of the efforts involved. No country has grown more strongly economically or experienced faster industrial growth. Since 1949, and especially since Deng Xiaoping, China has been led deftly and steadily to this path of growth, with encouragement of private initiative and entrepreneurial flair. An extraordinary hunger to learn, substantial technological advances and a keen desire to perform have been the hallmarks of this progress. Plus, a skill that we in Switzerland admire especially, a unique capacity to put ideas swiftly into practice: a flash of inspiration in the morning, and by the evening, a first prototype is available.

In China and in Switzerland, what ultimately counts are the same fundamental values of entrepreneurship: creativity, boldness and vision coupled with discipline, skill, perseverance, a willingness to take risks and a desire to turn dreams into reality. These are qualities that our nations share. This book should illustrate just how many bridges have already been built between our two worlds.

The Annual Report of the Schindler Group for 2013 consists of the Group Review and the Financial Statements.

The original German version is binding. English and Chinese translations of the Group Review are available. The Financial Statements are published in German and English.

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zurich, Switzerland

Premedia

Management Digital Data AG
Lenzburg, Switzerland

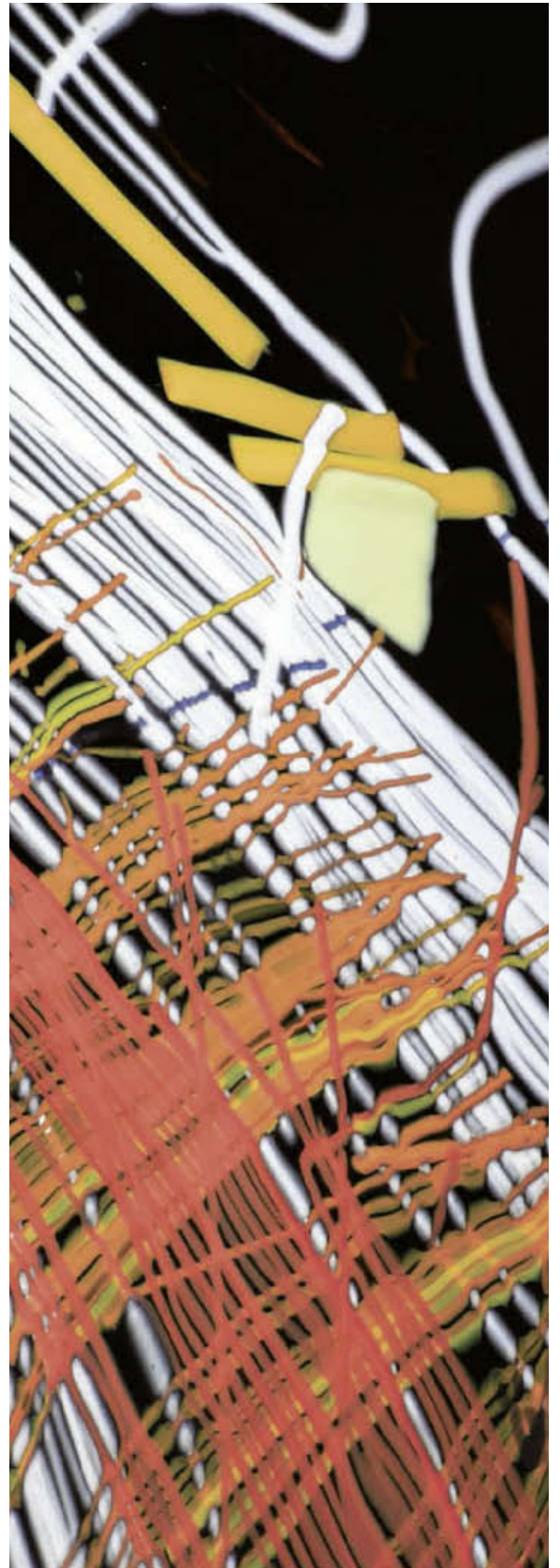
Printing

Multicolor Print AG
Baar, Switzerland

Photography

CAM+PARTNERS,
Los Angeles, USA

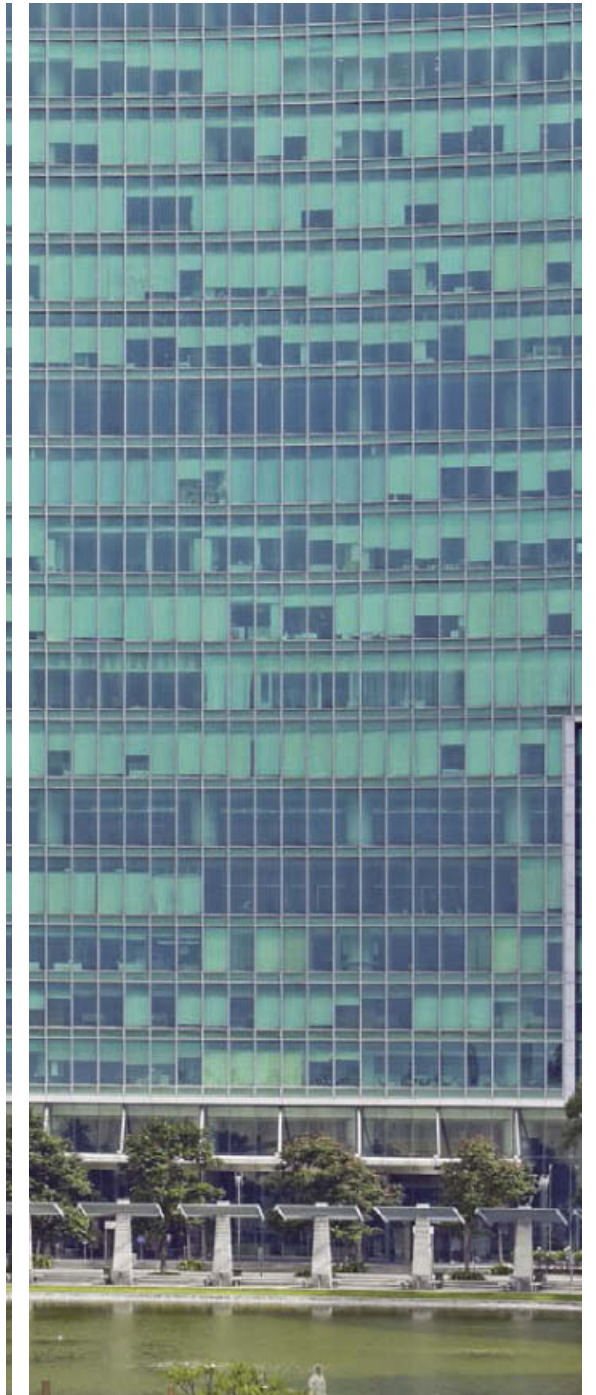
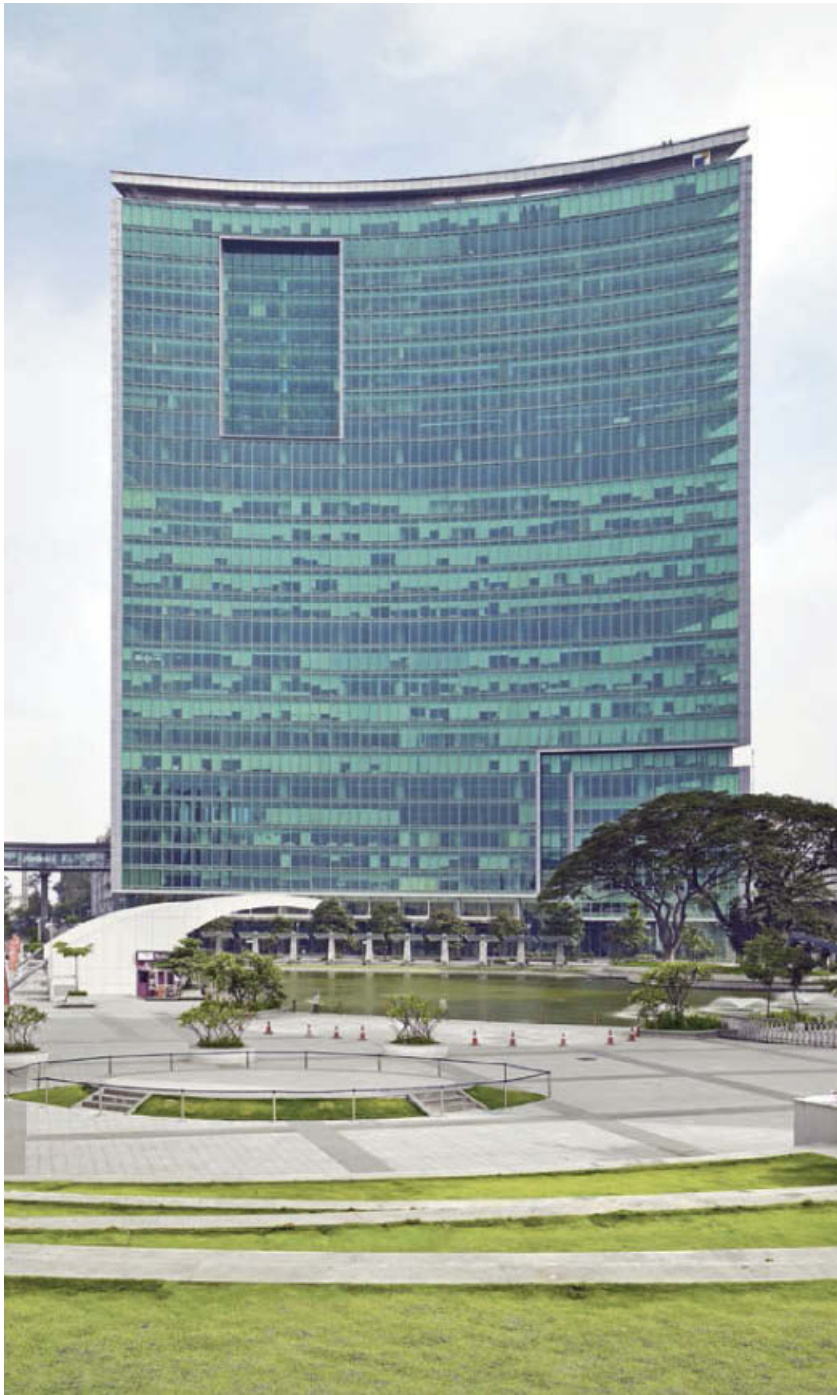




Moving sensuality.

Dale Chihuly's cylinders are innovative artistic worlds in which drawing and sculpture merge together seamlessly. The result is pure sensuality and visual passion – an expression of immense vitality. Transparent, constantly changing, always in a state of motion and moving. Chihuly and Schindler have one thing in common: they move people and emotions – in a revolutionary manner.

Dale Chihuly, Black Cylinder #12, 2006, 28 x 8 x 8"
www.chihuly.com



8.00 at Brigade Gateway
World Trade Center, Bangalore, India



Each day Schindler moves
one billion people.

Financial Statements 2013



Schindler

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Consolidated income statement

In CHF million	Note	2013	%	2012	%
Revenue	4	8 813	100.0	8 258	100.0
Cost of materials		2 736	31.0	2 442	29.6
Personnel expenses	5	3 185	36.1	3 074	37.2
Other operating expenses	6	1 929	21.9	1 709	20.7
Depreciation and amortization	16, 17	120	1.4	119	1.4
Change in provisions		-53	-0.6	-76	-0.9
Total operating expenses		7 917	89.8	7 268	88.0
Operating profit		896	10.2	990	12.0
Financial income	7	47	0.5	39	0.5
Financial expenses	8	287	3.3	61	0.8
Income from associates	9	44	0.5	15	0.2
Profit before taxes		700	7.9	983	11.9
Income taxes	10	237	2.6	253	3.1
Net profit		463	5.3	730	8.8
Net profit attributable to					
Owners of Schindler Holding Ltd.		432	4.9	702	8.5
Non-controlling interests		31	0.4	28	0.3
Earnings per share and participation certificate in CHF					
Basic	11	3.76		6.06	
Diluted	11	3.74		6.03	

Consolidated statement of comprehensive income

In CHF million	Note	2013	2012
Net profit		463	730
Other comprehensive income – reclassifiable to the income statement in future	27		
Exchange differences		-52	-43
Hedging transactions		10	-2
Available-for-sale financial assets	31	-39	-16
Taxes		-1	22
Total – reclassifiable to the income statement in future		-82	-39
Other comprehensive income – not reclassifiable to the income statement in future			
Remeasurements of employee benefits	22	148	-191
Share of other comprehensive income of associated companies		-2	-
Taxes		-37	21
Total – not reclassifiable to the income statement in future		109	-170
Total other comprehensive income		27	-209
Comprehensive income		490	521
Attributable to			
Owners of Schindler Holding Ltd.		459	496
Non-controlling interests		31	25

Consolidated balance sheet

Assets

In CHF million	Note	31.12.2013	%	31.12.2012	%
Current assets					
Cash and cash equivalents		2 228	28.5	2 178	27.9
Marketable securities	12	516	6.6	448	5.7
Accounts receivable	13	1 511	19.4	1 444	18.5
Taxes receivable		103	1.3	96	1.2
Net assets from construction contracts	14	551	7.1	479	6.1
Inventories	15	444	5.7	395	5.0
Prepaid expenses and accrued income		123	1.6	116	1.5
Assets held for sale		12	0.2	14	0.2
Total current assets		5 488	70.4	5 170	66.1
Non-current assets					
Property, plant, and equipment	16	655	8.4	522	6.7
Intangible assets	17	742	9.5	804	10.3
Associated companies	19	334	4.3	303	3.8
Long-term financial assets	20	378	4.8	805	10.3
Deferred taxes	21	200	2.6	218	2.8
Total non-current assets		2 309	29.6	2 652	33.9
Total assets		7 797	100.0	7 822	100.0

Liabilities and equity

In CHF million	Note	31.12.2013	%	31.12.2012	%
Liabilities					
Current liabilities					
Accounts payable	23	800	10.3	769	9.8
Financial debts	25	594	7.6	133	1.7
Taxes payable		127	1.6	120	1.5
Net liabilities from construction contracts	14	1 115	14.3	976	12.5
Accrued expenses and deferred income	24	1 227	15.8	1 174	15.0
Provisions	26	111	1.4	156	2.0
Total current liabilities		3 974	51.0	3 328	42.5
Non-current liabilities					
Financial debts	25	413	5.3	621	7.9
Provisions	26	340	4.4	359	4.6
Deferred taxes	21	134	1.7	124	1.6
Employee benefits	22	411	5.2	577	7.4
Total non-current liabilities		1 298	16.6	1 681	21.5
Total liabilities		5 272	67.6	5 009	64.0
Equity					
Share capital and participation capital	27	12	0.2	12	0.2
Other reserves	27	-1 055	-13.5	-605	-7.7
Retained earnings		3 518	45.1	3 373	43.1
Equity of the owners of Schindler Holding Ltd.		2 475	31.8	2 780	35.6
Non-controlling interests		50	0.6	33	0.4
Total equity		2 525	32.4	2 813	36.0
Total liabilities and equity		7 797	100.0	7 822	100.0

Consolidated cash flow statement

In CHF million	Note	2013	2012
Net profit		463	730
Depreciation and amortization		120	119
Change in provisions		-53	-76
Other non-cash items		263	76
Employee benefits		-54	-51
Change in net working capital		69	-16
Cash flow from operating activities		808	782
Additions			
Property, plant, and equipment	16	-252	-132
Intangible assets	17	-7	-32
Associated companies		-9	-17
Marketable securities / Long-term financial assets		-301	-577
Disposals			
Property, plant, and equipment	16	36	16
Marketable securities / Long-term financial assets		382	231
Business combinations	28	-13	-21
Cash flow from investing activities		-164	-532
Proceeds from increase in financial debts		277	31
Repayments of financial debts		-62	-111
Purchase of treasury shares	27	-547	-168
Disposal of treasury shares	27	16	44
Dividends paid to the owners of Schindler Holding Ltd.	38	-254	-232
Dividends paid to non-controlling interests		-14	-23
Cash flow from financing activities		-584	-459
Exchange differences		-10	-16
Change in cash and cash equivalents		50	-225
Opening balance cash and cash equivalents		2 178	2 403
Closing balance cash and cash equivalents		2 228	2 178
Cash flow from operating activities includes			
Income taxes paid		251	272
Interest paid		21	18
Interest received		25	40
Dividends received from associated companies		20	8

Consolidated statement of changes in equity

In CHF million	Share and PC capital	Other reserves	Retained earnings	Total	Non- controlling interests	Total Group
January 1, 2012	12	-663	3 271	2 620	31	2 651
Net profit			702	702	28	730
Other comprehensive income		-38	-168	-206	-3	-209
Comprehensive income		-38	534	496	25	521
Dividends			-232	-232	-23	-255
Cancellation of treasury shares	-	204	-204	-		-
Change in treasury shares		-108	-17	-125		-125
Share-based payments			21	21		21
December 31, 2012	12	-605	3 373	2 780	33	2 813
Net profit			432	432	31	463
Other comprehensive income		-80	107	27	-	27
Comprehensive income		-80	539	459	31	490
Dividends			-254	-254	-14	-268
Cancellation of treasury shares	-	138	-138	-		-
Change in treasury shares		-508	-25	-533		-533
Share-based payments			23	23		23
December 31, 2013	12	-1 055	3 518	2 475	50	2 525

Notes to the Group financial statements

1 Business activities

The Schindler Group is one of the world's leading suppliers of elevators, escalators, and moving walks. It is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe.

The registered shares and participation certificates of Schindler Holding Ltd. are traded on the SIX Swiss Exchange.

2 Basis of preparation

The Schindler Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are compliant with Swiss company law. The financial statements are prepared using the accrual basis of accounting and the historical cost approach with the exception of financial instruments, which are measured at fair value or at amortized cost. The reporting periods of all Group companies (directly or indirectly controlled by Schindler Holding Ltd.) end on December 31.

2.1 Main changes in accounting principles

The following new IFRS standards were applied with effect from January 1, 2013:

- IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 1 – Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
- IAS 28 – Investments in Associates and Joint Ventures (revised)
- IAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36
- Annual Improvements 2009–2011 Cycle

The individual changes do not have any material impact on accounting practices or are not relevant.

The Schindler Group has no joint ventures, significant non-controlling interests, or unconsolidated structured entities.

The amendment to IAS 36 Impairment of Assets that applies with effect from the financial year 2014 was adopted by the Schindler Group before the effective date. This did not result in any changes in the disclosure.

The application of all implemented changes did not have any material impact on the Schindler Group's financial position, results of operations, and cash flows.

2.2 Published standards, interpretations, and amendments not yet applied

The new and revised standards are not currently expected to have any material impact on accounting practices. In addition, there is not expected to be any material impact on the Schindler Group's financial position, results of operations, and cash flows.

The development of IFRS 9 – Financial Instruments is being monitored on an ongoing basis. The full impact of IFRS 9 will be analyzed once it has been completed. There are no plans to adopt IFRS 9 prior to the mandatory effective date.

2.3 Significant estimates and judgments

The financial statements prepared in accordance with IFRS contain certain assumptions and estimates that influence the figures presented in this report. They are based on analyses and judgments, which are continuously reviewed and adapted if necessary. The actual results may differ from these estimates.

2.3.1 Estimates and assumptions

Taxes

Current income taxes are calculated on the basis of the results for the financial year. The actual amount of income tax due may differ from the amount that was originally calculated because the final tax assessment may be made several years after the end of the financial year. Offsetting risks are individually identified and assessed, and the corresponding provisions are recorded if necessary. Deferred tax assets are determined on the basis of significant estimates. The underlying forecasts cover a period of several years and include interpretations of existing tax laws and regulations.

Provisions

Provisions contain a greater degree of estimation than other balance sheet items and can therefore result in a higher or lower outflow of resources, depending on the development of the relevant situation. Provisions for product liability cases as well as self-insurance are based on actuarial reports. They take account of all units under maintenance (product liabilities) and all employees (self-insurance), as well as the probability of occurrence based on historical experience. The amounts recorded as provisions are therefore subject to a degree of uncertainty both in terms of timing and the level of future cash flows.

Employee benefits

The status of various defined benefit plans depends on long-term actuarial assumptions that may differ from actual future developments. The determination of the discount rate and of future changes in salaries/wages are important assumptions in actuarial valuations.

2.3.2 Judgments

Associates

Qualitative factors have to be taken into account when assessing whether the Schindler Group has significant influence over associates. Although it has a 30.9% (previous year: 35.0%) participation in Hyundai Elevator Co. Ltd., Schindler has no significant influence over the company: it is not represented on the Board of Directors and has no access to detailed information. Furthermore, no transactions are executed between Schindler and Hyundai Elevator Co. Ltd. From August 15, 2011, this participation has no longer been recognized as an associate and is, instead, reported as a long-term financial asset.

Impairment of available-for-sale financial instruments

A review is carried out at each balance sheet date to determine whether there is objective evidence that a financial instrument is to be impaired. In the case of available-for-sale equity instruments, a significant or prolonged decline in market prices below original cost is regarded as objective evidence of impairment. To determine whether a decline in market prices is significant or prolonged, factors such as the duration and extent of the decrease in market prices below original cost, as well as the historical price volatilities of the instrument, are taken into account.

3 Summary of main accounting principles

3.1 Consolidation

3.1.1 Consolidation principles

The consolidated financial statements include the annual financial statements of Schindler Holding Ltd., Hergiswil, Switzerland, and of all companies controlled by Schindler Holding Ltd. (Group companies). An overview of Group companies is provided in note 37.

The consolidated financial statements are based on the annual financial statements of the individual Group companies that are prepared according to a uniform set of accounting principles and reporting practices. These companies are controlled directly or indirectly by Schindler Holding Ltd. Control exists if Schindler is exposed, or has rights, to variable returns or if it has the ability to affect the amount of those returns through its power over that company. When assessing whether Schindler has power over a company, the voting rights held (normally a share of more than 50% of voting rights) and other contractual agreements, as well as operational responsibility, are taken into account.

The assets, liabilities, income, and expenses of all Group companies are consolidated. Non-controlling interests are reported separately. All intra-Group relationships and transactions are eliminated upon consolidation; this includes unrealized profits between Group companies.

Companies acquired in the reporting period are included in the consolidated financial statements from the date on which the Group obtained control of their business activities. Companies sold by the Group are consolidated until the date on which control is transferred to the purchaser.

Participations in companies are classified as associates and accounted for using the equity method provided Schindler has significant influence over them but does not control them.

3.1.2 Business combinations and goodwill

Business combinations are accounted for using the purchase method. Acquisition costs comprise the consideration paid, including the proportion of the purchase price retained for contractual representations and warranties, and contingent consideration. The latter is recognized at fair value on the transaction date. Subsequent changes in the

fair value of contingent consideration are recognized in the income statement. Transaction costs are recognized as operating expenses.

Net assets acquired comprise identifiable assets, liabilities, and contingent liabilities and are recognized at fair value. Identifiable intangible assets mainly comprise service portfolios. The difference between the acquisition costs and the fair value of the proportionate interest in the net assets acquired is recognized as goodwill.

Non-controlling interests are generally recognized in the balance sheet according to their proportionate share of the fair value of the net assets acquired.

Goodwill and changes in the fair value of the net assets are recognized in the assets and liabilities of the acquiree in its functional currency. Intangible assets and goodwill are recognized in those cash-generating units that are expected to benefit from the acquisition and/or to generate future cash flows.

In the case of acquisitions, it is common practice for the Schindler Group to acquire call options and to write put options in connection with the remaining interests that were not acquired. Shares of the profits are still allocated to the non-controlling interests but are recorded in full as a financial liability as at the balance sheet date. The difference between the reclassified amount and the fair value of the financial liability is recorded in other reserves without any impact on the income statement.

When calculating cash flow from business combinations, the values of the acquired cash and cash equivalents are deducted from the purchase price paid.

3.1.3 Change in interests held and disposals

Changes in the interest held in Group companies are recognized as equity transactions provided that control is maintained. If control of a Group company is lost, e.g. through its sale, the difference between the selling price and the net assets, including cumulative exchange differences, is reported as other income in the income statement.

3.1.4 Associates

Goodwill and the fair value of the identifiable net assets of associates are recognized in the same balance sheet item. Amortization and impairments are recognized in the income statement as income from associates. Exchange differences are recognized in other comprehensive income. In the case of a partial or complete sale of an associate, the difference between the selling price and the net assets plus assignable components of other comprehensive income are recognized in the income statement as income from associates.

3.2 Translation of foreign currency

The functional currency of Group companies is generally the currency used in the primary economic environment in which they operate. Transactions in foreign currencies are translated at the exchange rate that applied on the transaction date. Exchange rate gains and losses resulting from such transactions or from the revaluation of foreign currency

assets and liabilities at the balance sheet date are recognized as financial income or expenses.

The annual financial statements of Group companies that are reported in foreign currencies are translated into Swiss francs as follows: balance sheet at closing rates as well as the income statement, statement of comprehensive income, and cash flow statement at average rates.

The change in accumulated exchange rate differences from the translation of foreign companies is reported in other comprehensive income. If the entire company is sold, or if part of it is sold and control is lost, the cumulative exchange differences are reclassified to the income statement.

The cumulative exchange differences are also recognized in the income statement when there is a change of status from an associate to a Group company.

The exchange rates for the most significant foreign currencies are as follows:

			2013		2012	
			Closing rate	Average rate	Closing rate	Average rate
Eurozone	EUR	1	1.23	1.23	1.21	1.20
USA	USD	1	0.89	0.92	0.92	0.93
Brazil	BRL	100	37.72	42.94	44.70	47.99
China	CNY	100	14.72	15.01	14.70	14.81

3.3 Segment reporting

The Schindler Group consists of one operating segment for which reports are submitted to the Supervisory and Nomination Committee (Chief Operating Decision Maker). These reports form the basis for the evaluation of performance and the allocation of resources.

3.4 Revenue recognition

Income from construction contracts is determined based on the stage of completion of the contract and recognized as revenue (see note 3.8).

Anticipated losses on construction contracts are recognized as provisions.

Income from other customer contracts, particularly repairs, is recognized as revenue at the date when they are performed. Maintenance is generally provided periodically and the resulting revenue is therefore recognized on a straight-line basis. Discounts, sales taxes, and other sales-related reductions in income (mainly reimbursements) are deducted from revenue.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts, and time deposits with an original maturity of a maximum of three months.

3.6 Marketable securities

Time deposits with a maturity of 3 to 12 months or a residual maturity of up to 12 months, as well as financial instruments that Schindler intends to hold on a short-term basis, are recognized as marketable securities.

3.7 Accounts receivable

Trade accounts receivable and other receivables do not bear interest and are reported at face value less allowance for bad debts.

Bad debt allowances are based on internal guidelines that require individual value adjustments to first be undertaken. Taking account of their age structure and based on historical experience, certain residual balances are subject to additional allowances of between 33% and 100%.

3.8 Construction contracts

Construction contracts are recognized using the percentage of completion (PoC) method. Construction contracts mainly comprise all orders for new installations and the modernization of existing installations. The percentage of work completed is determined by measuring the stage of completion of a contract according to the cost-to-cost method, under which the accumulated costs to date are expressed as a percentage of the expected total costs. After offsetting progress payments from customers, work in progress is recognized as net assets or net liabilities from construction contracts.

3.9 Inventories

Inventories are recognized at the lower of cost or production cost or the net realizable value. The cost or production cost is calculated using the weighted average cost method. The net realizable value corresponds to the estimated sales proceeds net of the deduction of production and sales costs. Based on a range analysis, items with a slow rate of turnover are written down by 20% to 100%. Technically obsolete items are written off.

3.10 Property, plant, and equipment

Property, plant, and equipment are valued at cost less cumulative depreciation. Investment properties not used for operational purposes are included in property, plant, and equipment and valued at historical cost. Borrowing costs related to qualifying assets are capitalized.

Property, plant, and equipment are depreciated on a straight-line basis over their useful life. Land is not depreciated systematically. If the impairment test indicates that the carrying amount exceeds the recoverable amount, the carrying amount is reduced accordingly. Impairment losses are recognized as depreciation and reported separately in the notes.

Costs are capitalized if they extend the useful life or expand the production capacity of an asset. The costs of non-value adding maintenance and repairs are recognized immediately as expenses.

Gains and losses from the sale of property, plant, and equipment are recognized as other income.

The estimated useful life of the major classes of property, plant, and equipment is as follows:

	Years
Buildings	20–40
Equipment, machinery	5–10
Furniture	10
IT equipment	3–5
Vehicles	5–10

3.11 Leasing

Property, plant, and equipment acquired through leasing contracts where the benefits and risks are substantially transferred to the Group are classified as finance leases. These assets are recognized both in property, plant, and equipment and in financial liabilities at the lower of fair value or the net present value of future lease payment obligations. Assets from finance leases are depreciated over the shorter of their expected useful life or the duration of the contract.

Operating leasing is recognized as an operating expense.

3.12 Intangible assets

Goodwill, service portfolios acquired from third parties, licenses, patents, similar rights, and software are recognized as intangible assets.

All intangible assets with finite useful lives are amortized using the straight-line method. They are also tested for impairment whenever there are indications that impairment may have occurred. Goodwill is not amortized systematically but is, instead, tested for impairment annually, or whenever there are indications that impairment may have occurred. If specific criteria are met, an existing impairment test may remain valid for several years (see note 18.2).

Impairment losses are recognized as amortization and disclosed separately in the notes. Impairment expenses from earlier periods may be reversed in the case of intangible assets, with the exception of goodwill.

The estimated useful life of intangible assets is as follows:

	Years
Service portfolio	5–20
Software	3–5
Rights, patents, and licenses	3–10

3.13 Research and development

Order-related development costs are capitalized as work in progress; other research and development costs are charged to the income statement in the period in which they occur. Development costs for new products are not capitalized, since experience shows that future economic benefits can only be proven when the products are successfully launched in the market.

3.14 Financial instruments

3.14.1 Financial assets

Classification and measurement

Financial assets comprise cash and cash equivalents, accounts receivables, marketable securities, and other long-term financial assets. Marketable securities are divided into short- and long-term marketable securities. Time deposits with a residual maturity of more than 12 months are recognized as marketable securities under long-term financial assets.

Financial assets are divided into the following categories:

- At fair value through profit or loss: financial assets that are held for trading or were assigned to this category on initial recognition. Financial assets held for trading are acquired principally for the purpose of generating a profit from short-term price fluctuations. Derivative assets are assigned to this category by definition unless they meet the requirements for designated hedge accounting.
- Loans and receivables: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Available-for-sale: all other financial assets.

All financial assets are first measured at fair value including transaction costs, with the exception of financial assets at fair value through profit or loss. All purchases and sales are recognized at trade date, i.e. the date at which the commitment to purchase or sell the asset is entered into.

After initial recognition, and depending on their category, financial assets are measured as follows:

- At fair value through profit or loss: at fair value. If the fair value is not readily available, it is calculated using recognized valuation methods. All changes in value are reported in the financial result for the reporting period.
- Loans and receivables: at amortized cost using the effective interest method, taking account of any value adjustment.
- Available-for-sale: at fair value. All unrealized changes in value are recognized in other comprehensive income, with the exception of interest calculated according to the effective interest method, foreign currency fluctuations on financial debt instruments, and dividends from equity instruments. On sale, impairment, or other derecognition, the accumulated gains and losses recognized in equity are transferred to the financial result for the reporting period.

Financial assets are derecognized when control of them is lost, i.e. when the related rights to the resulting cash flows are sold or expire.

Impairment

Whenever there is objective evidence of possible impairment (e.g. serious financial difficulties of the debtor, insolvency proceedings, etc.), the carrying amounts of financial assets not measured at fair value through profit or loss are tested to determine whether impairment has actually occurred. Available-for-sale assets are impaired if the reduction in market price is significant or prolonged. Impairment expenses are recognized through profit or loss.

In the case of available-for-sale financial instruments, evaluations are carried out to identify significant or prolonged declines in market prices below original cost. The evaluations take account of factors such as the duration and extent of the decrease in market prices below original cost, as well as historical price movements. Further declines in market prices that occur after an impairment has been recorded are recognized in the income statement.

3.14.2 Financial liabilities

Financial liabilities comprise financial debt instruments issued, especially trade accounts payable, liabilities to banks, liabilities from finance leases, derivative financial liabilities, and financial debts.

Financial debt instruments issued are divided into two categories. They are classified as at fair value through profit or loss or as other financial liabilities.

Financial liabilities at fair value through profit and loss are measured at fair value upon initial recognition and thereafter. The transaction costs directly attributable to the acquisition are expensed. The decision to measure financial liabilities at fair value is intended to reduce complexity and to increase the reliability of the valuation. Derivative liabilities are assigned to this category by definition unless they meet the requirements for hedge accounting.

Other financial liabilities are measured at amortized cost using the effective interest method. In addition to actual interest payments, interest expense includes annual compound interest and pro rata transaction costs.

3.14.3 Derivative financial instruments and hedging

Schindler hedges interest rate risks and foreign currency risks arising from its operational activities, financial transactions, and investments using derivative financial instruments. These instruments are measured at fair value. The initial measurement at fair value occurs on the date on which derivative contracts are entered into. They are subsequently recognized at fair value through profit and loss unless the derivative financial instrument was designated for hedge accounting.

For hedge accounting to be applied, various criteria must be fulfilled relating to documentation, probability of occurrence, effectiveness of the hedging instrument, and reliability of the valuation. The Schindler Group decides on an individual basis whether cash flow hedges are used.

Changes in value resulting from hedge accounting are recognized in other comprehensive income. If the underlying transaction results in expense or income, the cumulative changes in value are reclassified to the income statement. Ineffective changes in the fair value of designated derivatives are recognized immediately in the financial result.

3.14.4 Treasury shares

Treasury shares (including ordinary shares and participation certificates) are reported as a reduction in equity. The cost of purchasing treasury shares, gains or losses realized on the sale, and other changes in the number or amount of treasury shares held are recognized under equity as other reserves and retained earnings.

Treasury shares are used when share-based payments are exercised.

3.15 Provisions

Provisions are only recorded if Schindler has a probable obligation (legal or constructive) to third parties as a result of a past event and if the obligation can be reliably estimated. Existing provisions are reassessed at every balance sheet date.

Long-term provisions are discounted at a risk-adjusted interest rate. The increase in the present value of the provisions that arises from the passage of time is recognized as interest expense.

Restructuring provisions are calculated and recognized on the basis of the restructuring plans that have been announced. Provisions for product liability cases as well as self-insurance are based on external actuarial reports that are drawn up annually.

3.16 Taxes

3.16.1 Current income taxes

Current income taxes are determined on the basis of the results for the financial year, taking account of national tax laws in the relevant jurisdictions. Additional tax payments or tax refunds that are expected to be made or have been made for previous years are taken into account.

3.16.2 Deferred taxes

Deferred taxes are recognized in accordance with the liability method. The income tax effects of temporary differences between the balance sheet values that are relevant for the consolidated financial statements and the taxable values are recognized. The actual local taxable values are relevant in this context.

Deferred tax assets, including those from unused tax loss carryforwards and expected tax credits, are recognized if it is probable that the corresponding tax benefits can be realized. Forecasts serve as the basis for this assessment.

Deferred tax liabilities are calculated on all taxable temporary differences, with the exception of a small number of cases prescribed by IFRS.

The change in deferred tax assets and liabilities is generally recognized as tax expense. If underlying factors leading to a change in deferred tax assets and liabilities are recognized directly in other comprehensive income, the change in deferred tax assets and liabilities is also recognized directly in other comprehensive income.

3.17 Employee benefits

The Schindler Group has both defined contribution plans and defined benefit plans. Its defined benefit plans are covered by separately held assets or are funded directly by the Schindler Group.

In the case of defined contribution plans, contributions are paid to publicly or privately administered pension plans on a statutory, contractual, or voluntary basis. The Schindler Group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses.

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recognized in the balance sheet as a net defined benefit liability or net defined benefit asset. The defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. In plans with higher backloading, the benefits that can be acquired are assigned on the basis of the net liability (excluding future employee-funded benefit components). Plan assets are not available to the creditors of the Schindler Group, nor can they be paid directly to the Group.

Pension costs consist of three elements: service costs, net interest, and remeasurements of employee benefits.

- Service costs are part of personnel expenses and consist of current service costs, past service costs (gains/losses from plan amendments or curtailments), and gains/losses from plan settlements.
- Net interest is recorded in the financial result and is determined by applying the discount rate to the net defined benefit liability or net defined benefit asset that exists at the beginning of the year.
- Gains and losses resulting from the actuarial valuation are recorded in other comprehensive income as remeasurements of employee benefits. The return on plan assets (excluding interest based on the discount rate) and any change in the effect of an asset ceiling are also recorded in this item. Remeasurements of employee benefits are not reclassified to the income statement at any later point in time.

Significant other long-term employee benefits (e.g. jubilee benefits) are also measured using the projected unit credit method.

Termination benefits are recognized on the date on which the Schindler Group can no longer rescind the offer of this type of benefit or on which restructuring provisions are recorded.

3.18 Share-based payments

Executive members of the Board of Directors of Schindler Holding Ltd. and members of the Group Executive Committee and other managers receive share-based payments.

Share-based payments are settled with treasury shares of Schindler Holding Ltd., of which the Group usually holds the required amount. As a result, no additional shares or participation certificates are issued. Issued options allow the purchase of shares or participation certificates and are not settled with cash or cash equivalents. The same applies to Performance Share Units.

The fair value of share-based payments is determined at grant date. At the same date, or over the period until the beneficiary is entitled to receive the award, the amount is charged to personnel expenses and recognized as an increase in equity. Cash and cash equivalents received by the Group following the exercising of the options granted are recognized in other reserves as well as in retained earnings.

4 Revenue

In CHF million	2013	2012
Billings	8 402	8 109
Change in work in progress PoC	382	119
Other operating income	28	28
Capitalized own production	1	2
Total revenue	8 813	8 258

Billings comprise all goods and services rendered and invoiced in the areas of production, installation, maintenance, and modernization less any price discounts granted. Changes in work in progress that have not yet been invoiced are recognized using the percentage of completion (PoC) method. CHF 4 731 million of total revenue was determined using the PoC method (previous year: CHF 4 330 million).

5 Personnel expenses

In CHF million	Note	2013	2012
Salaries and wages		2 485	2 438
Cost of defined benefit plans	22	54	40
Cost of defined contribution plans		73	65
Share-based payments		23	21
Other personnel expenses		550	510
Total personnel expenses		3 185	3 074

Other personnel expenses primarily consist of social and insurance benefits.

6 Other operating expenses

In CHF million	2013	2012
Production, installation, maintenance, transport, and subcontractors	748	640
Employee-related expenses	291	261
Rent and leasing	156	153
Maintenance and repairs	73	73
Energy supply, consumables, and packing materials	163	151
Insurance, fees, and capital taxes	90	80
Administration and marketing	255	238
Other operating expenses	168	122
Other income	-15	-9
Total other operating expenses	1 929	1 709

Employee-related expenses primarily consist of training costs, travel and other allowances, and work equipment.

Research and development costs of CHF 127 million were charged to the income statement (previous year: CHF 115 million).

7 Financial income

In CHF million	2013	2012
Interest	32	35
Net gains/losses on foreign exchange	12	-
Net income from securities at fair value through profit or loss	3	4
Total financial income	47	39

Net gains/losses on foreign exchange mainly comprise valuation differences on operational hedging transactions as well as other foreign exchange impacts.

8 Financial expenses

In CHF million	Note	2013	2012
Interest		23	19
Net interest on employee benefits	22	17	17
Increase in the present value of provisions	26	7	7
Net gains/losses on foreign exchange		-	4
Hyundai Elevator Co. Ltd. impairment	20	219	-
0.375% exchangeable bond 2013–2017 revaluation	25	6	-
Other financial expenses		15	14
Total financial expenses		287	61

Impairments of the participation in Hyundai Elevator Co. Ltd. resulted in financial expenses of CHF 219 million, whereof CHF 155 million were reclassified from other comprehensive income.

The measurement at fair value of the 0.375% bond that can be exchanged for shares of ALSO Holding AG resulted in an accounting loss of CHF 6 million in the reporting period.

Other financial expenses mainly comprise bank charges and country-specific financial transaction costs.

9 Income from associates

In CHF million	2013	2012
Share of profit or loss of associated companies	45	21
Amortization of intangible assets	-1	-6
Total income from associates	44	15

10 Income taxes

In CHF million	2013	2012
Current income taxes for the reporting period	250	252
Current income taxes for previous periods	2	3
Deferred income taxes	-15	-2
Total income taxes	237	253

Reconciliation of income taxes

In CHF million	2013	%	2012	%
Profit before taxes	700		983	
Weighted average income tax rate as % of profit before taxes		28.9		25.5
Expected income tax expenses	202		251	
Tax effects of				
Recognition/utilization of unrecognized tax loss carryforwards	4		3	
Non-taxable income/non-deductible expenses	19		-12	
Non-deductible withholding taxes	17		13	
Other effects	-5		-2	
Income tax expenses	237	33.9	253	25.7

The weighted average tax rate is calculated using the anticipated tax rates for the individual Group companies in each jurisdiction. Due to the composition of the Group's taxable income as well as changes in local tax rates, the average tax rate varies from year to year.

In the reporting year, the weighted average tax rate of 28.9% as well as the actual tax rate of 33.9% were affected by impairments of CHF 219 million relating to the participation in Hyundai Elevator Co. Ltd. because these impairments were tax neutral. Excluding this effect, the weighted average tax rate would be 23.8% (previous year: 25.5%) and the actual tax rate would be 25.8% (previous year: 25.7%).

11 Earnings per share and per participation certificate

		2013	2012
Net profit (owners of Schindler Holding Ltd.)	in CHF million	432	702
Shares and participation certificates	Number	117 059 554	118 334 856
Less treasury shares (weighted average)	Number	-2 109 550	-2 495 385
Outstanding shares and participation certificates (weighted average)	Number	114 950 004	115 839 471
Basic earnings per share and participation certificate	in CHF	3.76	6.06
Diluted net profit	in CHF million	432	702
Diluted shares and participation certificates	Number	115 529 163	116 433 138
Diluted earnings per share and participation certificate	in CHF	3.74	6.03

Basic earnings per share and per participation certificate are calculated as follows: net profit divided by the weighted average number of outstanding shares and participation certificates. Diluted earnings per share reflect the possible impact of the shared-based payment programs at Schindler Holding Ltd.

12 Marketable securities

In CHF million	2013	2012
Time deposits	255	246
Other marketable securities	261	202
Total marketable securities	516	448

Other marketable securities mainly comprise bonds and shares.

13 Accounts receivable

In CHF million	2013	2012
Trade accounts receivable	1 342	1 297
Associated companies	12	9
Other accounts receivable	157	138
Total accounts receivable	1 511	1 444

13.1 Allowance of receivables

In CHF million	2013	2012
January 1	-125	-124
Set-up	-28	-14
Usage	18	11
Exchange differences	3	2
December 31	-132	-125
Expenses for the complete derecognition of trade accounts receivable	18	11
Income from the inclusion of derecognized trade accounts receivable	-	-

No expenses for associates were incurred in the reporting period or the previous year.

13.2 Aging analysis of receivables

2013

In CHF million	Total carrying amounts	of which not overdue	of which overdue				
			<30 days	30 to 90 days	91 to 180 days	181 to 360 days	>360 days
Trade accounts receivable, gross	1 474	385	381	301	156	105	146
Allowance	-132	-1	-1	-2	-5	-24	-99
Associated companies	12	3	8	1	-	-	-
Other receivables	157	130	12	3	2	3	7
Total receivables	1 511	517	400	303	153	84	54

2012

In CHF million	Total carrying amounts	of which not overdue	of which overdue				
			<30 days	30 to 90 days	91 to 180 days	181 to 360 days	>360 days
Trade accounts receivable, gross	1 422	411	362	265	148	106	130
Allowance	-125	-1	-2	-3	-5	-27	-87
Associated companies	9	4	2	3	-	-	-
Other receivables	138	120	8	2	1	1	6
Total receivables	1 444	534	370	267	144	80	49

The increase in allowance of receivables is mainly due to changes in the age structure.

For trade accounts receivable that are overdue but not impaired as at the balance sheet date, there are no indications that customers will not meet their payment obligations.

14 Construction contracts

In CHF million	2013	2012
Work in progress PoC	1 271	1 029
Progress payments from customers	-720	-550
Net assets from construction contracts	551	479
Work in progress PoC	923	910
Progress payments from customers	-2 038	-1 886
Net liabilities from construction contracts	-1 115	-976

15 Inventories

In CHF million	2013	2012
Raw materials, semifinished and finished goods	409	370
Advance payments to suppliers	35	25
Total inventories	444	395

Inventories include write-downs and write-offs of CHF 99 million (previous year: CHF 111 million) related to items with a slow rate of turnover and technically obsolete items. The decrease in write-downs and write-offs is attributable to the scrapping of technically obsolete items as well as an improvement in the rate of turnover.

16 Property, plant, and equipment (PPE)

2013

In CHF million	Land	Buildings	Equipment and machinery	Other PPE	Total
Net book values					
January 1	58	195	118	151	522
Additions	9	62	49	129	249
Disposals	-1	-	-1	-11	-13
Depreciation	-	-14	-30	-41	-85
Reclassifications	-	-	4	-4	-
Exchange differences	-3	-3	-5	-7	-18
December 31	63	240	135	217	655
Of which finance leases	-	4	-	6	10
Fire insurance values					2 063
Overview as of December 31					
Cost	73	491	511	497	1 572
Cumulative depreciation and impairment	-10	-251	-376	-280	-917
Net book values	63	240	135	217	655

The net book values of property, plant, and equipment do not contain any capitalized borrowing costs in the reporting year and the previous year.

Other property, plant, and equipment includes IT equipment, furniture, vehicles, and assets under construction. Assets under construction amounted to CHF 105 million as of December 31, 2013 (previous year: CHF 43 million).

Gains from the sale of property amounted to CHF 15 million (of this sum, CHF 12 million from assets held for sale) in the reporting year (previous year: CHF 9 million). The gains are recognized in other income.

Contractual obligations in the amount of CHF 43 million exist for investments in property, plant, and equipment (previous year: CHF 34 million).

Land and buildings include investment properties with a net book value of CHF 52 million (previous year: CHF 16 million). In the fourth quarter of 2013, investment properties with a value of CHF 39 million were acquired. The market value of investment properties was CHF 62 million (previous year: CHF 19 million). Of this sum, CHF 44 million was calculated on the basis of external expert opinions (previous year: CHF 0 million). Rental income totaled CHF 1 million (previous year: CHF 1 million). This compares to operating expenses of CHF 0 million (previous year: CHF 0 million). The operating expenses relating to investment properties without rental income totaled CHF 1 million (previous year: CHF 1 million).

Investment properties are valued by external experts using the discounted cash flow (DCF) method. Observable input factors such as the discount rate, rental income, and increases in rent are used in this context, resulting in level 3 fair value.

As in the previous year, there are no restrictions on the sale of investment properties. Equally, there are no significant contractual obligations to buy, construct, repair, maintain, or improve investment properties.

2012

In CHF million	Land	Buildings	Equipment and machinery	Other PPE	Total
Net book values					
January 1	59	173	115	136	483
Additions	3	17	33	83	136
Disposals	-1	-2	-1	-3	-7
Depreciation	-	-13	-30	-39	-82
Reclassifications	-	22	3	-25	-
Exchange differences	-3	-2	-2	-1	-8
December 31	58	195	118	151	522
Of which finance leases	-	5	-	6	11
Fire insurance values					2 030

Overview as of January 1

Cost	69	421	494	412	1 396
Cumulative depreciation and impairment	-10	-248	-379	-276	-913
Net book values	59	173	115	136	483

Overview as of December 31

Cost	68	436	496	424	1 424
Cumulative depreciation and impairment	-10	-241	-378	-273	-902
Net book values	58	195	118	151	522

17 Intangible assets

In CHF million	Goodwill	Other intangible assets	Total
Net book values 2013			
January 1, 2013	561	243	804
Additions	–	7	7
Amortization	–	–35	–35
Additions from business combinations	–	13	13
Exchange differences	–41	–6	–47
December 31, 2013	520	222	742
Net book values 2012			
January 1, 2012	586	256	842
Additions	–	32	32
Amortization	–	–37	–37
Additions from business combinations	9	–	9
Exchange differences	–34	–8	–42
December 31, 2012	561	243	804
Overview as of January 1, 2012			
Cost	599	527	1 126
Cumulative amortization and impairment	–13	–271	–284
Net book values	586	256	842
Overview as of December 31, 2012			
Cost	574	542	1 116
Cumulative amortization and impairment	–13	–299	–312
Net book values	561	243	804
Overview as of December 31, 2013			
Cost	533	547	1 080
Cumulative amortization and impairment	–13	–325	–338
Net book values	520	222	742

Other intangible assets comprise service portfolios, licenses, patents, and software.

18 Impairment test

18.1 Measurement

The impairment test is performed using the discounted cash flow method. Future cash flows, discount rates, and other parameters relating to the respective cash-generating units are determined using various assumptions. The forecast for the reporting year and the medium-term plan for the following five years form the basis for the test. Factors such as market conditions, sales volumes, revenue, cost of materials, personnel expenses, and operating expenses, as well as capital expenditure and other economic factors, are based on assumptions that management regards as reasonable.

18.2 Annual impairment test

In the reporting year, a comprehensive impairment test was conducted for Saudi Arabia, Columbia, and Japan. For the remaining cash-generating units, the recoverable amount determined on the basis of the detailed calculations for the years 2010 and 2012 was used. The parameters disclosed below therefore relate to the years in question.

The following criteria were met for these cash-generating units:

- The recoverable amount exceeds the carrying amount by a substantial margin (difference is at least twice the carrying amount)
- Assets and liabilities have not changed significantly
- The likelihood that the recoverable amount would be less than the carrying amount is remote.

In addition, no significant difference between expected and actual profitability was identified in the past.

Goodwill was tested for impairment in the third quarter based on the value in use. The following assumptions were used:

In CHF million	Goodwill at 31.12.2013	Assumption used			Year
		Pretax discount rate	Growth rate	Inflation rate	
Brazil	209	25.7%	4.5%	4.5%	2010
Germany	134	9.0%	2.0%	2.0%	2010
Switzerland	51	6.9%	1.0%	1.0%	2012
Saudi Arabia	38	12.8%	4.0%	4.0%	2013
Columbia	22	15.3%	3.0%	3.0%	2013
USA	20	10.4%	1.9%	1.9%	2010
Japan	15	10.8%	2.0%	2.0%	2013
Czech Republic	12	11.0%	2.0%	2.0%	2010
China	11	12.9%	3.0%	3.0%	2010
Others	8				
Total	520				

The forecast scenarios do not require any adjustment of goodwill. The recoverable amount of the cash-generating unit in Saudi Arabia increased compared to the previous year and is CHF 70 million higher than the carrying amount (previous year: CHF 23 million). Assuming that reasonably possible unfavorable changes in expected operating profit or the discount rate occur, the recoverable amount would still exceed the carrying amount.

The recoverable amounts of the other cash-generating units substantially exceeded their carrying amounts. A change in the basic data used, e.g. a sustained deterioration in the gross margin while the balance sheet and cost structure remain the same, would not result in an impairment of goodwill. Even if the cash flow forecasts were based on nominal zero growth, the carrying amount would not exceed the recoverable amount. An increase of 1 percentage point in the assumed discount rate would not alter the results of the impairment test.

In CHF million	Goodwill at 31.12.2012	Assumption used			Year
		Pretax discount rate	Growth rate	Inflation rate	
Brazil	247	25.7%	4.5%	4.5%	2010
Germany	132	9.0%	2.0%	2.0%	2010
Switzerland	51	6.9%	1.0%	1.0%	2012
Saudi Arabia	39	12.6%	4.0%	4.0%	2012
Columbia	22	12.7%	3.0%	3.0%	2012
USA	20	10.4%	1.9%	1.9%	2010
Japan	19	9.7%	1.0%	1.0%	2010
Czech Republic	12	11.0%	2.0%	2.0%	2010
China	11	12.9%	3.0%	3.0%	2010
Others	8				
Total	561				

19 Associates

The values of associates are based on the most recent quarterly financial results of the individual companies for the reporting year. This means that the relevant income from associates is taken into account one quarter after it is reported. The same applies to other disclosures. If there are any material differences compared to the accounting policies applied by the Schindler Group, the values of the local financial statements are adjusted.

The Schindler Group held a 28.4% participation (previous year: CHF 28.4%) in ALSO Holding AG (previously ALSO-Actebis Holding AG). ALSO Holding AG, which is headquartered in Emmen, Switzerland, distributes products, solutions, and services in the areas of information technology, consumer electronics, and telecommunication products (ICT) throughout Europe. Prior to its merger with Actebis GmbH in 2011, ALSO Holding AG was a subsidiary of the Schindler Group.

ALSO Holding AG is listed on the SIX Swiss Exchange. The proportionate share of the market value, calculated on the basis of the year-end closing rate of CHF 49.50 (previous year: CHF 45.75), was CHF 181 million (previous year: CHF 166 million). The carrying amount as of December 31, 2013, was CHF 188 million (previous year: CHF 176 million).

In the reporting year, the Schindler Group issued a bond that can be exchanged for shares of ALSO. As at the balance sheet date, no shares had been exchanged. The Schindler Group still has significant influence over ALSO and the participation is classified as an associate. See note 25.1 for further details.

ALSO Holding AG

In CHF million	2013	2012
Revenue	7 975	7 456
Profit from continuing operations	58	50
Other comprehensive income	-2	2
Comprehensive income	56	52
Dividends received	4	3
Current assets	1 363	1 230
Non-current assets	302	310
Current liabilities	1 000	998
Non-current liabilities	175	92
Equity	490	450
Participation	28.4%	28.4%
Share in equity	139	127
Goodwill	49	49
Carrying amount	188	176

Cumulative proportionate values of other associates

In CHF million	2013	2012
Profit from continuing operations	28	7
Comprehensive income	28	7
Carrying amount	146	127

20 Long-term financial assets

In CHF million	2013	2012
Loans to associated companies	19	10
Marketable securities	94	248
Investment in Hyundai Elevator Co. Ltd.	143	409
Other long-term financial assets	122	138
Total long-term financial assets	378	805

The participation in Hyundai Elevator Co. Ltd. has no longer been classified as an associate since 2011. Instead, it is treated as a long-term financial asset that is available for sale. As of December 31, 2013, Schindler held a 30.9% participation in the company (previous year: 35.0%).

In June 2013, Hyundai Elevator Co. Ltd. carried out a KRW 97 billion (CHF 82 million) capital increase, which excluded the preemptive rights of existing shareholders. Schindler did not participate in the capital increase.

As a result of the significant decline in the share price of Hyundai Elevator Co. Ltd., an impairment was recognized in June 2013 in respect of Schindler's participation in the company. This and further impairments resulted in financial expenses of CHF 219 million, whereof CHF 155 million were reclassified from other comprehensive income.

21 Deferred taxes

21.1 Net book values

In CHF million	2013	2012
Deferred taxes based on temporary differences		
Current assets	75	72
Property, plant, and equipment	-2	-7
Intangible assets	-98	-102
Provisions	56	74
Employee benefits	78	118
Others	-49	-62
Tax loss carryforwards	6	1
Total net book value	66	94
of which recognized in the balance sheet as deferred tax liabilities	-134	-124
of which recognized in the balance sheet as deferred tax assets	200	218

No material additional tax liabilities due to dividend payments from Group companies are expected.

21.2 Statement of changes in deferred taxes

In CHF million	2013	2012
January 1	94	46
Setup and reversal of temporary differences		
through the income statement	15	2
through other comprehensive income	-38	43
Exchange differences	-5	3
December 31	66	94

21.3 Unrecognized deferred tax assets

In CHF million	2013	2012
Temporary differences	175	267
Tax loss carryforwards	212	181
Total basis	387	448
Unrecognized deferred tax assets	117	115

Deferred tax assets, including assets for unused tax loss carryforwards and expected tax credits, are only recognized if it is probable that future profits will be available against which these assets can be offset for tax purposes. This mainly applies to companies with a history of tax losses and for which no or only a small taxable profit is expected in the future.

21.4 Tax loss carryforwards

In CHF million	2013		2012	
	Loss carry-forwards	Tax effects	Loss carry-forwards	Tax effects
Total	232	63	183	52
Recognized as deferred tax assets	-20	-6	-2	-1
Total unrecognized	212	57	181	51
of which expiring				
within one year	-	-	1	-
in two to five years	33	2	2	-
in more than five years	179	55	178	51

22 Employee benefits

In CHF million	2013			2012		
	Funded	Un-funded	Total	Funded	Un-funded	Total
Switzerland						
Fair value of plan assets	1 713	-	1 713	1 615	-	1 615
Present value of defined benefit obligation	-1 737	-	-1 737	-1 749	-	-1 749
Financial deficit Switzerland	-24	-	-24	-134	-	-134
USA						
Fair value of plan assets	175	-	175	188	-	188
Present value of defined benefit obligation	-189	-46	-235	-242	-52	-294
Financial deficit USA	-14	-46	-60	-54	-52	-106
Other plans						
Fair value of plan assets	191	-	191	189	-	189
Present value of defined benefit obligation	-209	-286	-495	-213	-291	-504
Financial deficit other plans	-18	-286	-304	-24	-291	-315
Total						
Fair value of plan assets	2 079	-	2 079	1 992	-	1 992
Present value of defined benefit obligation	-2 135	-332	-2 467	-2 204	-343	-2 547
Total financial deficit	-56	-332	-388	-212	-343	-555
Present value of other employee benefits	-	-23	-23	-	-22	-22
Total net book value of employee benefits	-56	-355	-411	-212	-365	-577

The Schindler Group has a number of defined benefit plans. Certain plans are managed by legally autonomous institutions. The governing bodies of these institutions have an obligation to act in the interests of the plan participants and are also responsible for the investment strategy. The largest plans are in Switzerland and the USA. Together, they account for 80% (previous year: 80%) of the Group's total defined benefit obligation and 91% (previous year: 91%) of its plan assets.

Post-employment health-care plans are mainly limited to the USA. Other employee benefits comprise termination, jubilee, and other long-term employee benefits.

Pension plans in Switzerland

Pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, legally autonomous entities. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability, and death. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. If a plan is underfunded, different measures can be taken, such as the adjustment of the pension commitment by altering the conversion rates or increasing current contributions. The BVG states how the employer and employees have to jointly fund potential restructurings.

The Swiss pension plan 'Schindler Pension Fund' has the legal structure of a foundation. All actuarial risks are borne by the foundation. They consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries/wages, and the return on plan assets) and are regularly assessed by the Board of Trustees. In addition, an actuarial report is drawn up annually in accordance with BVG requirements. This report is not based on the projected unit credit method. The definitive funded status according to the BVG is determined in the first quarter of the following year. According to estimates, the funded status as of December 31, 2013, was 111% (previous year: 107%, definitive). In addition, an actuarial report is prepared annually in accordance with IFRS requirements.

The Board of Trustees is responsible for investing the plan assets. It defines the investment strategy as often as necessary – especially in the case of significant market developments or changes to the structure of the plan participants – and at least once annually. When defining the investment strategy, it takes account of the foundation's objectives, benefit obligations, and risk capacity. The investment strategy is defined in the form of a long-term target asset structure (investment policy). The aim is to ensure that plan assets and liabilities are aligned in the medium and long term.

The funded plans also include the Schindler Foundation (an extra-mandatory, semi-autonomous management pension plan). This plan for employees in management functions extends the insurance cover provided by the existing pension plan. All actuarial risks are reinsured.

Pension plans in the USA

Schindler Elevator Corporation basically has two defined benefit plans: the 'Schindler Elevator Corporation Retirement Plan' and the 'Postretirement Health-Care Plan'.

Schindler Elevator Corporation Retirement Plan

The retirement plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which defines minimum standards such as the plan's statutory minimum funded status. An actuarial report on the plan is prepared annually in accordance with ERISA requirements. The definitive funded status is determined in the second quarter of the following year. According to estimates, the funded status as of December 31, 2013, was 109% (previous year: 110%, definitive).

Plan participants are insured against the financial consequences of old age, disability, and death. The various insurance benefits are governed by regulations. Contributions to the pension plan are paid entirely by Schindler Elevator Corporation. Pension entitlements are subject to a vesting period of five years and are, to a large extent, insured with the government's Pension Benefit Guaranty Corporation (PBGC). Premiums are paid for this purpose.

The Benefit Administration Committee (BAC) is responsible for the internal structure and supervision of the plan. The BAC consists of qualified employees of Schindler Elevator Corporation, the majority of whom are members of the Executive Board.

The assets are held in a legally autonomous foundation. The Benefits Investment Committee (BIC) is responsible for investing the plan assets. The members of the BIC define the investment strategy, taking the plan's objectives, benefit obligations, and risk capacity into account. If necessary, the investment strategy is adapted in line with the plan's requirements as well as market developments.

The plan was frozen in 2002. No new plan participants have since been accepted. Since 2003, the pension entitlements of employees who were more than 25 years from reaching the normal retirement age at that time were frozen. Instead of this defined benefit plan, a defined contribution plan pursuant to Internal Revenue Code 401(k) is now in place.

Postretirement Health-Care Plan

Schindler Elevator Corporation also has a postretirement health care plan. It is not covered by separately held assets. The pension liability determined on the basis of an actuarial report is recognized in the balance sheet. The benefits are partly funded by plan participants through salary contributions. Like the Retirement Plan, the Postretirement Health-Care Plan was frozen in 2002.

The cost of health-care benefits was CHF 1 million (previous year: CHF 2 million). The impacts of a change in the anticipated cost trends relating to health-care benefits are minimal.

22.1 Cost of defined benefit plans

In CHF million	2013	2012
Service costs		
Current service costs	56	56
Past service costs	-2	-12
Gains/losses from settlements	-	-4
Total service costs	54	40
Net interest on employee benefits	17	17
Total pension expenses recorded in income statement	71	57

Service costs for the current financial year totaled CHF 39 million (previous year: CHF 29 million) for pension plans in Switzerland and CHF 6 million (previous year: CHF 5 million) for pension plans in the USA. Net interest expense for the current financial year totaled CHF 2 million (previous year: CHF 1 million) for pension plans in Switzerland and CHF 4 million (previous year: CHF 4 million) for pension plans in the USA.

Settlements and plan amendments (mainly from changes in conversion rates) were made in various countries in the previous year in order to reduce actuarial risks.

22.2 Remeasurements of employee benefits

In CHF million	2013	2012
Actuarial gains/losses		
Changes in demographic assumptions	-7	-99
Changes in financial assumptions	86	-181
Experience adjustments	4	-
Return on plan assets (excluding interest based on discount rate)	65	89
Total remeasurements recorded in other comprehensive income	148	-191

Remeasurements recorded in other comprehensive income for the current financial year totaled CHF +109 million (previous year: CHF -117 million) for pension plans in Switzerland and CHF +34 million (previous year: CHF -27 million) for pension plans in the USA.

Since 2012, the mortality assumption for the pension plans in Switzerland has been based on the BVG generation table. Prior to that, the BVG periodic tables, including an appropriate longevity margin, were used. The negative result from the changes in demographic assumptions in 2012 is largely due to this adjustment.

22.3 Change in fair value of plan assets

In CHF million	2013	2012
January 1	1 992	1 884
Interest income (based on discount rate)	48	55
Return on plan assets (excluding interest based on discount rate)	65	89
Employee contributions	43	27
Employer contributions	68	51
Benefits paid	-114	-110
Settlements	-14	-3
Exchange differences	-9	-1
December 31	2 079	1 992

22.4 Change in present value of defined benefit obligation

In CHF million	2013			2012		
	Funded	Un-funded	Total	Funded	Un-funded	Total
January 1	-2 204	-343	-2 547	-1 971	-319	-2 290
Service costs	-47	-7	-54	-35	-5	-40
Interest costs	-53	-12	-65	-59	-13	-72
Actuarial gains/losses	73	10	83	-227	-53	-280
Employee contributions	-43	-	-43	-27	-	-27
Benefits paid	114	18	132	110	19	129
Settlements	14	-	14	3	23	26
Exchange differences	11	2	13	2	5	7
December 31	-2 135	-332	-2 467	-2 204	-343	-2 547

22.5 Asset allocation of investments as of December 31

In CHF million	2013			2012		
	Total	CH	USA	Total	CH	USA
Equity instruments	567	425	54	514	383	37
Bonds	455	365	77	544	359	105
Real estate	534	534	-	515	514	-
Hedge funds/Private equity	188	145	40	187	144	36
Cash and cash equivalents	107	102	3	74	60	10
Others	228	143	-	158	155	-
Total	2 079	1 714	174	1 992	1 615	188

The outflow of funds due to pension payments and other obligations can be planned reliably. Contributions are paid regularly to funded pension plans. Furthermore, the various investment strategies take account of the need to guarantee the liquidity of the plan at all times. The Group does not make use of any assets held by pension plans.

Equity instruments represent investments in equity funds and direct investments. They generally have quoted market prices in an active market (level 1 fair value classification).

The pension plans assets do not include any shares or participation certificates of Schindler Holding Ltd.

Bonds generally have a credit rating that is no lower than 'A' and have quoted market prices in an active market (level 1). They comprise investments in funds and direct investments.

Real estate is divided into residential and commercial properties and mainly comprises direct and indirect investments (level 2 or level 3). Real estate that is held directly is valued annually by an independent expert.

Investments in hedge funds and private equity investments serve as alternative asset classes. They are used mainly for risk management purposes. In the case of hedge funds and private equity investments, no quoted market prices in an active market are usually available (level 2 or level 3).

Cash and cash equivalents are invested with financial institutions that have at least an 'A' rating.

The item Others includes commodities, insurance-linked securities, and derivative financial instruments, among others (level 1 – 3). The latter are acquired primarily for the purpose of hedging interest rate risks and translation risks. The use of derivative financial instruments is only permitted if appropriate liquidity or underlying investments are available. Leveraging and short selling is not permitted.

The actual return on plan assets for 2013 was:

- Switzerland: 7% (previous year: 7%)
- USA: 7% (previous year: 11%)

22.6 Plan participants

	Active		Deferred		Retired		Total	
	2013	2012	2013	2012	2013	2012	2013	
Number ¹	18 777	18 946	2 645	2 625	6 741	6 735	28 163	28 306
Present value of defined benefit obligation in CHF million	1 274	1 346	134	156	1 059	1 045	2 467	2 547
Share in %	51.6	52.9	5.4	6.1	43.0	41.0	100.0	100.0
Duration in years	15.1	15.2	14.9	12.7	10.0	9.6	12.8	13.2

¹ Adjusted retrospectively, reported in the Financial Statements 2012: Active 14 822, deferred 2 047, retired 5 016. Total for 2012: 21 885

Duration in years corresponds to the average weighted period.

The following employer contributions are expected for the financial year 2014:

- Switzerland: CHF 42 million
- USA: CHF 8 million
- Other plans: CHF 4 million

22.7 Actuarial assumptions

In %	Switzerland		2013	USA 2012
	2013	2012		
Discount rate	2.30	2.00	5.08	4.26
Increase in salaries/wages	2.00	2.00	4.00	4.00

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. Actuarial assumptions are required for this purpose.

Sensitivities of significant actuarial assumptions

The discount rate and the future increase in salaries/wages were identified as significant assumptions. The following impacts on the defined benefit obligation are to be expected:

- A 0.25% increase/decrease in the discount rate would lead to a decrease/increase of 3% in the defined benefit obligation.
- A 1.00% increase/decrease in the expected increase in salaries/wages would lead to an increase/decrease of 1% in the defined benefit obligation.

The sensitivity analysis is based on reasonable possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

23 Accounts payable

In CHF million	2013	2012
Supplies and services	562	511
Associated companies	12	15
Social security	48	52
Indirect taxes and capital taxes	114	132
Other accounts payable	64	59
Total accounts payable	800	769

24 Accrued expenses and deferred income

In CHF million	2013	2012
Personnel expenses	392	391
Follow-up work from construction contracts	208	172
Invoiced service contracts	327	327
Other accrued expenses and deferred income	300	284
Total accrued expenses and deferred income	1 227	1 174

25 Financial debts

25.1 Current financial debts

In CHF million	2013	2012
Overdrafts	22	41
Liabilities to related parties	112	76
Current portion of non-current financial debts		
of bank loans	35	14
of financial leases	2	2
0.375% exchangeable bond 2013–2017, nominal CHF 218 million	224	–
0.625% bond 2011–2014, nominal CHF 200 Mio.	199	–
Total current financial debts	594	133

The 0.375% exchangeable bond issued in June 2013 has an issuance volume of CHF 218 million and a maturity of four years. The bond can be exchanged for shares of ALSO Holding AG at a price of CHF 60.24 per share at any time during the term of the instrument. It is recognized as a current financial liability at fair value through profit or loss. The Schindler Group holds a 28.4% participation in ALSO Holding AG. This participation is still recognized as an associate (see note 19).

The exchangeable bond is listed on the SIX SIS Ltd. in the main register. Quoted prices in an active market are available at all times. The market price of the bond was 103% at year-end. The resulting accounting loss had an impact of CHF 6 million on the financial result. In the current reporting year, CHF 0 million (cumulative amount: CHF 0 million) of this amount is attributable to changes in own credit risk. The difference between the carrying amount at year-end and the amount to be repaid at the end of the term to maturity is CHF 6 million.

25.2 Non-current financial debts

In CHF million	2013	2012
0.625% bond 2011–2014, nominal CHF 200 million	–	199
1.250% bond 2011–2016, nominal CHF 400 million	398	397
Finance leases	7	7
Other non-current financial debts	8	18
Total non-current financial debts	413	621
of which CHF portion	97%	96%

The individual Group companies complied with all debt covenants.

25.3 Maturity and average interest rate on financial debts

In CHF million	2013		2012	
	Book values	Effective interest rate in %	Book values	Effective interest rate in %
Within one year	594	1.5	133	2.4
In two to five years	413	1.4	619	1.2
More than five years	–	–	2	3.9
Total financial debts	1 007	1.5	754	1.5

26 Provisions

In CHF million	Loss-making jobs	Restructuring costs	Product liabilities and warranties	Self-insurance	Others	Total
Current provisions	19	16	62	9	5	111
Non-current provisions	5	26	182	56	71	340
Total provisions	24	42	244	65	76	451

Statement of changes

January 1, 2013	22	54	273	84	82	515
Setup	27	25	48	14	6	120
Increase in present value	–	–	4	3	–	7
Usage	–24	–36	–70	–28	–10	–168
Reversal	–1	–1	–7	–	–1	–10
Exchange differences	–	–	–4	–8	–1	–13
December 31, 2013	24	42	244	65	76	451

Provisions for loss-making jobs are recorded to cover losses contained in the order backlog. The provisions are calculated on the basis of pre-calculations and past experience. Orders are usually completed within 9 to 24 months. The provisions are reversed as each order progresses.

The restructuring activities stemming from the LEAP (Leading in Execution and Accelerating Performance) package of measures were completed in 2013, as planned. Provisions for restructuring expenses in the reporting year were recorded primarily as a result of lower levels of demand in Southern Europe.

Provisions for product liability claims are based on actuarial calculations by independent experts for cases that are expected to occur or have already occurred but are not yet resolved. The provisions are used as the payments are made. They may extend over a period of up to 10 years following the occurrence of damages. The provisions for product liability claims are subject to a degree of uncertainty with regard to timing and the amount to be paid. In the reporting year, various larger product liability cases were concluded and settled. Warranty provisions cover the risk of expenses that are expected to occur before the warranty period expires. The provisions are calculated on the basis of past experience.

The provisions for self-insurance mainly cover risks that are not, or not sufficiently, covered by local or state insurance in individual countries. These provisions are based on actuarial reports. They may extend over a period of up to 10 years following the occurrence of damages. The provisions are subject to a certain degree of uncertainty with regard to timing as well as the amount to be paid.

Other provisions cover further country-specific risks relating to individual Group companies such as litigation, as well as direct and indirect taxation. Other provisions are normally used within five years.

27 Equity

27.1 Share capital

	31.12.2013	31.12.2012
Number of shares	70 887 645	71 440 056
Nominal value in CHF	0.10	0.10
Share capital in CHF	7 088 765	7 144 006

27.2 Participation capital

	31.12.2013	31.12.2012
Number of participation certificates	46 171 909	46 894 800
Nominal value in CHF	0.10	0.10
Participation capital in CHF	4 617 191	4 689 480

The share capital and the participation capital were reduced in 2012 and 2013.

27.3 Treasury shares

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2012	1 388 971	114	2 543 219	251
Cancellation	-336 644	-35	-1 714 600	-169
Purchase	700 858	77	842 891	91
Sale	-12 012	-1	-47 691	-6
Share-based payments				
Disposal of shares and PC	-	-	-46 248	-5
Exercising of options and Performance Share Units	-602 892	-39	-21 768	-2
Difference in value due to disposal and exercise		-8		1
December 31, 2012	1 138 281	108	1 555 803	161
Cancellation	-552 411	-60	-722 891	-78
Purchase	2 876 249	373	1 338 929	174
Sale	-5 560	-1	-	-
Share-based payments				
Disposal of shares and PC	-39 394	-5	-	-
Exercising of options and Performance Share Units	-131 748	-8	-217 968	-19
Difference in value due to disposal and exercise		-2		-4
December 31, 2013	3 285 417	405	1 953 873	234
Reserved shares and participation certificates for participation plans	666 724		691 454	

See note 15.2 Financial Statements of Schindler Holding Ltd. for further details.

27.4 Other reserves

In CHF million	Exchange differences	Hedging transactions	Available-for-sale financial assets	Share of other comprehensive income of associated	Share premium	Treasury shares	Total
January 1, 2012	-659	-	50	-	311	-365	-663
Unrealized changes in fair value		-4	-16	-			-20
Taxes on unrealized changes in fair value			22				22
Realized/reclassified changes in fair value		2	-	-			2
Taxes on realized/reclassified changes in fair value		-	-				-
Unrealized change in translation of foreign currency	-42						-42
Cancellation of treasury shares						204	204
Additions/disposals of treasury shares						-108	-108
December 31, 2012	-701	-2	56	-	311	-269	-605
Unrealized changes in fair value		2	-194	-			-192
Taxes on unrealized changes in fair value			-1				-1
Realized/reclassified changes in fair value		7	155	-			162
Taxes on realized/reclassified changes in fair value		-	-				-
Unrealized change in translation of foreign currency	-49						-49
Cancellation of treasury shares						138	138
Additions/disposals of treasury shares						-508	-508
December 31, 2013	-750	7	16	-	311	-639	-1 055

28 Business combinations

In 2012 and 2013, Schindler acquired the business activities or all the shares of various smaller companies that sell, install, modernize, and maintain elevators and escalators. Even viewed collectively, these acquisitions are not significant. In total, CHF 13 million (previous year: CHF 21 million) was used for business combinations and payments of deferred purchase consideration related to business combinations of previous years.

29 Off-balance sheet transactions

29.1 Contingent liabilities

In CHF million	2013	2012
Guarantees in favor of third parties	47	51

Guarantees are reported as contingent liabilities and are only recognized as a provision if an outflow of resources embodying economic benefits is likely to occur.

As an internationally active group, Schindler is exposed to a variety of legal risks. In particular, they may include risks associated with employment law, product liability, patent law, tax law, and competition law. Several Group companies are involved in legal proceedings. The results of pending or future proceedings cannot be accurately forecast. Consequently, decisions by courts or other authorities can give rise to expenses that are not covered either partly or fully by insurance policies. This may have a significant impact on the business and future results.

The decision by the European Commission on February 21, 2007, regarding fines under competition law, as well as the decision by the Higher Regional Court in Vienna on December 14, 2007, to impose fines, resulted in civil damage claims against Schindler companies and other elevator companies being lodged with courts in Belgium, the Netherlands, and Austria. The total capital amount claimed jointly and severally from all the defendants involved in the proceedings – in which Schindler companies are involved as defendants – was CHF 298 million at the end of 2013 (previous year: CHF 264 million). The Schindler companies in question consider the claims to be without merit. Consequently, no provisions have been recorded.

29.2 Other unrecognized obligations

In CHF million	2013	2012
Irrevocable payment commitments resulting from contracts not recognized in the balance sheet	45	108

29.3 Maturity of rental and lease payments

In CHF million	2013		2012	
	Real estate	Other operating leasing	Real estate	Other operating leasing
Within one year	29	69	27	66
In two to five years	57	137	53	129
More than five years	21	19	17	16
Total payments	107	225	97	211

Other operating leasing mainly comprises vehicles, as well as equipment and machinery.

30 Financial risk management

30.1 Principles for risk management

As a globally active group, Schindler is exposed to a variety of general and industry-specific risks. To enable important business decisions to be reached, Schindler conducts comprehensive analyses to identify potential risks and then assesses those risks.

Risk management is an integral part of the planning and execution of Schindler's business strategy. Its risk policy is therefore defined by the Board of Directors, the Supervisory and Nomination Committee, and the Group Executive Committee. The risk policy is intended to promote sustainable growth and to increase the value of the business.

Schindler uses various risk management and control systems to anticipate, measure, monitor, and address risks. The Group Executive Committee and the Audit Committee review the appropriateness of the risk management and internal control systems at regular intervals – or immediately if unexpected risks arise – and changes are made if necessary. The Board of Directors, the Supervisory and Nomination Committee, and the Group Executive Committee are informed promptly about material risks.

The most significant financial risks to which the Group is exposed are credit, liquidity, and market risks. These risks are managed by Group Treasury based on principles and guidelines determined annually by the Board of Directors.

30.2 Credit risks

Credit risk is the risk that a financial loss may arise if a counterparty is unable or unwilling to fulfill its contractual payment obligations. Credit risk not only comprises the immediate risk of default but also the risk of a credit rating downgrade, together with the potential occurrence of cluster risks. The maximum credit risk comprises the carrying amounts of the financial assets and guarantees.

30.2.1 Cash and cash equivalents, marketable securities, and long-term financial assets

The Group's risk policy stipulates that a major proportion of cash and cash equivalents must be invested in broadly diversified counterparties with a low default risk. Consequently, cash and cash equivalents are invested mainly in time deposits and in

high-quality, low-risk liquid securities issued by financial institutions that fulfill certain minimum requirements in terms of their credit ratings.

The Schindler Group makes various other investments that are classified either as marketable securities or long-term financial assets. Marketable securities mainly comprise secure investments in the form of bonds and time deposits. In addition to shares, long-term financial assets mainly comprise fixed-rate bonds and other investment-grade securities.

The Group is exposed to losses from credit risks if financial institutions and issuers of securities do not fulfill their obligations. To actively manage its credit risk, the Group has defined limits for the volume of assets that may be held with any one financial institution. In addition, the Group regularly reviews the credit ratings of the different financial institutions and the assets held there based on credit default swaps and the ratings issued by Standard & Poor's, Moody's, or Fitch. Creditworthiness is categorized using the following ratings:

- AAA Default risk practically zero
- AA Secure investment but minor risk of default
- A Secure investment provided no unforeseen circumstances impair overall economy or industry
- <A Mainly investments for which no public rating exists (Swiss cantonal banks)

2013

In CHF million	Rating			Total					
	AAA %	AA %	A %		<A %				
Cash and cash equivalents	600	27	558	25	690	31	380	17	2 228
Marketable securities ¹	50	12	50	13	34	9	266	66	400
Long-term financial assets ¹	71	45	–	–	19	12	69	43	159
Total	721	26	608	22	743	27	715	25	2 787

¹ Excluding equity instruments

2012

In CHF million	Rating			Total					
	AAA %	AA %	A %		<A %				
Cash and cash equivalents	419	19	839	39	509	23	411	19	2 178
Marketable securities ¹	100	23	30	7	124	28	182	42	436
Long-term financial assets ¹	104	29	48	13	58	16	155	42	365
Total	623	21	917	31	691	23	748	25	2 979

¹ Excluding equity instruments

30.2.2 Trade accounts receivable

In view of Schindler's large customer base and global presence, the likelihood of cluster risks occurring in trade receivables is limited. The payment terms and outstanding receivables are regularly monitored at a local level by Group companies. The progress payments made by customers provide additional security.

30.3 Liquidity risks

The Schindler Group maintains a substantial liquidity reserve in the form of cash and cash equivalents in order to ensure its solvency and financial flexibility at all times. The Group's creditworthiness also allows it to make efficient use of the international financial markets for financing purposes, if necessary.

Financial liabilities: carrying amounts and cash outflows

2013

In CHF million	Carrying amounts	Total	Cash outflows		
			up to 1 year	2 to 5 years	more than 5 years
Accounts payable	-638	-638	-638	-	-
Financial debts	-774	-796	-373	-423	-
Finance lease liabilities	-9	-10	-2	-7	-1
0.375% exchangeable bond 2013–2017, nominal CHF 218 million	-224	-219	-219	-	-
Other financial liabilities	-680	-680	-680	-	-
Derivatives					
Cash inflows		2 076	1 858	218	-
Cash outflows		-2 055	-1 837	-218	-
Net	21	21	21	-	-
Total	-2 304	-2 322	-1 891	-430	-1

2012

In CHF million	Carrying amounts	Total	Cash outflows		
			up to 1 year	2 to 5 years	more than 5 years
Accounts payable	-585	-585	-585	-	-
Financial debts	-745	-772	-142	-622	-8
Finance lease liabilities	-9	-10	-2	-6	-2
Other financial liabilities	-657	-657	-657	-	-
Derivatives					
Cash inflows		2 047	1 852	195	-
Cash outflows		-2 047	-1 852	-195	-
Net	-	-	-	-	-
Total	-1 996	-2 024	-1 386	-628	-10

This information is based on contractually agreed, i.e. undiscounted, coupon payments, and redemption payments.

With the exception of coupon payments, the 0.375% exchangeable bond is not expected to result in outflows of cash but rather in a delivery of ALSO shares during its term to maturity. This delivery may already take place next year and could therefore result in an outflow of financial assets. If the bond is not exchanged for ALSO shares, it is planned that it will be redeemed in full on June 5, 2017. The coupon payments amount to less than CHF 1 million per year.

30.4 Market risks

In the course of its normal business activities, the Group is exposed to market risks arising mainly from changes in interest rates, foreign currency exchange rates, and the share prices of quoted securities. They can have a material impact on the Group's financial position, results of operations, and cash flows.

The Group's assets and liabilities associated with pension plans are not included in the following quantitative and qualitative information.

30.4.1 Risk measurement and management

The Group-wide management of market risks is one of the main responsibilities of Group Treasury and is monitored by the Supervisory and Nomination Committee and the Finance Committee. The Finance Committee is composed of internal experts who are not members of the Board of Directors. If necessary, risks are managed using derivative financial instruments such as foreign currency contracts or interest rate swaps.

Sensitivity analyses are performed to assess the effects of different conditions in the market. These analyses enable risk positions to be evaluated on a Group-wide basis. They provide an approximate measurement of the risk that can arise based on specific assumptions in the event of isolated changes to individual parameters of a defined amount. The actual impacts on the statement of comprehensive income may differ substantially depending on how the market develops.

30.4.2 Interest rate risks

Interest rate risks result from changes in interest rates that can negatively affect the Group's financial position, results of operations, and cash flows. Fluctuations in interest rates lead to changes in the interest income and interest costs of variable interest-bearing assets and liabilities. The fair value of the bond that can be exchanged for ALSO shares is also impacted by changes in interest rates. The resulting fluctuations in value are recognized in the financial result.

The Schindler Group has a strong positive net cash position. Interest rate risks therefore mainly relate to the income side. The risk arising from financial liabilities is limited since the relevant interest rates are mainly fixed.

The principal currencies in which Schindler is exposed to interest rate risks are the Swiss franc, the euro, the US dollar, the Brazilian real, and the Chinese renminbi.

The Supervisory and Nomination Committee defines the target structure of fixed and variable interest-bearing financial liabilities. Local short-term interest rate risks are not usually hedged by the operating companies. Taking account of the existing and planned debt structure, Group Treasury uses interest rate derivatives where necessary to align the interest rate structure of financial liabilities to the structure defined by the Supervisory and Nomination Committee.

Risks from changes in interest rates are modeled using sensitivity analyses that demonstrate the effects of changes in market interest rates on interest expense and interest income. If market interest rates as of December 31, 2013, had been 100 basis points higher/lower, net financial income would have been CHF 20 million higher/lower (previous year: CHF 22 million higher/lower).

30.4.3 Foreign currency risks

Foreign currency risks can be divided into transaction and translation risks. These risks can influence the Group's financial position, results of operations, and cash flows reported in Swiss francs.

The majority of expenses and income from operating activities are incurred in local currencies. Expenses and income in foreign currencies entail transaction risks. To manage these risks, Group-wide guidelines require each Group company to monitor its transaction-related foreign currency risks and to calculate its net exposure in the various currencies. The operating units are required to hedge all transaction risks. Hedging is usually undertaken by Group Treasury or, in specially approved cases, directly with external counterparties. Group Treasury combines the various transaction risks in the same currency and creates natural hedging relationships between individual currencies.

The remaining transaction risks that cannot be netted off within the Group are hedged by Group Treasury as far as possible using currency derivatives from counterparties with good international credit ratings. Schindler thus continuously reduces its transaction-related foreign currency risks from operating units to a minimum so that the Group is not exposed to any material exchange rate risks. Further foreign currency positions may be assumed to optimize the financial results. These transactions are subject to limits defined by the Board of Directors. The Supervisory and Nomination Committee receives monthly updates on risk exposures with the Treasury Report.

Translation risks arise in connection with the translation of the statements of comprehensive income and balance sheets of Group companies in the consolidated financial statements. They are only hedged in exceptional cases.

The operating Group companies are not permitted to speculatively obtain or invest cash in foreign currencies. The Group's internal financing and investments by Group companies are executed in the relevant local currency.

The Group's unhedged net exposures in euros (CHF 2 million, previous year: CHF 0 million) and in US dollars (CHF 7 million, previous year: CHF -2 million) as at year-end are immaterial. The unhedged net positions as at year-end are also representative of the main risks to which the Group was exposed during the year.

The following sensitivity analysis discloses the foreign currency risks of the most important currencies (transaction risks, excluding translation risks). Currency risks arising from the forward contracts of finance companies are included in the calculations. If the underlying currency had been 5% stronger/weaker as of December 31, and if all other parameters were unchanged, the effect on comprehensive income would have been as follows (converted to Swiss francs at the closing rate):

	2013		2012	
	Financial result	Other comprehensive income	Financial result	Other comprehensive income
In CHF million	+/-5%	+/-5%	+/-5%	+/-5%
CHF / EUR	+/-11	-	+/-13	-
CHF / USD	+/-9	-	+/-5	-
CHF / KRW	-7	+7	-	-/+20

Currency pairs with an effect of less than CHF +/- 5 million are not disclosed.

30.4.4 Risks related to equity instruments

The Group is exposed to price risks related to equity instruments held by the Group that are classified either as available-for-sale or at fair value through profit and loss. Investments in equity instruments are made on an individual basis upon the instruction of the Supervisory and Nomination Committee, the Finance Committee, or Group Treasury.

Schindler has investments in equity instruments totaling CHF 335 million (previous year: CHF 452 million). The participation in Hyundai Elevator Co. Ltd. accounts for the major proportion of these investments (CHF 143 million, previous year: CHF 409 million). They also include shares and alternative investments. The corresponding price risks relate to price changes, which can negatively impact the Group's financial position, results of operations, and cash flows.

If the prices of the various equity instruments as of December 31, 2013, had been 10% higher/lower, net financial income would have been CHF 6 million higher/CHF 20 million lower (previous year: CHF 1 million higher/lower). Other comprehensive income would have been CHF 28 million higher/CHF 14 million lower (previous year: CHF 44 million higher/lower).

30.5 Capital management

The Group's capital management activities mainly serve to maintain its strong credit rating and robust key performance indicators in order to support its operational activities and increase shareholder value. The capital structure is adapted in line with changing requirements. Measures that can be taken include changes to dividend payments, the repayment of capital to owners in the form of a repurchase program, or the issuing of new shares.

The gearing ratio serves as a guideline for capital management. The ratio of net liabilities to total capital is monitored continuously.

In CHF million	2013	2012
Financial debts	1 007	754
Liabilities	800	769
Cash and cash equivalents	-2 228	-2 178
Net liabilities/assets	-421	-655
Total equity	2 525	2 813
Total capital	2 104	2 158
Gearing ratio (net liabilities as percentage of total capital)	<0%	<0%

No Group companies were subject to minimum capital requirements prescribed by external parties.

31 Financial instruments

2013

In CHF million	Financial assets			Financial liabilities		Total	Total fair values
	at fair value through profit or loss	Loans and receivables	available-for-sale	at fair value through profit or loss	Other financial liabilities		
Cash and cash equivalents		2 228				2 228	2 228
Marketable securities	9	255	252			516	516
Accounts receivable		1 384				1 384	1 384
Prepaid expenses and accrued income	33	90				123	123
Long-term financial assets	46	141	191			378	378
Accounts payable					638	638	638
Financial debts				224	783	1 007	1 020
Accrued expenses and deferred income				12	680	692	692
Total	88	4 098	443	236	2 101		
Changes recorded through profit or loss							
Interest income/expense	-	15	17	-	-23	9	
Net income from securities	3			-6		-3	
Impairment of receivables		-28				-28	
Hyundai Elevator Co. Ltd. impairment			-219			-219	
Total	3	-13	-202	-6	-23	-241	
Changes recognized in other comprehensive income							
Changes in fair value			-194			-194	
realized through/reclassified to income statement			155			155	
Total	-	-	-39	-	-	-39	
Total recorded in comprehensive income	3	-13	-241	-6	-23	-280	

2012

In CHF million	Financial assets			Financial liabilities		Total	Total fair values
	at fair value through profit or loss	Loans and receivables	available-for-sale	at fair value through profit or loss	Other financial liabilities		
	held for trading			held for trading			
Cash and cash equivalents		2 178				2 178	2 178
Marketable securities	23	246	179			448	448
Accounts receivable	19	1 316				1 335	1 335
Prepaid expenses and accrued income	22	94				116	116
Long-term financial assets	46	148	611			805	805
Accounts payable				–	585	585	585
Financial debts					754	754	754
Accrued expenses and deferred income				18	657	675	675
Total	110	3 982	790	18	1 996		
Changes recorded through profit or loss							
Interest income/expense	–	20	15		–19	16	
Net income from securities	4		–	–		4	
Impairment of receivables		–14				–14	
Total	4	6	15	–	–19	6	
Changes recognized in other comprehensive income							
Changes in fair value realized through/reclassified to income statement			–16			–16	
Total	–	–	–16	–	–	–16	
Total recorded in comprehensive income	4	6	–1	–	–19	–10	

31.1 Fair value levels

Level 1: Fair values for which quoted prices in active markets are available.

Level 2: Fair values determined on the basis of observable market data. The data must take account of either quoted prices in inactive markets or prices that are not quoted. Furthermore, such fair values can also be derived indirectly from prices.

Level 3: Fair values that are determined on the basis of unobservable market data.

The fair value levels for the balance sheet items cash and cash equivalents, accounts receivable, prepaid expenses and accrued income/accrued expenses and deferred income, and accounts payable that are not measured at fair value are not disclosed separately since their carrying amounts represent a reasonable approximation in view of the short-term nature of these financial instruments.

2013

In CHF million	Level 1	Level 2	Level 3	Total fair values
Financial assets				
at fair value through profit or loss				
Marketable securities	9	–	–	9
Accounts receivable	–	–	–	–
Prepaid expenses and accrued income	–	33	–	33
Long-term financial assets	46	–	–	46
available-for-sale				
Marketable securities	252	–	–	252
Long-term financial assets	176	–	15	191
Financial liabilities				
at fair value through profit or loss				
Accounts payable	–	–	–	–
Financial debts	224	–	–	224
Accrued expenses and deferred income	–	12	–	12
Other disclosed fair values				
Financial assets				
Marketable securities	–	255	–	255
Long-term financial assets	–	141	–	141
Financial liabilities				
Financial debts	610	8	–	618

2012

In CHF million	Level 1	Level 2	Level 3	Total fair values
Financial assets				
at fair value through profit or loss				
Marketable securities	12	11	–	23
Accounts receivable	–	19	–	19
Prepaid expenses and accrued income	–	22	–	22
Long-term financial assets	46	–	–	46
available-for-sale				
Marketable securities	168	11	–	179
Long-term financial assets	596	–	15	611
Financial liabilities				
at fair value through profit or loss				
Accounts payable	–	–	–	–
Accrued expenses and deferred income	–	18	–	18

There was no transfer between level 1 fair value and level 2 and no transfers into or out of level 3 during the reporting period (previous year: no transfer between the different levels).

The following methods and assumptions were applied to determine the fair value of the individual items:

- Marketable securities: The equity instruments and bonds are traded primarily in active markets and quoted prices are available. Level 2 mainly comprises time deposits with a residual maturity of 3 to 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other risk factors.
- Long-term financial assets: The equity instruments and bonds are traded primarily in active markets and quoted prices are available. Level 2 mainly comprises time deposits with a residual maturity of over 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other risk factors.
- Financial debts: The bonds and the exchangeable bond that were issued are traded in active markets; quoted prices are available. Level 2 mainly comprises bank loans.
- Derivatives: Derivatives are included in the items prepaid expenses and accrued income as well as accrued expenses and deferred income (level 2). The Schindler Group holds derivative financial instruments such as foreign currency contracts and interest rate swaps. These contracts are generally entered into with financial institutions that have an investment-grade credit rating (usually at least an 'A' rating). The value of foreign currency contracts is measured on the basis of observable spot rates and yield curves using the discounted cash flow method. The value of interest rate swaps is measured on the basis of observable forward rates using the present value method. Schindler's own risk of default and that of counterparties are taken into account when measuring the value of derivatives.

Level 3 financial instruments mainly comprise hedge funds and private equity investments. The value is based on external valuations.

31.2 Reconciliation of fair values of level 3 financial instruments

In CHF million	2013	2012
Long-term financial assets		
January 1	15	15
Change in value recognized in other comprehensive income	1	–
Disposal	–1	–
December 31	15	15

31.3 Derivative assets and liabilities

In CHF million	2013			2012		
	Fair value of assets	Fair value of liabilities	Nominal amount	Fair value of assets	Fair value of liabilities	Nominal amount
Held for trading						
Interest instruments	–	–	61	–	4	61
Currency instruments	29	12	1 822	22	18	1 781
Others	–	–	–9	–	–	16
Total held for trading	29	12	1 874	22	22	1 858
Fair value hedges						
Currency instruments	–	–	14	–	–	31
Total fair value hedges	–	–	14	–	–	31
Cash flow hedges						
Currency instruments	4	–	155	1	1	136
Total cash flow hedges	4	–	155	1	1	136

32 Pledged assets

In CHF million	2013	2012
Marketable securities	10	10
Accounts receivable	15	12
Inventories	2	2
Property, plant, and equipment	7	6
Long-term financial assets	18	–
Total pledged assets	52	30

Pledged assets serve as security for the Group's own liabilities.

33 Segment reporting

The Elevators & Escalators segment comprises an integrated business that specializes in the production and installation of new elevators and escalators, as well as the modernization, maintenance, and repair of existing installations. The segment is managed as a global unit.

The column Finance comprises the expenses of Schindler Holding Ltd., as well as centrally managed financial assets and financial liabilities that have been entered into for Group financing purposes.

In addition to segment information, other selected information is published as part of a voluntary continuing disclosure.

Since internal and external reporting is based on the same accounting principles, there is no need to reconcile the management reporting figures to the financial reporting figures. The segment's operating profit can therefore be reconciled to the Group's profit before taxes based on the figures reported in the consolidated income statement.

33.1 Segment information

2013

In CHF million	Group	Finance	Elevators & Escalators	Additional information on the segment			
				Europe	North, Central, and South America	Asia, Australia, Africa	Eliminations
Revenue from third parties	8 813	–	8 813	3 981	2 496	2 336	–
Revenue from other regions	–	–	–	305	11	148	–464
Total revenue	8 813	–	8 813	4 286	2 507	2 484	–464
Operating profit	896	–36	932				
Additions of property, plant, and equipment, and intangible assets	269	–	269	130	69	70	–
Total depreciation and amortization	120	–	120	60	31	29	–
of which impairment	–	–	–	–	–	–	–
Income from associates	44	16	28				
Assets	7 797	2 201	5 596	2 370	1 256	1 970	–
Associated companies	334	188	146				
Liabilities	5 272	971	4 301	2 092	989	1 220	–

2012

In CHF million	Group	Finance	Elevators & Escalators	Additional information on the segment			
				Europe	North, Central, and South America	Asia, Australia, Africa	Eliminations
Revenue from third parties	8 258	–	8 258	3 817	2 400	2 041	–
Revenue from other regions	–	–	–	259	10	125	–394
Total revenue	8 258	–	8 258	4 076	2 410	2 166	–394
Operating profit	990	–39	1 029				
Additions of property, plant, and equipment, and intangible assets	168	–	168	65	40	63	–
Total depreciation and amortization	119	–	119	58	34	27	–
of which impairment	–	–	–	–	–	–	–
Income from associates	15	14	1				
Assets	7 822	2 804	5 018	2 213	1 316	1 489	–
Associated companies	303	176	127				
Liabilities	5 009	708	4 301	2 206	1 097	998	–

33.2 Geographical information

In CHF million	2013			2012		
	Switzerland	Other countries	Group	Switzerland	Other countries	Group
Revenue from third parties	902	7 911	8 813	888	7 370	8 258
Non-current assets ¹	496	1 235	1 731	450	1 179	1 629

¹ Excluding long-term financial assets, deferred taxes, and employee benefits

34 Share-based payments

34.1 Structure

34.1.1 Performance and Bonus Share Plan

In 2013, the Performance Share Plan and the Bonus Share Plan replaced the Capital Participation Plans 2000/2003. The Performance Share Plan is offered to the Supervisory and Nomination Committee and the Bonus Share Plan is offered to the Group's management. The Bonus Share Plan applies to around 500 employees. The Board of Directors decides each year whether registered shares or participation certificates of Schindler Holding Ltd. are allocated under the plans, as well as determining the specific features of each plan (including the number of shares and the applicable terms of exercise) and the beneficiaries.

The shares and participation certificates awarded under the plans are transferred to the ownership of the employees once the vesting conditions have been met. All associated rights also immediately pass to the beneficiaries. However, the shares and participation certificates are blocked for a period of three years, during which they may not be disposed of.

No options are allocated under these plans.

34.1.2 Capital Participation Plans 2000/2003

The plans each consisted of a share plan and an option plan.

The shares and participation certificates granted under the plans were transferred to the ownership of employees once the vesting conditions had been met and include all of the associated rights. However, they are blocked for a period of three years, during which they may not be disposed of.

In April 2013, options were granted under the Capital Participation Plans for the last time. After three years, they will be transferred to the unrestricted ownership of the beneficiaries, provided they have remained with the company throughout this period. An exercise period of six years will subsequently apply.

34.1.3 Deferred Share Plan

The Deferred Share Plan replaced the Long Term Incentive Plan in 2012. It applies to members of the Group Executive Committee and to the executive member of the Board of Directors who is not a member of the Supervisory and Nomination Committee.

The granting of Performance Share Units under the Deferred Share Plan is determined by the Board of Directors at its own discretion. Each performance share unit gives the beneficiary the right to a still-to-be-determined number of shares or participation certificates of Schindler Holding Ltd. The number of shares or participation certificates depends on the achievement of certain objectives.

Under the terms of the Deferred Share Plan, certain individual strategic business objectives (referred to as break-through objectives) have to be achieved. The objectives that apply to the executive member of the Board of Directors who is not a member of the Supervisory and Nomination Committee and to the CEO are defined by the Chairman of the Board of Directors. The objectives that apply to the other members of the Group Executive Committee are defined by the CEO. The extent to which the objectives have been achieved is determined after the end of the financial year (performance period), by the Chairman of the Board of Directors or the CEO – depending on the group of beneficiaries concerned. Based on the extent to which they have been achieved, the Performance Share Units are allocated with a conversion rate of between 0 and 1.5.

The conversion of the Performance Share Units into shares or participation certificates takes place two years after the completion of a one-year performance period in April, provided the employees have not previously left the company or violated the regulations set out in the Schindler Code of Conduct. The shares or participation certificates are then transferred to the ownership of the beneficiaries, who are free to dispose of them from that date.

No options are granted under the Deferred Share Plan.

The Performance Share Units 2011, which were granted under the Long Term Incentive Plan in 2011, give the beneficiaries the right to receive participation certificates of Schindler Holding Ltd. The conversion of the Performance Share Units 2011 into participation certificates will take place in April 2014. The participation certificates will then be transferred to the ownership of the beneficiaries, who are free to dispose of them from that date provided they have not previously left the company or breached the regulations set out in the Schindler Code of Conduct.

34.2 Measurement and recording

34.2.1 Performance and Bonus Share Plan

The expenses relating to the 89 046 registered shares, that will be allocated in April 2014 for the reporting year 2013, are included in personnel expenses. An adjustment to reflect the number of registered shares actually allocated will be made in April 2014.

34.2.2 Capital Participation Plans 2000/2003

An adjustment was recorded in personnel expenses for the registered shares allocated in April 2013 to reflect the final number (39 394, previous year: 46 248 participation certificates) of registered shares (fair value per registered share: CHF 136.10, previous year: CHF 117.40 per participation certificate).

Valuation of options

	2013	2012
Price in CHF (2013: registered shares, 2012: participation certificate)	136.10	117.40
Exercise price in CHF	137.84	108.20
Volatility	15.7%	25.9%
Risk-free interest rate	0.2%	0.3%
Dividend rate	2.0%	2.4%
Exit rate	5.0%	5.0%
Conversion rate for exercising of options	1.10	1.25
Duration	9 years	9 years
Vesting period	3 years	3 years
Fair value in CHF	13.15	24.95

The options were valued using the Hull-White model, which allows to take specific characteristics of employee options into account. The fair value of the options is charged to personnel expenses over three years (vesting period).

Volatility was calculated on the basis of the historical volatility of the participation certificate/share price over a period of one year prior to the date of valuation.

34.2.3 Deferred Share Plan

Under the Deferred Share Plan, 46 060 (previous year: 59 610) Performance Share Units were allocated based on the achievement of individual objectives. The resulting personnel expenses are recognized over the 40 months vesting period. The fair value of CHF 124.12 (previous year: CHF 102.92) corresponds to the price of the registered share at the grant date less the present value of the expected dividends over the vesting period. This amount is multiplied by the number of registered shares that is expected to be allocated to the recipients of the Performance Share Units.

34.2.4 Long Term Incentive Plan

29 655 Performance Share Units were granted for the last time under the Long Term Incentive Plan in 2011. The personnel expenses that have to be recognized – based on the same calculation criteria as for the Deferred Share Plan (note 34.2.3) – resulted in a fair value of CHF 103.86 for each Performance Share Unit on participation certificates in 2011. In April 2013, the Performance Share Units granted under the Long Term Incentive Plan 2010 were converted into participation certificates at a conversion rate of 3.

34.3 Option conditions on shares and participation certificates of Schindler Holding Ltd.

34.3.1 Capital Participation Plans

	2013	2012	2011	2010	2009	2008	2007	2006
Options granted		162 002	222 621	207 896	464 175	357 092	160 711	138 376
Exercised/expired in previous years		-487	-13 693	-20 543	-260 089	-239 553	-124 423	-118 790
Outstanding as of January 1, 2013		161 515	208 928	187 353	204 086	117 539	36 288	19 586
Options granted	138 012	-	-	-	-	-	-	-
Options exercised/expired	-259	-7 118	-9 561	-67 943	-56 381	-21 402	-9 978	-5 548
Options redeemed	-	-	-	-	-	-	-	-
Balance as of December 31, 2013	137 753	154 397	199 367	119 410	147 705	96 137	26 310	14 038
Exercisable	-	-	-	119 410	147 705	96 137	26 310	14 038
Entitles holder to purchase	Shares	PC	PC	PC	Shares	Shares	Shares	Shares
Exercise price	137.84	108.20	85.10	53.60	56.40	80.90	56.20	48.80
Vesting period ends	30.04.2016	30.04.2015	30.04.2014	30.04.2013	30.04.2012	30.04.2011	30.04.2010	30.04.2009
Exercise period ends	30.04.2022	30.04.2021	30.04.2020	30.04.2019	30.04.2018	30.04.2017	30.04.2016	30.04.2015
Allocation ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Weighted stock exchange								
price on exercise in 2012		125.25	111.75	111.50	117.15	115.60	115.75	114.60
Weighted stock exchange								
price on exercise in 2013		137.15	137.77	137.34	135.55	133.98	134.93	133.15

34.3.2 Long Term Incentive Plan

	2011	2010	2009	2008
Options granted	104 854	107 739	314 783	155 311
Exercised/expired in previous years	-	-8 876	-126 867	-130 874
Outstanding as of January 1, 2013	104 854	98 863	187 916	24 437
Options exercised/expired	-	-15 398	-35 150	-3 289
Balance as of December 31, 2013	104 854	83 465	152 766	21 148
Exercisable	-	83 465	152 766	21 148
Entitles holder to purchase	PC	PC	Shares	Shares
Exercise price	124.80	85.10	56.40	78.90
Vesting period ends	30.04.2014	30.04.2013	30.04.2012	30.04.2011
Exercise period ends	30.04.2020	30.04.2019	30.04.2018	30.04.2017
Allocation ratio	1:1	1:1	1:1	1:1
Weighted stock exchange price on exercise in 2012			119.35	115.80
Weighted stock exchange price on exercise in 2013		128.75	139.23	136.20

The Long Term Incentive Plan was replaced by the Deferred Share Plan in 2012. No options were granted under the new Deferred Share Plan.

34.4 Allocation to the Board of Directors and Group Executive Committee

	2013	2012
Registered shares/participation certificates of Schindler Holding Ltd.	3 624	3 465
Performance Share Units	46 060	59 610
Options on registered shares/participation certificates (Capital Participation Plan 2000)	12 684	12 129

35 Related parties

Schindler Holding Ltd., Hergiswil, Switzerland, is the ultimate holding company and is not controlled by any other company.

At December 31, 2013, the Schindler and Bonnard families, together with parties related to these families, had a shareholders' agreement under which they held 47 720 376 registered shares (previous year: 50 077 828) of Schindler Holding Ltd. This corresponds to 67.3% (previous year: 70.1%) of the voting rights of the share capital entered in the Commercial Register.

All business transactions with related parties were conducted at arm's length. Goods and services transactions are based on prices that apply to third parties. General terms and conditions also apply. The fees charged for management and other central services are charged on the basis of costs plus a margin that is in line with market rates. No unusual transactions were executed involving major shareholders or any other related parties.

As at the balance sheet date, the Schindler Group had an unused financing commitment toward ALSO Holding AG of CHF 25 million (previous year: CHF 100 million).

The transactions with associates and other related parties consist of the following:

Associates

In CHF million	2013	2012
Billings	57	45
Material and operating expenses	23	24
Receivables and loans	31	19
Liabilities	12	15

Other related parties

In CHF million	2013	2012
Liabilities towards shareholders	112	76
Interest cost	-	-

36 Compensation paid to key management

The aggregate fees and expenses paid to members of the Board of Directors of Schindler Holding Ltd. for their activities as Board members totaled CHF 2.5 million (previous year: CHF 2.1 million).

In addition, the executive members of the Board of Directors and the members of the Group Executive Committee receive a fixed basic compensation as well as performance-related variable compensation.

In CHF million	2013	2012
Salary payments (incl. cash bonuses and lump-sum expenses), fees	23	24
Contributions to pension plans and social benefits	4	4
Long-service awards and other contributions	–	–
Share-based payments	7	8
Total	34	36

The disclosure of compensation and participation plans in accordance with statutory requirements is provided in the financial statements of Schindler Holding Ltd., note 17. Additional disclosures are provided in the Compensation Report.

37 Group companies

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)	
			2013	2012		
Andorra	Andorra	Ascensors de les Valls S.L.	100.0	100.0	13 EUR	●
Argentina	Buenos Aires	Ascensores Schindler S.A.	100.0	90.0	2 989 ARS	●
Australia	Sydney	Schindler Lifts Australia Pty. Ltd.	100.0	100.0	8 500 AUD	●
Austria	Vienna	Haushahn Aufzüge GmbH	100.0	100.0	290 EUR	●
		Schinac Verwaltungs AG	100.0	100.0	70 EUR	○
		Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	2 000 EUR	●
		Schindler Fahrtreppen International GmbH	100.0	100.0	2 000 EUR	●
		Schindler Liegenschaftsverwaltungs GmbH	100.0	100.0	4 362 EUR	○
Bahrain	Manama	Jalal Schindler Lifts & Escalators Co. W.L.L.	49.0	49.0	20 BD	●
Belgium	Brussels	S.A. Schindler N.V.	100.0	100.0	22 000 EUR	●
Bosnia and Herzegovina	Sarajevo	Schindler BH d.o.o.	100.0	100.0	685 KM	●
Botswana	Gaborone	Schindler Lifts (Botswana) (PTY) Ltd.	100.0	100.0	0,120 BWP	●
Brazil	São Paulo	Elevadores Atlas Schindler S.A.	100.0	100.0	70 479 BRL	● ●
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50.0	50.0	100 USD	○
Brunei	Bandar Seri Begawan	Schindler Liftec Sdn. Bhd. ¹	50.0	50.0	500 BND	●
Bulgaria	Sofia	Schindler Bulgaria EOOD	100.0	100.0	200 BGN	●
Cambodia	Phnom Penh	Jardine Schindler (Cambodia) Ltd. ¹	100.0	100.0	21 USD	●
Canada	Toronto	Schindler Elevator Corporation	100.0	100.0	25 100 CAD	●
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	100.0	100.0	59 200 CLP	●
China	Henan	XJ-Schindler (Xuchang) Elevator Co. Ltd.	46.0	46.0	151 000 CNY	● ●
	Hong Kong SAR	Holake Hong Kong Lifts Limited ¹	100.0	100.0	700 HKD	●
		Holake (HK) Limited ¹	100.0	100.0	3 000 HKD	●
		Schindler Lifts (Hong Kong) Ltd. ¹	100.0	100.0	25 000 HKD	●

● Production ● Sales, installation, maintenance ○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)	
			2013	2012		
China	Macau SAR	Jardine Schindler Lifts (Macao) Ltd. ¹	100.0	100.0	25 MOP	●
	Shanghai	Schindler (China) Elevator Co. Ltd.	100.0	100.0	714 602 CNY	● ●
		Schindler Management AP (Shanghai) Co. Ltd.	100.0	100.0	100 415 CNY	○
		Shanghai Schindler Trading Co. Ltd.	100.0	100.0	1 200 CNY	○
	Suzhou	Suzhou Esca Step Co. Ltd.	100.0	100.0	38 914 CNY	●
		Suzhou Schindler Elevator Co. Ltd.	-	100.0	226 798 CNY	● ●
Colombia	Bogotá	Ascensores Schindler de Colombia S.A.	100.0	100.0	40 110 586 COP	●
	Medellin	Ascensores Andino S.A.S.	100.0	100.0	172 000 COP	●
Costa Rica	San José	Elevadores Schindler S.A.	60.0	60.0	200 000 CRC	●
Croatia	Zagreb	Schindler Hrvatska d.o.o.	100.0	100.0	9 100 HRK	●
Czech Republic	Prague	Schindler CZ a.s.	100.0	100.0	101 000 CZK	●
Denmark	Herlev	Schindler Elevatorer A/S	100.0	100.0	3 000 DKK	●
Egypt	Cairo	Schindler Ltd.	100.0	100.0	24 250 EGP	●
Finland	Helsinki	Schindler Oy	100.0	100.0	100 EUR	●
France	Illzach	Elevator Car System S.A.S.	100.0	100.0	2 416 EUR	●
	Vélizy-Villacoublay	Schindler S.A.	100.0	100.0	8 594 EUR	●
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	9 715 EUR	●
		Schindler Deutschland AG & Co. KG	100.0	100.0	51 129 EUR	○
	Stuttgart	C. Haushahn GmbH & Co. KG	100.0	100.0	8 997 EUR	●
Greece	Athens	Schindler Hellas S.A.	100.0	100.0	3 638 EUR	●
Hungary	Budapest	Schindler Hungária Lift és Mozdólépcső KFT	100.0	100.0	460 000 HUF	●
Iceland	Reykjavík	HÉDINN Schindler Lyftur hf.	51.0	51.0	10 000 ISK	●
India	Mumbai	Schindler India PVT Ltd.	100.0	100.0	1 217 879 INR	●
Indonesia	Jakarta	PT Berca Schindler Lifts ¹	50.0	50.0	6 745 000 IDR	●
Ireland	Dublin	Schindler Ltd.	100.0	100.0	25 EUR	●
Israel	Petah Tikva	Schindler Nechushtan Elevators Ltd.	100.0	100.0	7 045 ILS	●
Italy	Concorezzo	Schindler S.p.A.	100.0	100.0	8 400 EUR	●
Japan	Kagoshima	Mercury Ascensore Ltd.	100.0	100.0	25 000 JPY	●
	Tokyo	Schindler Elevator K.K.	99.9	99.9	500 000 JPY	●
Kenya	Nairobi	Schindler Ltd.	100.0	100.0	5 000 KES	●
Latvia	Riga	A.S. Latvijas Lifts Schindler	100.0	100.0	123 LVL	●
Lebanon	Antelias/Beirut	Schindler Lebanon S.A.L.	100.0	100.0	600 000 LBP	●
Liechtenstein	Vaduz	Reassur AG	100.0	100.0	20 000 CHF	○
Lithuania	Vilnius	UAB Schindler Liftas	100.0	100.0	1 365 LTL	●
Luxembourg	Luxembourg	Schindler S.à r.l.	100.0	100.0	175 EUR	●
Malaysia	Kuala Lumpur	Antah Schindler Sdn. Bhd. ¹	70.0	70.0	5 000 MYR	●
Malta	Msida	Schindler Ltd.	70.0	70.0	50 MTL	●
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100.0	100.0	32 073 MXN	●
Monaco	Fontvieille	Schindler Monaco	98.0	98.0	150 EUR	●
Morocco	Casablanca	Schindler Maroc S.A.	100.0	100.0	10 000 MAD	●
Myanmar	Yangon	Myanmar Jardine Schindler Ltd. ¹	100.0	100.0	300 MMK	●
Namibia	Windhoek	Schindler Lifts (Namibia) (PTY) Ltd.	100.0	100.0	0,001 NAD	●
Netherlands	The Hague	Schindler Liften B.V.	100.0	100.0	567 EUR	●
New Zealand	Auckland	Schindler Lifts NZ Ltd.	100.0	100.0	1 000 NZD	●
Norway	Bergen	Schindler Stahl Heiser A/S	100.0	100.0	5 000 NOK	●
	Vennesla	Reber-Schindler Heis A/S	100.0	100.0	8 000 NOK	●

● Production ● Sales, installation, maintenance ○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)		
			2013	2012			
Peru	Lima	Ascensores Schindler del Perú S.A.	100.0	100.0	6 718	PEN	●
Philippines	Manila	Jardine Schindler Elevator Corp. ¹	100.0	100.0	277 000	PHP	●
Poland	Warsaw	Schindler Polska sp.z o.o.	100.0	100.0	5 000	PLN	●
Portugal	Carnaxide	Schindler – Ascensores e escadas rolantes, S.A.	100.0	100.0	4 000	EUR	●
Qatar	Doha	Al Doha Schindler Elevators & Escalators W.L.L.	49.0	49.0	200	QAR	●
Romania	Bucharest	Schindler Romania S.R.L.	100.0	100.0	125	RON	●
Russia	Moscow	ZAO Schindler	100.0	100.0	21	RUR	●
Saudi Arabia	Jeddah	Schindler Olayan Elevator Company Ltd.	90.0	90.0	30 000	SAR	●
Serbia	Belgrade	Schindler d.o.o. Beograd	100.0	100.0	57 616	RSD	●
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd. ¹	100.0	100.0	8 500	SGD	●
Slovakia	Bratislava	Schindler Vytahy a Eskalátory a.s.	100.0	100.0	963	EUR	●
		Schindler Dunajská Streda a.s.	100.0	-	5 950	EUR	●
		Schindler Eskalátory s.r.o.	100.0	100.0	1 236	EUR	●
Slovenia	Ljubljana	Schindler Slovenija d.o.o.	100.0	100.0	305	EUR	●
South Africa	Johannesburg	Schindler Lifts SA Investments Holding (PTY) Ltd.	100.0	100.0	4 250	ZAR	○
		Schindler Lifts (SA) (PTY) Ltd.	90.0	90.0	0,09	ZAR	●
South Korea	Kyungki-do	Hyundai Elevator Co. Ltd.	30.9	35.0	68 162 565	KRW	● ● ○
	Seoul	Schindler Elevator Company Ltd.	100.0	100.0	6 152 000	KRW	●
Spain	Madrid	Schindler S.A.	99.8	99.7	27 801	EUR	● ●
	Saragossa	Schindler Ibérica Management, S.A.	100.0	100.0	4 420	EUR	○
Sweden	Danderyd	Schindler Hiss AB	100.0	100.0	9 440	SEK	●
Switzerland	Ebikon	EbiSquare AG	74.0	74.0	500	CHF	○
		Schindler Aufzüge AG	100.0	100.0	25 000	CHF	● ●
		Schindler Informatik AG	100.0	100.0	1 000	CHF	○
	Hergiswil	Schindler Management AG	100.0	100.0	1 000	CHF	○
		ALSO Holding AG	28.4	28.4	12 849	CHF	○
		Inventio AG	100.0	100.0	11 000	CHF	○
		Schindler Pars International Ltd.	100.0	100.0	5 000	CHF	● ○
Locarno	Schindler Elettronica S.A.	100.0	100.0	2 000	CHF	●	
Wettswil	AS Aufzüge AG	100.0	100.0	7 000	CHF	●	
Taiwan	Taipei	Jardine Schindler Lifts Ltd. ¹	100.0	100.0	100 000	TWD	●
Thailand	Bangkok	Jardine Schindler (Thai) Ltd. ¹	100.0	100.0	90 268	THB	●
Turkey	Istanbul	Schindler Turkeli Asansor Sanayi A.S.	100.0	100.0	14 459	TRY	●
UK	Romford	Aurora Lifts Ltd.	100.0	-	1 050	GBP	●
	Sunbury	Schindler Ltd.	100.0	100.0	2 005	GBP	●
Ukraine	Kiev	Schindler LLC Ukraine	100.0	100.0	21	UAH	●
United Arab Emirates	Dubai	Schindler Pars International Ltd. (Dubai and Abu Dhabi branches)	100.0	100.0	-	-	●
Uruguay	Montevideo	Ascensores Schindler S.A.	100.0	100.0	563	UYU	●
USA	Gantano	Schindler Corp. of Puerto Rico	100.0	100.0	1	USD	●
	Morristown	Schindler Elevator Corporation	100.0	100.0	1	USD	● ●
	Mountainside	Slade Industries, Inc.	100.0	100.0	1	USD	●
	Wilmington	Schindler Enterprises Inc.	100.0	100.0	5	USD	○
Venezuela	Caracas	Ascensores Schindler de Venezuela S.A.	100.0	100.0	12 080	VEF	●
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd. ¹	100.0	100.0	20 818 485	VND	● ●

● Production ● Sales, installation, maintenance ○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

38 Dividends paid and proposal by the Board of Directors

In 2013, CHF 254 million was paid in dividends (previous year: CHF 232 million). This corresponds to a dividend of CHF 2.20 per registered share and per participation certificate (previous year: CHF 2.00).

The Board of Directors proposes to the General Meeting of Shareholders that a dividend of CHF 2.20 per registered share and per participation certificate be distributed for the financial year 2013. This represents a total gross dividend payment of CHF 258 million. The proposed dividends are not included in this financial report because they will be charged to equity in the period in which the distribution is approved by the General Meeting of Shareholders.

39 Approval of the consolidated financial statements for publication

The consolidated financial statements were approved for publication by the Board of Directors of Schindler Holding Ltd. on February 13, 2014, and will be presented to the General Meeting of Shareholders for approval on March 17, 2014.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

Report of the statutory auditors on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Schindler Holding Ltd., which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes (pages 4 to 65) for the year ended December 31, 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Basel, February 13, 2014

Ernst & Young Ltd.

Christian Schibler
Licensed audit expert
(Auditor in charge)

Ralf Noffke
Licensed audit expert

Financial Statements of Schindler Holding Ltd.

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Income statement

In CHF 1 000	Note	2013	2012
Income			
Income from participations	1	1 082 648	590 075
Financial income	2	19 807	14 931
Extraordinary income		2 251	23 819
Total income		1 104 706	628 825
Expenses			
Financial expenses	3	23 430	9 555
Write-downs, impairments, and change in provisions	4	283 022	36 152
Administration expenses and taxes		33 302	32 509
Total expenses		339 754	78 216
Net profit		764 952	550 609

Balance sheet

Assets

In CHF 1 000	Note	31.12.2013	%	31.12.2012	%
Current assets					
Cash and cash equivalents	5	1 583 147		1 625 907	
Marketable securities	6	869 310		481 466	
Accounts receivable from Group companies		287 218		150 292	
Accounts receivable from third parties		1 555		1 264	
Prepaid expenses and accrued income		2 574		2 097	
Total current assets		2 743 804	58.3	2 261 026	54.7
Non-current assets					
Participations	7	1 503 103		1 863 243	
Loans to Group companies		456 168		–	
Long-term financial assets		7 176		7 760	
Total non-current assets		1 966 447	41.7	1 871 003	45.3
Total assets		4 710 251	100.0	4 132 029	100.0

Liabilities

In CHF 1 000	Note	31.12.2013	%	31.12.2012	%
Liabilities					
Short-term bonds	9	200 000		–	
Accounts payable to Group companies	8	389 212		405 369	
Accounts payable to third parties		5 325		3 879	
Accrued expenses and deferred income		17 308		8 467	
Long-term bonds	9	618 070		600 000	
Provisions	10	60 281		66 598	
Total liabilities		1 290 196	27.4	1 084 313	26.2

Equity

Share capital	11	7 089		7 144	
Participation capital	11	4 617		4 690	
Statutory reserves	12	317 121		317 121	
Reserves for treasury shares	12, 15	638 436		268 968	
Other reserves	12	1 666 400		1 884 138	
Balance brought forward from previous year		21 440		15 046	
Net profit	12	764 952		550 609	
Total equity		3 420 055	72.6	3 047 716	73.8
Total liabilities and equity		4 710 251	100.0	4 132 029	100.0

Notes to the financial statements

Basis of preparation

The financial statements as of December 31, 2013, were prepared in accordance with the principles of Swiss company law. For the inclusion of Schindler Holding Ltd. in the consolidated financial statements the same accounting policies as those described in the notes to the consolidated financial statements apply.

1 Income from participations

Income from participations comprises dividends from Group companies, contractually agreed payments for services rendered, as well as gains on sales of participations within the Group.

2 Financial income

In CHF 1 000	2013	2012
Interest	2 994	2 188
Net gains/losses on foreign exchange	4 018	–
Income on financial instruments	10 779	11 180
Other financial income	2 016	1 563
Total financial income	19 807	14 931

3 Financial expenses

In CHF 1 000	2013	2012
Interest	6 941	6 496
Net gains/losses on foreign exchange	–	3 059
Losses on financial instruments	14 308	–
Other financial expenses	2 181	–
Total financial expenses	23 430	9 555

4 Write-downs, impairments, and change in provisions

In CHF 1 000	2013	2012
Hyundai Elevator Co. Ltd. impairment	282 986	–
Impairments of other participations	–	4 888
Write-downs and value adjustments loans	36	30 044
Change in provisions	–	1 220
Total	283 022	36 152

A subordinated loan to a Group company in the amount of CHF 30.0 million was fully impaired in the previous year.

5 Cash and cash equivalents

Cash and cash equivalents are invested in term deposits with short maturities and in high-quality, low-risk, liquid funds at various financial institutions. The reported amount consists mainly of cash and cash equivalents in Swiss francs.

6 Marketable securities

In CHF 1 000	2013	2012
Treasury shares	615 299	240 779
Other investments	254 011	240 687
Total marketable securities	869 310	481 466

Treasury shares are valued at the lower of cost or fair value.

The holdings of treasury shares and any corresponding changes, as well as information about share repurchases, are shown in note 15.

7 Participations

In CHF 1 000	2013	2012
January 1	1 863 243	1 576 100
Capital increases/repayments	13 235	34 664
Additions	1 112	257 367
Disposals	-91 501	-
Impairments	-282 986	-4 888
December 31	1 503 103	1 863 243

In the reporting year, Schindler Holding Ltd. sold participations to other Group companies. In addition, an impairment relating to the participation in Hyundai Elevator Co. Ltd. was recognized.

An overview of the companies in which Schindler Holding Ltd. has a direct or indirect interest is provided in note 37 to the Consolidated Financial Statements.

8 Accounts payable to Group companies

In addition to accounts payable to Group companies, this balance sheet item includes liabilities to shareholders of Schindler Holding Ltd. of CHF 111.5 million (previous year: CHF 77.1 million). These liabilities are subject to interest at normal market rates.

9 Bonds

In CHF 1 000	2013	2012
0.625% bond 2011–2014, due November 21, 2014	200 000	200 000
1.250% bond 2011–2016, due November 21, 2016	400 000	400 000
0.375% exchangeable bond 2013–2017, due June 5, 2017	218 070	-

The 0.375% exchangeable bond issued in June 2013 has an issuance volume of CHF 218 million and a maturity of four years. The bond can be exchanged for shares of ALSO Holding AG at a price of CHF 60.24 per share during the term of the instrument. The exchangeable bond is listed on the SIX SIS Ltd. in the main register.

10 Provisions

The existing provisions to cover financial risks amount to CHF 60.3 million (previous year: CHF 66.6 million). They consist mainly of provisions for guarantees, bad debts, and currency risks, as well as provisions to cover obligations arising from share-based payments.

A provision in the amount of CHF 49.0 million related to guarantees granted was released as extraordinary income after the deduction of charges incurred in the previous year.

11 Share and participation capital

11.1 Share capital

	in CHF		
	Number	Nominal value	Share capital
December 31, 2010	71 776 700	0.10	7 177 670
December 31, 2011	71 776 700	0.10	7 177 670
Reduction as of May 29, 2012	-336 644		-33 664
December 31, 2012	71 440 056	0.10	7 144 006
Reduction as of June 6, 2013	-552 411		-55 241
December 31, 2013	70 887 645	0.10	7 088 765

11.2 Participation capital

	in CHF		
	Number	Nominal value	Participation capital
December 31, 2010	48 609 400	0.10	4 860 940
December 31, 2011	48 609 400	0.10	4 860 940
Reduction as of May 29, 2012	-1 714 600		-171 460
December 31, 2012	46 894 800	0.10	4 689 480
Reduction as of June 6, 2013	-722 891		-72 289
December 31, 2013	46 171 909	0.10	4 617 191

12 Equity

In CHF 1 000	Share capital	Participation capital	Statutory reserves	Reserves for treasury shares	Other reserves	Available earnings	Total equity
December 31, 2010	7 178	4 861	317 121	137 900	1 469 233	680 533	2 616 826
Dividend						-354 654	-354 654
Allocation to other reserves					310 000	-310 000	-
Change in reserves for treasury shares				227 527	-227 527		-
Net profit 2011						671 465	671 465
December 31, 2011	7 178	4 861	317 121	365 427	1 551 706	687 344	2 933 637
Dividend						-232 298	-232 298
Allocation to other reserves					440 000	-440 000	-
Change in reserves for treasury shares				107 773	-107 773		-
Reduction as of May 29, 2012	-34	-171		-204 232	205		-204 232
Net profit 2012						550 609	550 609
December 31, 2012	7 144	4 690	317 121	268 968	1 884 138	565 655	3 047 716
Dividend						-254 215	-254 215
Allocation to other reserves					290 000	-290 000	-
Change in reserves for treasury shares				507 866	-507 866		-
Reduction as of June 6, 2013	-55	-73		-138 398	128		-138 398
Net profit 2013						764 952	764 952
December 31, 2013	7 089	4 617	317 121	638 436	1 666 400	786 392	3 420 055
Of which share premiums (unchanged)			311 321				

13 Contingent liabilities

The contingent liabilities of Schindler Holding Ltd. total CHF 732.7 million (previous year: CHF 739.1 million) and cover conditional obligations for bank guarantees, loans, and supply contracts in favor of Group companies. There are also guarantees and letters of comfort for unspecified amounts in favor of Group companies. Utilized loans and incurred obligations are reported in the consolidated balance sheet as accounts payable or, if necessary, are recognized as provisions. Contingent liabilities in favor of third parties amount to CHF 45.6 million (previous year: CHF 49.8 million).

As a result of the group value-added tax system for Swiss companies, Schindler Holding Ltd. has a joint liability to the Swiss Federal Tax Authority for the taxes owed by the value-added tax group.

14 Liabilities to pension plans

In CHF 1 000	2013	2012
Total liabilities	1 298	2 506

The liabilities to pension plans consist entirely of current account overdrafts.

15 Treasury shares

15.1 Changes in number and value

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2012	1 388 971	114	2 543 219	251
Cancellation	-336 644	-35	-1 714 600	-169
Purchase	700 858	77	842 891	91
Sale	-12 012	-1	-47 691	-6
Share-based payments				
Disposal of shares and participation certificates	-	-	-46 248	-5
Exercising of options and Performance Share Units	-602 892	-39	-21 768	-2
Difference in value due to disposal		-8		1
December 31, 2012	1 138 281	108	1 555 803	161
Cancellation	-552 411	-60	-722 891	-78
Purchase	2 876 249	373	1 338 929	174
Sale	-5 560	-1	-	-
Share-based payments				
Disposal of shares and participation certificates	-39 394	-5	-	-
Exercising of options and Performance Share Units	-131 748	-8	-217 968	-19
Difference in value due to disposal		-2		-4
December 31, 2013	3 285 417	405	1 953 873	234
Reserved shares and participation certificates for participation plans	666 724		691 454	

15.2 Repurchase program

In September 2012, the Board of Directors of Schindler Holding Ltd. decided to launch a repurchase program that will run for a maximum of three years (2013–2015) at market prices. Under the program, a maximum of 4 273 284 registered shares – which corresponded to 3.6% of the capital stock and 6.0% of voting rights at that time – and a maximum of 9 378 960 participation certificates (7.9% of the capital stock) can be repurchased with effect from January 3, 2013. The total amount of shares and participation certificates repurchased must not exceed 9.5% of the capital stock.

The existing repurchase program at market prices was suspended from October 18, 2013, to November 14, 2013. A fixed-price repurchase program was open for acceptance from November 1, 2013, to November 14, 2013. This fixed-price repurchase program comprised 4 100 000 registered shares at a price of CHF 129.00 per share, corresponding to 5.8% of registered shares issued, and 4 100 000 participation certificates at a price of CHF 129.80 per participation certificate, corresponding to 8.9% of participation capital issued. By the end of the offer period, 2 406 693 registered shares and 613 976 participation certificates had been tendered for repurchase.

The repurchase program (2013–2015) is being executed via separate trading lines for registered shares and participation certificates set up for this purpose on the SIX Swiss Exchange. These separate trading lines can be used exclusively by Schindler Holding Ltd. in order to purchase its own registered shares and participation certificates. Schindler Holding Ltd. is under no obligation to purchase its own registered shares and participation certificates via these separate trading lines but will participate in the market as a purchaser depending on market conditions.

A total of 2 618 693 registered shares and 1 258 576 participation certificates were repurchased in connection with the repurchase program and the repurchase offer during the reporting year for the purpose of reducing capital. The Board of Directors will propose to the forthcoming General Meeting of Shareholders of March 17, 2014, to reduce the capital stock by the number of registered shares and participation certificates repurchased.

In accordance with the decision of the General Meeting of Shareholders of March 26, 2013, 552 411 registered shares and 722 891 participation certificates repurchased in 2012 were cancelled on June 6, 2013, by means of a capital reduction.

16 Significant shareholders

See note 35 to the Consolidated Financial Statements for information about the existence of a shareholders' agreement.

17 Compensation of the Board of Directors and Group Executive Committee

Of the disclosed compensation, Schindler Holding Ltd. paid the fees to the members of the Board of Directors directly. The remaining compensation components were borne by Group companies with corresponding Group management functions and charged to the other Group companies and Schindler Holding Ltd. within the framework of a Group-wide intercompany charging concept.

In the reporting year, no collateral or guarantees were granted to members of the Board of Directors or the Group Executive Committee. No Group company has waived any liabilities due from any member of the Board of Directors or of the Group Executive Committee.

Any fees or compensation received by members of the Board of Directors and the Group Executive Committee from Schindler Holding Ltd. or another Group company for additional services rendered are reported separately.

In view of the Ordinance against Excessive Compensation in Listed Companies (VegüV), which entered into force on January 1, 2014, all the information concerning the compensation of the Board of Directors and the Group Executive Committee is additionally provided in a separate Compensation Report.

17.1 Compensation 2013

Overview: Board of Directors

In CHF 1 000	Basic compensation			Variable compensation			Total 2013
	Cash (gross)	Pension and social benefits	Cash bonus (gross)/other	Registered shares	Performance Share Units	Social benefits	
Alfred N. Schindler, Chairman ^{1,2}	2 125	310	496	559	–	80	3 570⁸
Luc Bonnard, Vice Chairman ⁴	289	20	431 ⁶	–	–	95 ⁶	835
Prof. Dr. Peter Athanas ⁷	1 051	310	1 500	–	–	80	2 941
Dr. Rudolf W. Fischer ^{1,2,3}	1 074	323	678	762	–	154	2 991
Prof. Dr. Karl Hofstetter ²	796	318	585	–	833	155	2 687
Prof. Dr. Pius Baschera ⁴	193	16	–	–	–	–	209
Prof. Dr. Monika Bütler ^{4,5}	148	9	–	–	–	–	157
Dr. Hubertus von Grünberg ⁴	193	13	–	–	–	–	206
Anthony Nightingale ^{4,5}	148	7	–	–	–	–	155
Lord Charles Powell ⁴	193	13	–	–	–	–	206
Rolf Schweiger ⁴	193	14	–	–	–	–	207
Carole Vischer ^{4,5}	148	9	–	–	–	–	157
Prof. Dr. Klaus W. Wellershoff ⁴	193	16	–	–	–	–	209
Total compensation 2013	6 744	1 378	3 690	1 321	833	564	14 530

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Employed on an 80% basis since July 1, 2013

⁴ Non-executive member

⁵ With effect from the General Meeting of Shareholders 2013

⁶ Fees for consulting services CHF 526 000

⁷ Member of the Supervisory and Nomination Committee until the General Meeting of Shareholders 2013, includes compensation until December 31, 2013

⁸ In the reporting year, Alfred N. Schindler made a donation of CHF 1 million to a charitable foundation under Swiss law

Board of Directors' fees (including a flat-rate sum for expenses) were adjusted as follows with effect from July 1, 2013: full-time Chairman CHF 400 000, Vice Chairman CHF 300 000, other members CHF 200 000. The basic compensation paid to members of the Board of Directors for the financial year 2013 therefore includes the following Boards of Directors' fees: full-time Chairman CHF 385 000 (previous year: CHF 370 000), Vice Chairman CHF 289 000 (previous year: CHF 278 000), other members CHF 192 500 (previous year: CHF 185 000).

Allocated registered shares and Performance Share Units – Board of Directors

	Registered shares ¹	Performance Share Units
Alfred N. Schindler, Chairman	4 866	–
Dr. Rudolf W. Fischer	6 641	–
Prof. Dr. Karl Hofstetter	–	7 255

¹ This number was calculated using a value of CHF 102.06 (volume-weighted average price in December 2013 less 20%). This number is provisional. The exact number will only be calculated in April 2014 and will be based on the volume-weighted average price in March 2014, less a discount of 20%.

Overview: Group Executive Committee

In CHF 1 000	Basic compensation			Variable compensation			Total 2013
	Cash (gross)	Pension, social, and non-cash benefits	Cash bonus (gross)	Performance Share Units	Non-cash benefits	Social benefits	
Total Group Executive Committee	6 310	2 484	4 102	4 455	1 039	758	19 148
Highest individual compensation: Jürgen Tinggren	1 120	308	800	1 171	–	310	3 709

Allocated Performance Share Units – Group Executive Committee

	Performance Share Units
Total Group Executive Committee	38 805
Jürgen Tinggren	10 202

17.2 Compensation 2012

Overview: Board of Directors

In CHF 1 000	Basic compensation			Registered shares	Performance Share Units	Variable compensation		Total 2012
	Cash (gross)	Pension and social benefits	Cash bonus (gross)			Options	Social benefits	
Alfred N. Schindler, Chairman ^{1,2}	2 110	301	1 448	112	–	112 ⁸	152	4 235 ⁹
Luc Bonnard, Vice Chairman ³	819	94	427	112	–	112 ⁸	27	1 591 ⁴
Prof. Dr. Peter Athanas ^{1,2}	1 188	314	1 448	112	–	112 ⁸	121	3 295
Dr. Rudolf W. Fischer ^{1,2,5}	1 155	310	1 526	112	–	112 ⁸	137	3 352
Prof. Dr. Karl Hofstetter ²	785	312	630	–	1 078	–	117	2 922
Prof. Dr. Pius Baschera ⁶	185	11	–	–	–	–	–	196
Dr. Hubertus von Grünberg ⁶	185	8	–	–	–	–	–	193
Lord Charles Powell ⁶	185	8	–	–	–	–	–	193
Dr. Alexander Schaub ^{6,7}	77	4	–	–	–	–	–	81
Rolf Schweiger ⁶	185	8	–	–	–	–	–	193
Prof. Dr. Klaus W. Wellershoff ⁶	185	11	–	–	–	–	–	196
Total compensation 2012	7 059	1 381	5 479	448	1 078	448	554	16 447

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member, member of the Supervisory and Nomination Committee and executive member until the General Meeting of Shareholders 2012

⁴ Thereof fees for consulting services CHF 236 000

⁵ Executive member and member of the Supervisory and Nomination Committee with effect from the General Meeting of Shareholders 2012; includes compensation from January 1, 2012, until the General Meeting of Shareholders 2012 (Dr. Rudolf W. Fischer was a member of the Group Executive Committee until December 31, 2011)

⁶ Non-executive member

⁷ Until the General Meeting of Shareholders 2012; includes compensation received as Chairman of the Audit Committee

⁸ Assumption that the compensation value of the options is equal to the compensation value of the registered shares

⁹ In 2012, Alfred N. Schindler made a donation of over CHF 1 million to a charitable foundation under Swiss law

The basic compensation paid to members of the Board of Directors includes the following Board of Directors' fees (including a flat-rate sum for expenses): full-time Chairman CHF 370 000, Vice Chairman CHF 278 000, other members CHF 185 000.

Allocated registered shares and Performance Share Units – Board of Directors

	Registered shares	Performance Share Units	Options
Alfred N. Schindler, Chairman	906 ¹	–	3 171 ²
Luc Bonnard, Vice Chairman	906 ¹	–	3 171 ²
Prof. Dr. Peter Athanas	906 ¹	–	3 171 ²
Dr. Rudolf W. Fischer	906 ¹	–	3 171 ²
Prof. Dr. Karl Hofstetter	–	9 281	–

¹ This definitive number was calculated using an allocation value of CHF 124.06, which corresponds to the volume-weighted average price of the registered shares in March 2013 less a discount of 10%. The number reported in the previous year (968) was based on a provisional number (volume-weighted average price of the registered shares in December 2012 less a discount of 10%, resulting in a provisional allocation value of CHF 116.15).

² Number according to the definitive allocation in April 2013 (number of shares multiplied by 3.5); number provisionally reported in the previous year: 3 388

Overview: Group Executive Committee

In CHF 1 000	Basic compensation			Variable compensation			Total 2012
	Cash (gross)	Pension, social, and non-cash benefits	Cash bonus (gross)	Performance Share Units	Non-cash benefits	Social benefits	
Total Group Executive Committee	5 546	1 866	4 704	5 716	868	630	19 330
Highest individual compensation: Jürgen Tinggren	1 122	305	1 400	1 684	–	216	4 727

Allocated Performance Share Units – Group Executive Committee

	Performance Share Units
Total Group Executive Committee	50 329 ¹
Jürgen Tinggren	14 501

¹ Retrospectively adjusted, number reported in the Financial Statements 2012: 49 214

18 Benefits for former members of governing bodies

Compensation for services rendered was paid to the following former members of governing bodies:

Alfred Spörri, executive member of the Board of Directors and member of the Supervisory and Nomination Committee until March 26, 2008: CHF 0.3 million (previous year: CHF 0.2 million).

Roland W. Hess, President of the Group Executive Committee, Elevators & Escalators, until July 31, 2007, previous year: CHF 0.4 million.

19 Benefits for related parties

In the reporting year, Schindler Holding Ltd. paid pensions amounting to CHF 172 800 (previous year: CHF 172 800) to two widows of former executive members of the Board of Directors. The actuarially determined present value of these payments is recalculated annually and, as of December 31, 2013, amounted to CHF 1.2 million (previous year: CHF 1.3 million). This amount is recognized as a provision.

20 Loans

20.1 Present and former members of governing bodies

No loans were granted by Schindler Holding Ltd. or any other Group company to any present or past members of the governing bodies, and no such loans were outstanding as at December 31, 2013.

20.2 Related parties

Neither Schindler Holding Ltd. nor any other Group company made any loans to related parties of present or former members of governing bodies.

21 Participations, option rights, and conversion rights

The participation rights and option rights of the members of the Board of Directors of Schindler Holding Ltd. and of the Group Executive Committee, and of their related parties are as follows (there are no outstanding conversion rights):

21.1 Board of Directors

2013

	Number		
as of 31.12.2013	Registered shares	Participation certificates	Options
Alfred N. Schindler, Chairman ^{1,2}	4	30 406	4 358 ⁵
Luc Bonnard, Vice Chairman ³	4	3 094	–
Dr. Rudolf W. Fischer ^{1,2}	20 209	5 600	–
Prof. Dr. Karl Hofstetter ²	11 658	17 241	59 085 ⁶
Prof. Dr. Pius Baschera ³	3 000	–	–
Prof. Dr. Monika Bütler ³	1 500	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Anthony Nightingale ³	3 000	–	–
Lord Charles Powell ³	5 000	–	–
Rolf Schweiger ³	3 375	–	–
Carole Vischer ³	4	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As at December 31, 2013, these comprised 47 720 376 shares, corresponding to 67.3% of the voting rights of the share capital entered in the Commercial Register.

⁵ Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan allocation 2010)

⁶ Fully vested options on registered shares granted

- under the Long Term Incentive Plan 2009: 44 593

- under the Long Term Incentive Plan 2010: 14 492

2012

	Number		
	Registered shares	Participation certificates	Options
as of 31.12.2012			
Alfred N. Schindler, Chairman ^{1,2}	4	30 406	10 033 ⁵
Luc Bonnard, Vice Chairman ³	4	5 866	–
Prof. Dr. Peter Athanas ^{1,2}	3 000	–	–
Dr. Rudolf W. Fischer ^{1,2}	19 303	–	–
Prof. Dr. Karl Hofstetter ²	59 587	–	44 593 ⁶
Prof. Dr. Pius Baschera ³	3 000	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Lord Charles Powell ³	5 000	–	–
Rolf Schweiger ³	3 375	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler and Luc Bonnard hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As at December 31, 2012, these comprised 50 077 828 registered shares, corresponding to 70.1% of the voting rights of the share capital entered in the Commercial Register

⁵ Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan allocation 2009)

⁶ Fully vested options on registered shares granted under the Long Term Incentive Plan 2009

21.2 Group Executive Committee

2013

	Number		Number of vested options on					
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³	Participation certificates allocated 2010
as of 31.12.2013								
Jürgen Tinggren, CEO	30 920	–	–	–	–	–	27 000	18 118 ⁴
Miguel A. Rodríguez, Deputy CEO	23 629	7 542	2 565	562	4 279	10 234	19 506	6 340 ⁴
Erich Ammann	12 696	2 776	–	–	–	–	–	–
David Clymo	–	2 390	–	–	–	–	–	1 792 ¹
Didier Gaudoux	910	6 465	–	–	–	–	4 687	5 435 ⁴
Albert Haffert	3 736	5 928	–	–	3 773	2 386	8 361	4 982 ⁴
Silvio Napoli	8 420	8 267	325	992	3 018	8 528	10 729	6 340 ⁴
Thomas Oetterli	4 998	5 838	–	–	–	–	8 361	4 529 ⁴
Oswald Schmid	793	3 501	–	–	–	–	8 361	2 944 ⁴
Jakob Züger	17 981	6 622	–	–	–	–	–	7 246 ⁴

¹ Options from Capital Participation Plan 2000

² Options from Long Term Incentive Plan 2008

³ Options from Long Term Incentive Plan 2009

⁴ Options from Long Term Incentive Plan 2010

2012

	Number		Number of vested options on				
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³
as of 31.12.2012							
Jürgen Tinggren, CEO	40 595	8 410	–	–	–	–	37 000
Miguel A. Rodríguez, Deputy CEO	23 629	–	2 565	1 915	4 279	10 234	19 509
Erich Ammann	23 735	–	–	–	–	–	–
David Clymo	–	2 390	–	–	–	–	–
Didier Gaudoux	910	–	–	–	–	–	4 687
Albert Haffert	3 736	–	–	–	3 773	2 386	8 361
Silvio Napoli	8 420	725	325	992	3 018	8 528	10 729
Thomas Oetterli	4 998	450	–	–	–	–	8 361
Jakob Züger	21 027	1 670	–	–	–	–	8 428

¹ Options from Capital Participation Plan 2000

² Options from Long Term Incentive Plan 2008

³ Options from Long Term Incentive Plan 2009

See note 34.3 to the Consolidated Financial Statements for information on option conditions.

22 Risk assessment

The Board of Directors of Schindler Holding Ltd. assesses the company's risks using a systematic risk identification and analysis framework. Based on this assessment, risk management measures are defined and constantly monitored. The company has a risk management system which is designed to promptly identify and analyze risks and to initiate appropriate measures. The organization, principles, and reporting of risk management are described in detail in note 3.6 of the Corporate Governance section.

Appropriation of available earnings

Proposals to the General Meeting of Shareholders

In CHF 1 000	31.12.2013	31.12.2012	
Available earnings			
Net profit for the year	764 952	550 609	
Balance brought forward from previous year	21 440	15 046	
Total available earnings	786 392	565 655	
Appropriation of available earnings			
Dividend (gross)			
per registered share	CHF 2.20 (previous year: CHF 2.20)	155 953¹	154 577 ²
per participation certificate	CHF 2.20 (previous year: CHF 2.20)	101 578¹	99 638 ²
Total dividend	257 531	254 215	
Allocation to other reserves	510 000	290 000	
Total appropriation of available earnings	767 531	544 215	
Balance carried forward to new account	18 861	21 440	

¹ The total dividend amount covers all outstanding registered shares and participation certificates (including treasury shares).

² Payment excludes dividends on treasury shares.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Schindler Holding Ltd., which comprise the income statement, the balance sheet and notes (pages 69 to 83) for the year ended December 31, 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Basel, February 13, 2014

Ernst & Young Ltd.

Christian Schibler
Licensed audit expert
(Auditor in charge)

Ralf Noffke
Licensed audit expert

Compensation Report

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The Compensation Report contains details of the compensation paid to members of the Board of Directors and the Group Executive Committee, which were previously disclosed in the Corporate Governance Report and the Financial Statements of Schindler Holding Ltd. In view of the Ordinance against Excessive Compensation in Listed Companies (VegüV), which entered into force on January 1, 2014, all the information concerning the compensation paid to the Board of Directors and Group Executive Committee is now provided in the Compensation Report.

The information in this Compensation Report relates to the financial year 2013 unless otherwise stated.

The entire compensation system for executive members of the Board of Directors and members of the Group Executive Committee has been presented to the General Meeting of Shareholders for a consultative vote each year since the reporting year 2007. In March 2014, the General Meeting of Shareholders will hold its final consultative vote on the compensation system for the reporting year 2013.

The Ordinance against Excessive Compensation in Listed Companies stipulates that the General Meeting of Shareholders must vote on compensation in future. It also states that a company's Articles of Association must among other things now set out the principles governing the roles and responsibilities of the Compensation Committee as well as performance-related compensation and the allocation of equity instruments, conversion rights, and option rights to members of the Board of Directors and the Group Executive Committee. Consequently, the following information does not necessarily apply to the financial year 2014.

1 Principles

The Schindler Group's success depends to a large extent on the quality and commitment of its employees. Its compensation policy is designed to attract, motivate, and retain well-qualified professionals. In addition, the awarding of performance-related and, in particular, share-based compensation components is intended to promote an entrepreneurial mindset and approach.

The most important principles are:

- Compensation is related to performance and is in line with the market
- Employees participate in the company's success
- Compensation decisions are fair and transparent
- There is a balanced proportion of short-and long-term compensation components

2 Compensation system

2.1 Principles

The compensation paid to executive members of the Board of Directors and members of the Group Executive Committee consists of three components:

- Basic compensation
- Performance-related bonus
- Performance-related allocation of equity instruments

Non-executive members of the Board of Directors receive a fixed fee as well as a flat-rate sum for expenses.

2.2 Basic compensation

The basic compensation paid to executive members of the Board of Directors and members of the Group Executive Committee comprises a monthly salary, a year-end payment, a flat-rate sum for representation and car expenses, other benefits agreed on an individual basis, and the corresponding social insurance contributions. The other benefits agreed on an individual basis comprise pension contributions (Pension Fund, Schindler Foundation), health insurance contributions, and non-cash benefits. In addition, executive members of the Board of Directors receive a fee for their work as Board members.

The structure of basic compensation is based on the applicable legislation in the countries in which the beneficiaries have employment contracts.

Non-executive members of the Board of Directors receive a fixed fee as well as a flat-rate sum for expenses.

2.3 Variable compensation

2.3.1 Performance-related bonus

Executive members of the Board of Directors and members of the Group Executive Committee receive a performance-related bonus. Schindler uses two different systems to determine the performance-related bonus. The Board of Directors decides which system applies to each member:

- A bonus based on a rate per thousand of consolidated cash flow from operating activities (before change in net working capital). The rate per thousand is set by the Board of Directors.

Cash flow from operating activities is used as a parameter to measure performance in order to promote a long-term increase in the value of the Group rather than short-term profit maximization. This compensation system ensures, among other things, that restructuring projects are initiated as early as possible and that associated depreciation and amortization and the corresponding provisions are recognized.

This system applied to members of the Supervisory and Nomination Committee in 2012 and 2013. When determining the rate per thousand that applies to the Chairman of the Board of Directors, the contractually agreed range – the upper limit of which has remained unchanged since 1997 – is taken into account. For other members of the Supervisory and Nomination Committee, the achievement of strategic targets as well as targets set by the Chairman of the Board of Directors on an individual basis are also taken into account when determining their bonuses.

- A bonus based on the achievement of personal, operational, and/or financial targets. The targets that are to be achieved, as well as the target bonus, are set at the start of the year. Depending on the target achievement, the bonus that is awarded may amount to between 0% and 150% of the target bonus. This system applied to members of the Group Executive Committee, as well as to the executive member of the Board of Directors who is not a member of the Supervisory and Nomination Committee, in 2012 and 2013.

2.3.2 Performance-related allocation of equity instruments

Executive members of the Board of Directors and members of the Group Executive Committee receive part of their variable compensation in the form of equity instruments. Schindler has two capital participation plans. The Board of Directors decides which plan applies to each member:

Performance Share Plan

Under the Performance Share Plan, 50% of the performance-related bonus that is achieved is paid in the form of equity instruments. The Board of Directors decides each year whether registered shares or participation certificates are allocated. The number of equity instruments that is to be allocated is calculated on the basis of the volume-weighted average price in the month prior to the allocation less a discount of 20%. The Board of Directors may deviate from this method.

The allocated equity instruments include all of the associated rights but are blocked for a period of three years, during which they may not be disposed of.

The Performance Share Plan applied to members of the Supervisory and Nomination Committee in the financial year 2013. The Capital Participation Plan 2000 applied to the members of the Supervisory and Nomination Committee in the financial year 2012 (see note 5.2).

Deferred Share Plan

Under the Deferred Share Plan, a provisional number of Performance Share Units is granted for the current financial year. The Board of Directors decides annually whether registered shares or participation certificates are allocated for such Performance Share Units. The provisional number of granted Performance Share Units is based on a contractually agreed indicative value for which Performance Share Units are granted. The calculation of the provisional number of Performance Share Units is based on the volume-weighted average price of the equity instruments in the month of March less a discount of 20%. The Board of Directors may deviate from this method.

At the start of the financial year, a series of individual strategic business targets (referred to as break through objectives) are defined for each beneficiary. The assessment of the individual target achievements at the end of the financial year determines the definitive number of Performance Share Units that is allocated. A conversion rate of between 0 and 1.5 applies, depending on the target achievement. Beneficiaries are only entitled to have their Performance Share Units converted into equity instruments three years after the provisional allocation of the Performance Share Units. The equity instruments are then transferred to the ownership of the beneficiaries, who are free to dispose of them from that date. In the event of any breaches of the Code of Conduct or if the employees leave the company of their own volition, they forfeit the right to have their Performance Share Units converted into equity instruments.

The Deferred Share Plan applied to members of the Group Executive Committee, as well as to the executive member of the Board of Directors who is not a member of the Supervisory and Nomination Committee, in 2012 and 2013.

2.4 Employment contracts and special agreements

The company has no employment contracts with a term or notice period exceeding 12 months.

The employment contracts concluded with executive members of the Board of Directors and members of the Group Executive Committee do not contain any entitlement to severance payments.

3 Responsibilities and determination process

The compensation system and the capital participation plans are defined by Corporate Human Resources and are reviewed by the CEO, the Supervisory and Nomination Committee, and the Compensation Committee before being submitted to the Board of Directors for approval. No external consultants were involved in this process in the financial year 2013.

The Compensation Committee consists of three members of the Board of Directors, of whom at least two must be independent.

Members of the Compensation Committee

as of 31.12.2013		
Dr. Hubertus von Grünberg	Independent member of the Board of Directors	Chairman
Prof. Dr. Pius Baschera	Independent member of the Board of Directors	Member
Dr. Rudolf W. Fischer	Executive member of the Board of Directors	Member

The Compensation Committee

- proposes the terms of the employment contract and the annual variable compensation of the Chairman of the Board of Directors for approval by the Board of Directors
- proposes, at the request of the Chairman of the Board of Directors, the terms of the employment contracts and the target compensation of the other members of the Board of Directors and the CEO for approval by the Board of Directors
- proposes, at the request of the CEO, the target compensation of the other members of the Group Executive Committee for approval by the Board of Directors

The Board of Directors

- approves, at the request of the Compensation Committee, the terms of the employment contracts and the target compensation of the members of the Board of Directors (including the Chairman of the Board of Directors), the CEO, and the other members of the Group Executive Committee
- determines, at the request of the Compensation Committee, the annual variable compensation of the Chairman of the Board of Directors
- defines the system for the allocation of registered shares, participation certificates, and Performance Share Units under the capital participation plans to the individual beneficiaries
- approves the compensation system (including the compensation and bonus regulations)

The Chairman of the Board of Directors

- proposes the target compensation of the members of the Board of Directors (excluding the Chairman of the Board of Directors) and the CEO for review by the Compensation Committee and for approval by the Board of Directors
- determines the annual variable compensation of the members of the Supervisory and Nomination Committee (excluding the Chairman of the Board of Directors), the CEO, and the Group General Counsel

The CEO

- proposes the terms of the employment contracts and the target compensation of the members of the Group Executive Committee for review by the Compensation Committee and for approval by the Board of Directors
- determines the annual variable compensation of members of the Group Executive Committee

Overview of compensation process: Board of Directors

		Target compensation		Actual variable compensation	
		Proposal/request	Determination/ approval	Proposal/request	Determination/ approval
Chairman of the Board of Directors	Compensation Committee		Board of Directors	Compensation Committee	Board of Directors
Other executive members	VRP ¹ /Compensation Committee		Board of Directors	–	VRP ¹
Non-executive members	VRP ¹ /Compensation Committee		Board of Directors	–	–

¹ VRP = Chairman of the Board of Directors

Overview of compensation process: Group Executive Committee

	Target compensation		Actual variable compensation	
	Proposal/request	Determination/ approval	Proposal/request	Determination/ approval
CEO	VRP ¹ /Compensation Committee	Board of Directors	–	VRP ¹
Other members of Group Executive Committee	CEO/Compensation Committee	Board of Directors	–	CEO

¹ VRP = Chairman of the Board of Directors

Changes in the financial year 2014

From 2014, the aggregate amount of fixed compensation will be proposed annually to the General Meeting of Shareholders for approval. Under this approach, an aggregate amount will be proposed for the Board of Directors and an aggregate amount will be proposed for the Group Executive Committee. The approval of fixed compensation will always apply to the current financial year.

From 2015, the aggregate amount of other compensation (referred to as variable compensation) will be proposed annually to the General Meeting of Shareholders for approval. Under this approach, an aggregate amount will be proposed for the Board of Directors and an aggregate amount will be proposed for the Group Executive Committee. The approval of variable compensation will always apply to the previous financial year.

4 Compensation for the reporting year

The disclosed compensation of the Board of Directors and the Group Executive Committee comprises their compensation for the full reporting year, subject to the following additions and limitations:

- The compensation paid to new members of the Board of Directors or the Group Executive Committee is reported from the date on which they take over their respective functions. In case of changes between the Board of Directors and the Group Executive Committee (e.g. transfer of a member of the Group Executive Committee to the Board of Directors), the full compensation for the reporting year is included and reported under the new function.
- If a member of the Board of Directors or the Group Executive Committee resigns from his/her function, the compensation paid up to the date on which he/she ceases to perform that function, plus any other compensation paid in the reporting year in connection with the member's former activities, is reported.
- The compensation of executive members of the Board of Directors is only recognized under the compensation paid to members of the Board of Directors and is not included in the compensation of the Group Executive Committee.
- Certain members of the Board of Directors of Schindler Holding Ltd. and the Group Executive Committee are also members of the Board of Directors of Group companies. If the respective Group companies pay them a Board of Directors' fee, the payment is not made to the individual Board members but to the company from which they normally receive their compensation.
- In the reporting year, no collateral or guarantees were granted to members of the Board of Directors or the Group Executive Committee. Neither Schindler Holding Ltd. nor any other Group company waived any claims vis-à-vis members of the Board of Directors or the Group Executive Committee.

- Since his departure from the Supervisory and Nomination Committee in March 2012, Luc Bonnard has worked for Schindler as a consultant and receives a fee for his services.
- Executive members of the Board of Directors and members of the Group Executive Committee do not receive compensation from Schindler Holding Ltd.; instead, they are paid by directly or indirectly held Group companies. The disclosed compensation contains the total amount of compensation awarded, irrespective of which Schindler company paid it.

4.1 Basic compensation

Board of Directors' fees (including a flat-rate sum for expenses) were adjusted as follows with effect from July 1, 2013: full-time Chairman CHF 400 000, Vice Chairman CHF 300 000, other members CHF 200 000. The basic compensation paid to members of the Board of Directors for the financial year 2013 therefore includes the following Board of Directors' fees: full-time Chairman CHF 385 000 (previous year: CHF 370 000), Vice Chairman CHF 289 000 (previous year: CHF 278 000), other members CHF 192 500 (previous year: CHF 185 000).

Pension contributions and social insurance contributions related to basic compensation and benefits in the form of reduced insurance premiums are reported under 'Pension and social benefits' and under 'Pension, social, and non-cash benefits', respectively.

Members of the Group Executive Committee who are sent on international assignments (expatriates) may receive further benefits. These benefits related to basic compensation are reported under 'Pension, social, and non-cash benefits'.

Fringe benefits are included in basic compensation if any single benefit exceeds CHF 500 or if the total benefits exceed CHF 20 000 in the reporting year.

4.2 Variable compensation

The Board of Directors has decided to allocate registered shares under the capital participation plans for the reporting year.

The allocations under the Performance Share Plan will not be made until April 2014. The reported number of registered shares for members of the Supervisory and Nomination Committee is a provisional figure. The exact number will only be known in April 2014 since it is based on the volume-weighted average price in March 2014, less a discount of 20%. In order to include the registered shares in total compensation, they are valued at the volume-weighted average price of December 2013, less a discount of 10% (CHF 114.81). The discount of 10% reflects the fact that the registered shares are blocked for a period of three years.

Under the Deferred Share Plan, the Performance Share Units will not be converted into registered shares until April 2016. The reported number of Performance Share Units represents the definitive number allocated following the assessment of the target achievement. In order to include the Performance Share Units in total compensation, they are valued at the volume-weighted average price of registered shares in December 2013 less a discount of 10% (CHF 114.81). The discount of 10% reflects the fact that the Performance Share Units will not be converted until April 2016.

In April 2013, the Performance Share Units granted under the Long Term Incentive Plan 2010 were converted into participation certificates at a conversion rate of 3.

Members of the Group Executive Committee may in individual cases – depending on the country in which they live – be provided with a company car instead of receiving a flat-rate sum for car expenses. Employees who are sent on international assignments (expatriates) may receive further benefits. These benefits related to variable compensation are reported under non-cash benefits. Social benefits related to variable compensation are disclosed separately.

4.3 Overview: Board of Directors

In CHF 1 000	Basic compensation			Variable compensation			Total 2013
	Cash (gross)	Pension and social benefits	Cash bonus (gross)/other	Registered shares	Performance Share Units	Social benefits	
Alfred N. Schindler, Chairman ^{1,2}	2 125	310	496	559	–	80	3 570 ⁸
Luc Bonnard, Vice Chairman ⁴	289	20	431 ⁶	–	–	95 ⁶	835
Prof. Dr. Peter Athanas ⁷	1 051	310	1 500	–	–	80	2 941
Dr. Rudolf W. Fischer ^{1,2,3}	1 074	323	678	762	–	154	2 991
Prof. Dr. Karl Hofstetter ²	796	318	585	–	833	155	2 687
Prof. Dr. Pius Baschera ⁴	193	16	–	–	–	–	209
Prof. Dr. Monika Bütler ^{4,5}	148	9	–	–	–	–	157
Dr. Hubertus von Grünberg ⁴	193	13	–	–	–	–	206
Anthony Nightingale ^{4,5}	148	7	–	–	–	–	155
Lord Charles Powell ⁴	193	13	–	–	–	–	206
Rolf Schweiger ⁴	193	14	–	–	–	–	207
Carole Vischer ^{4,5}	148	9	–	–	–	–	157
Prof. Dr. Klaus W. Wellershoff ⁴	193	16	–	–	–	–	209
Total compensation 2013	6 744	1 378	3 690	1 321	833	564	14 530

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Employed on an 80% basis since July 1, 2013

⁴ Non-executive member

⁵ With effect from the General Meeting of Shareholders 2013

⁶ Fees for consulting services CHF 526 000

⁷ Member of the Supervisory and Nomination Committee until the General Meeting of Shareholders 2013, includes compensation until December 31, 2013

⁸ In the reporting year, Alfred N. Schindler made a donation of CHF 1 million to a charitable foundation under Swiss law

Allocated registered shares and Performance Share Units

	Registered shares ¹	Performance Share Units
Alfred N. Schindler, Chairman	4 866	–
Dr. Rudolf W. Fischer	6 641	–
Prof. Dr. Karl Hofstetter	–	7 255

¹ This number was calculated using a value of CHF 102.06 (volume-weighted average price in December 2013 less 20%). This number is provisional. The exact number will only be calculated in April 2014 and will be based on the volume-weighted average price in March 2014, less a discount of 20%.

For the reporting year 2013, the variable component of the compensation awarded to executive members of the Board of Directors averaged 47% (previous year: 53%) of total compensation. Of this sum, 41% was awarded in the form of cash (previous year: 69%), 50% in the form of equity instruments/Performance Share Units (previous year: 19%), and 9% social benefits (previous year: 7%). In the previous year, options corresponding to 5% of variable compensation were also allocated.

4.4 Overview: Group Executive Committee

In CHF 1 000	Basic compensation		Variable compensation				Total 2013
	Cash (gross)	Pension, social, and non-cash benefits	Cash bonus (gross)	Performance Share Units	Non-cash benefits	Social benefits	
Total Group Executive Committee	6 310	2 484	4 102	4 455	1 039	758	19 148
Highest individual compensation: Jürgen Tinggren	1 120	308	800	1 171	–	310	3 709

Allocated Performance Share Units

	Performance Share Units
Total Group Executive Committee	38 805
Jürgen Tinggren	10 202

For the reporting year 2013, the variable component of the compensation awarded to members of the Group Executive Committee averaged 54% (previous year: 60%) of total compensation. Of this sum, 40% was awarded in the form of cash (previous year: 40%), 43% in the form of Performance Share Units (previous year: 50%), and 17% other benefits (previous year: 10%).

5 Compensation for the previous year

The disclosed compensation of the Board of Directors and the Group Executive Committee comprises their compensation for the full financial year 2012, subject to the additions and limitations set out in note 4.

5.1 Basic compensation

The basic compensation paid to members of the Board of Directors for the financial year 2012 includes the following Board of Directors' fees (including a flat-rate sum for expenses): full-time Chairman CHF 370 000, Vice Chairman CHF 278 000, other members CHF 185 000.

5.2 Variable compensation

In the financial year 2012, registered shares were allocated to members of the Supervisory and Nomination Committee under the Capital Participation Plan 2000. The Capital Participation Plan 2000 comprised a share plan and an option plan. Under the share plan, the beneficiaries received 25% of their actual bonus – up to a maximum of CHF 112 500 – in the form of registered shares of Schindler Holding Ltd. The allocation value of one registered share was CHF 124.06 (volume-weighted average price in March 2013 less a discount of 10%). The registered shares were transferred to the ownership of the beneficiaries in April 2013 and include all of the associated rights but are blocked for a period of three years, during which they may not be disposed of. Under the option plan, the members of the Supervisory and Nomination Committee received a specific number of options on registered shares of Schindler Holding Ltd. The options are transferred to the ownership of the beneficiaries after three years (vesting period) and the subsequent exercise period is six years. The options were allocated in April 2013 at an exercise price of CHF 137.84 per registered share.

In 2012, the members of the Group Executive Committee, as well as the executive member of the Board of Directors who is not a member of the Supervisory and Nomination Committee, were allocated Performance Share Units under the Deferred Share Plan that will be converted into registered shares in 2015. In order to include the Performance Share Units in total compensation, they were valued at the volume-weighted average price of registered shares in December 2012 less a discount of 10% (CHF 116.15). The discount of 10% reflects the fact that the Performance Share Units will not be converted into registered shares until April 2015.

5.3 Overview: Board of Directors

In CHF 1 000	Basic compensation			Registered shares	Performance Share Units	Variable compensation		Total 2012
	Cash (gross)	Pension and social benefits	Cash bonus (gross)			Options	Social benefits	
Alfred N. Schindler, Chairman ^{1,2}	2 110	301	1 448	112	–	112 ⁸	152	4 235 ⁹
Luc Bonnard, Vice Chairman ³	819	94	427	112	–	112 ⁸	27	1 591 ⁴
Prof. Dr. Peter Athanas ^{1,2}	1 188	314	1 448	112	–	112 ⁸	121	3 295
Dr. Rudolf W. Fischer ^{1,2,5}	1 155	310	1 526	112	–	112 ⁸	137	3 352
Prof. Dr. Karl Hofstetter ²	785	312	630	–	1 078	–	117	2 922
Prof. Dr. Pius Baschera ⁶	185	11	–	–	–	–	–	196
Dr. Hubertus von Grünberg ⁶	185	8	–	–	–	–	–	193
Lord Charles Powell ⁶	185	8	–	–	–	–	–	193
Dr. Alexander Schaub ^{6,7}	77	4	–	–	–	–	–	81
Rolf Schweiger ⁶	185	8	–	–	–	–	–	193
Prof. Dr. Klaus W. Wellershoff ⁶	185	11	–	–	–	–	–	196
Total compensation 2012	7 059	1 381	5 479	448	1 078	448	554	16 447

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member, member of the Supervisory and Nomination Committee and executive member until the General Meeting of Shareholders 2012

⁴ Thereof fees for consulting services CHF 236 000

⁵ Executive member and member of the Supervisory and Nomination Committee with effect from the General Meeting of Shareholders 2012; includes compensation from January 1, 2012, until the General Meeting of Shareholders 2012 (Dr. Rudolf W. Fischer was a member of the Group Executive Committee until December 31, 2011)

⁶ Non-executive member

⁷ Until the General Meeting of Shareholders 2012; includes compensation received as Chairman of the Audit Committee

⁸ Assumption that the compensation value of the options is equal to the compensation value of the registered shares

⁹ In 2012, Alfred N. Schindler made a donation of over CHF 1 million to a charitable foundation under Swiss law

Allocated registered shares and Performance Share Units

	Registered shares	Performance Share Units	Options
Alfred N. Schindler, Chairman	906 ¹	–	3 171 ²
Luc Bonnard, Vice Chairman	906 ¹	–	3 171 ²
Prof. Dr. Peter Athanas	906 ¹	–	3 171 ²
Dr. Rudolf W. Fischer	906 ¹	–	3 171 ²
Prof. Dr. Karl Hofstetter	–	9 281	–

¹ This definitive number was calculated using an allocation value of CHF 124.06, which corresponds to the volume-weighted average price of the registered shares in March 2013 less a discount of 10%. The number reported in the previous year (968) was based on a provisional number (volume-weighted average price of the registered shares in December 2012 less a discount of 10%, resulting in a provisional allocation value of CHF 116.15).

² Number according to the definitive allocation in April 2013 (number of shares multiplied by 3.5); number provisionally reported in the previous year: 3 388

5.4 Overview: Group Executive Committee

In CHF 1 000	Basic compensation			Variable compensation			Total 2012
	Cash (gross)	Pension, social, and non-cash benefits	Cash bonus (gross)	Performance Share Units	Non-cash benefits	Social benefits	
Total Group Executive Committee	5 546	1 866	4 704	5 716	868	630	19 330
Highest individual compensation: Jürgen Tinggren	1 122	305	1 400	1 684	–	216	4 727

Allocated Performance Share Units

	Performance Share Units
Total Group Executive Committee	50 329 ¹
Jürgen Tinggren	14 501

¹ Retrospectively adjusted, number reported in the Financial Statements 2012: 49 214

6 Fixed compensation for the financial year 2014

The aggregate amount of the fixed compensation of the Board of Directors and the Group Executive Committee for the financial year 2014 will be proposed to the General Meeting of Shareholders in March 2014 for approval.

The aggregate amount of the fixed compensation of the Board of Directors is expected to be CHF 8 200 000 (2013: CHF 8 122 000). The following Board of Directors' fees included in fixed compensation are proposed for 2014: full-time Chairman CHF 400 000, Vice Chairman CHF 300 000, other members CHF 200 000.

The aggregate amount of the fixed compensation of the Group Executive Committee is expected to be CHF 8 800 000 (2013: CHF 8 794 000).

In the proposed amendments of the Articles of Associations, it will be proposed to the General Meeting of Shareholders in March 2014 that the maximum permissible fixed compensation be increased by 20% if, following the approval of the fixed compensation, additional members or replacement members are appointed to the Group Executive Committee.

7 Benefits for former members of governing bodies

Compensation for services rendered was paid to the following former members of governing bodies:

Alfred Spörri, executive member of the Board of Directors and member of the Supervisory and Nomination Committee until March 26, 2008: CHF 0.3 million (previous year: CHF 0.2 million).

Roland W. Hess, President of the Group Executive Committee, Elevators & Escalators, until July 31, 2007: previous year CHF 0.4 million.

8 Benefits for related parties

In the reporting year, Schindler Holding Ltd. paid pensions amounting to CHF 172 800 (previous year: CHF 172 800) to two widows of former executive members of the Board of Directors. The actuarially determined present value of these payments is recalculated annually and, as of December 31, 2013, amounted to CHF 1.2 million (previous year: CHF 1.3 million). This amount is recognized as a provision by Schindler Holding Ltd.

9 Loans

9.1 Present and former members of governing bodies

No loans were granted by Schindler Holding Ltd. or any other Group company to present or former members of governing bodies, and no such loans were outstanding as of December 31, 2013.

9.2 Related parties

Schindler Holding Ltd. or any other Group company has not granted any loans to related parties of present or former members of governing bodies.

10 Participations, option rights, and conversion rights

The participations and option rights of members of the Board of Directors of Schindler Holding Ltd. and the Group Executive Committee, as well as related parties, are as follows (there are no conversion rights outstanding):

10.1 Board of Directors

2013

	Number		
	Registered shares	Participation certificates	Options
as of 31.12.2013			
Alfred N. Schindler, Chairman ^{1,2}	⁴	30 406	4 358 ⁵
Luc Bonnard, Vice Chairman ³	⁴	3 094	–
Dr. Rudolf W. Fischer ^{1,2}	20 209	5 600	–
Prof. Dr. Karl Hofstetter ²	11 658	17 241	59 085 ⁶
Prof. Dr. Pius Baschera ³	3 000	–	–
Prof. Dr. Monika Bütler ³	1 500	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Anthony Nightingale ³	3 000	–	–
Lord Charles Powell ³	5 000	–	–
Rolf Schweiger ³	3 375	–	–
Carole Vischer ³	⁴	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As at December 31, 2013, these comprised 47 720 376 shares, corresponding to 67.3% of the voting rights of the share capital entered in the Commercial Register.

⁵ Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan allocation 2010)

⁶ Fully vested options on registered shares granted
 - under the Long Term Incentive Plan 2009: 44 593
 - under the Long Term Incentive Plan 2010: 14 492

2012

	Number		
	Registered shares	Participation certificates	Options
as of 31.12.2012			
Alfred N. Schindler, Chairman ^{1,2}	⁴	30 406	10 033 ⁵
Luc Bonnard, Vice Chairman ³	⁴	5 866	–
Prof. Dr. Peter Athanas ^{1,2}	3 000	–	–
Dr. Rudolf W. Fischer ^{1,2}	19 303	–	–
Prof. Dr. Karl Hofstetter ²	59 587	–	44 593 ⁶
Prof. Dr. Pius Baschera ³	3 000	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Lord Charles Powell ³	5 000	–	–
Rolf Schweiger ³	3 375	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler and Luc Bonnard hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As at December 31, 2012, these comprised 50 077 828 registered shares, corresponding to 70.1% of the voting rights of the share capital entered in the Commercial Register

⁵ Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan allocation 2009)

⁶ Fully vested options on registered shares granted under the Long Term Incentive Plan 2009

10.2 Group Executive Committee

2013

	Number		Number of vested options on					
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³	Participation certificates allocated 2010
as of 31.12.2013								
Jürgen Tinggren, CEO	30 920	–	–	–	–	–	27 000	18 118 ⁴
Miguel A. Rodríguez, Deputy CEO	23 629	7 542	2 565	562	4 279	10 234	19 506	6 340 ⁴
Erich Ammann	12 696	2 776	–	–	–	–	–	–
David Clymo	–	2 390	–	–	–	–	–	1 792 ¹
Didier Gaudoux	910	6 465	–	–	–	–	4 687	5 435 ⁴
Albert Haffert	3 736	5 928	–	–	3 773	2 386	8 361	4 982 ⁴
Silvio Napoli	8 420	8 267	325	992	3 018	8 528	10 729	6 340 ⁴
Thomas Oetterli	4 998	5 838	–	–	–	–	8 361	4 529 ⁴
Oswald Schmid	793	3 501	–	–	–	–	8 361	2 944 ⁴
Jakob Züger	17 981	6 622	–	–	–	–	–	7 246 ⁴

¹ Options from Capital Participation Plan 2000

² Options from Long Term Incentive Plan 2008

³ Options from Long Term Incentive Plan 2009

⁴ Options from Long Term Incentive Plan 2010

2012

	Number		Number of vested options on				
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³
as of 31.12.2012							
Jürgen Tinggren, CEO	40 595	8 410	–	–	–	–	37 000
Miguel A. Rodríguez, Deputy CEO	23 629	–	2 565	1 915	4 279	10 234	19 509
Erich Ammann	23 735	–	–	–	–	–	–
David Clymo	–	2 390	–	–	–	–	–
Didier Gaudoux	910	–	–	–	–	–	4 687
Albert Haffert	3 736	–	–	–	3 773	2 386	8 361
Silvio Napoli	8 420	725	325	992	3 018	8 528	10 729
Thomas Oetterli	4 998	450	–	–	–	–	8 361
Jakob Züger	21 027	1 670	–	–	–	–	8 428

¹ Options from Capital Participation Plan 2000

² Options from Long Term Incentive Plan 2008

³ Options from Long Term Incentive Plan 2009

Information on the conditions that apply to options is provided in note 34.3 to the Consolidated Financial Statements.

Corporate Governance

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The Corporate Governance Report contains the information required by the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, effective December 31, 2013, and is structured in accordance with the Directive. The required disclosures of the compensation and participations of the company's most senior management are provided in the Compensation Report. The Ordinance against Excessive Compensation in Listed Companies (VegüV) entered into force on January 1, 2014. Where the provisions of this Ordinance lead to mandatory changes in Corporate Governance, this report reflects the status as of January 1, 2014.

1 Group structure and shareholders

1.1 Group structure

Schindler Holding Ltd. is a holding company under Swiss law. It is headquartered in Hergiswil (Canton of Nidwalden, Switzerland). It has a direct or indirect interest in the companies listed in the Group Financial Statements, note 37.

The Schindler Group is one of the world's leading suppliers of elevators, escalators, and moving walks. It is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe. Its organizational structure as of January 1, 2014, can be summarized as follows:



Information on the duties of the full-time Supervisory and Nomination Committee (formerly known as the Executive Committee of the Board) is provided in note 3.4.2.1 as well as in the Organizational Regulations of Schindler Holding Ltd., which are available in English on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

1.2 Significant shareholders

As at the end of 2013, the Schindler and Bonnard families – within the scope of a shareholders' agreement – and parties related to these families held 47 720 376 registered shares of Schindler Holding Ltd., corresponding to 67.3% of voting rights of the share capital entered in the Commercial Register. As at the end of 2013, Schindler Holding Ltd. held 3 285 417 treasury shares, corresponding to 4.6% of voting rights of the share capital entered in the Commercial Register. There are no further shareholders who have registered a holding of more than 3% of voting rights of Schindler Holding Ltd. according to Article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA). The notifications according to Article 20 SESTA that were published during the reporting year can be viewed at: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

1.3 Cross-shareholdings

Schindler Holding Ltd. has no cross-shareholdings of more than 5% in any company outside the Schindler Group.

1.4 Events after the balance sheet date

Silvio Napoli succeeded Jürgen Tinggren as CEO of the Schindler Group on January 1, 2014. Jürgen Tinggren will be proposed for election to the Board of Directors of Schindler Holding Ltd. at the forthcoming General Meeting of Shareholders of March 17, 2014. It is intended that he will be appointed as a member of the Supervisory and Nomination Committee. Thomas Oetterli has been a member of the Group Executive Committee since January 1, 2010, and has been responsible for the Schindler Group's activities in China since April 1, 2013. From January 1, 2014, he will report directly to the CEO. With effect from January 1, 2014, the Asia/Pacific region – excluding China – was combined with the India and Gulf region to form the new zone Asia/Pacific and Middle East. Miguel A. Rodríguez, who was previously responsible for the India and Gulf region, will lead this new enlarged Zone. The Group Executive Committee comprises the following members as of January 1, 2014: Silvio Napoli (CEO), Erich Ammann, David Clymo, Didier Gaudoux, Albert Haffert, Thomas Oetterli, Miguel A. Rodríguez, Oswald Schmid, and Jakob Züger.

2 Capital structure

2.1 Capital

As at December 31, 2013, the ordinary share capital of Schindler Holding Ltd. totaled CHF 7 088 764.50 and its participation capital totaled CHF 4 617 190.90.

2.2 Authorized and conditional capital

As at December 31, 2013, Schindler Holding Ltd. had no authorized or conditional capital.

2.3 Changes in capital in the last three years

Information about changes in the capital of Schindler Holding Ltd. in the last three reporting years is presented in note 11 of the Financial Statements of Schindler Holding Ltd.

2.4 Shares and participation certificates

As at December 31, 2013, the share capital totaled CHF 7 088 764.50. It is divided into 70 887 645 fully paid-in registered shares, each with a nominal value of CHF 0.10. Subject to Article 13 of the Articles of Association, each share carries the right to one vote, as well as the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value.

As at December 31, 2013, the participation capital totaled CHF 4 617 190.90. It is divided into 46 171 909 fully paid-in bearer participation certificates, each with a nominal value of CHF 0.10. Each participation certificate carries the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, or any other rights of membership, such as participation in General Meetings of Shareholders.

2.5 Profit-sharing certificates

Schindler Holding Ltd. has not issued any profit-sharing certificates.

2.6 Limitations on share transferability and nominee registrations

2.6.1 Limitation on share transferability

According to Article 13 of the Articles of Association, the Board of Directors shall refuse registration of an acquirer as a full shareholder in the share register if:

- the acquirer has not acquired the share(s) in his/her own name and on his/her own account, or
- registration would result in the acquirer holding more than 3% of the voting rights.

The voting rights of related shareholders are counted together. This does not apply in the case of custody agreements with banks.

In accordance with Swiss federal law requiring the demonstration of Swiss control, the registration of foreign acquirers can be refused if, as a result of their registration, all foreign shareholders together would hold more than 10% of the voting rights.

The statutory restrictions on registration do not apply if:

- on June 15, 1992, the acquirer was already recorded in the share register as holding at least 3% of the voting rights, or the acquirer is the spouse, child or other descendant, brother, or sister of such a person, or
- the voting rights were acquired directly by inheritance, division of estate, or matrimonial property law.

Further details and exceptions are set out in Article 13 of the Articles of Association of Schindler Holding Ltd., which are available at: www.schindler.com – Investor Relations – Annual General Meeting (www.schindler.com/com/internet/en/investor-relations/articles-of-association.html).

The General Meeting of Shareholders can determine exceptions to the percentage limits by relative majority, a legally binding decision requiring at least half of the shares registered in the Commercial Register to be represented. Applicants have the right to have their application presented at the General Meeting of Shareholders. The General Meeting of Shareholders was not required to rule on any applications for exceptions in the financial year 2013.

2.6.2 Nominee registrations

The Articles of Association do not contain any special regulations regarding the registration of nominees in the share register.

2.7 Convertible bonds and options

2.7.1 Convertible bonds

Schindler Holding Ltd. has no outstanding convertible bonds.

2.7.2 Employee options

Allocation year		Options allocated (number)	Exercise price in CHF	Blocked period ends	Exercise period ends	Number as of 31.12.2013		
						Forfeited	Exercised	Outstanding
2006	A	138 376 ¹	48.80	30.04.09	30.04.15	-2 190	-122 148	14 038
2007	A	160 711 ¹	56.20	30.04.10	30.04.16	-3 029	-131 372	26 310
2008	A	357 092 ¹	80.90	30.04.11	30.04.17	-13 862	-247 093	96 137
2008	B	155 311 ¹	78.90	30.04.11	30.04.17	-	-134 163	21 148
2009	A	464 175 ¹	56.40	30.04.12	30.04.18	-420	-316 050	147 705
2009	B	314 783 ¹	56.40	30.04.12	30.04.18	-2 407	-159 610	152 766
2010	A	207 896 ²	53.60	30.04.13	30.04.19	-	-88 486	119 410
2010	B	107 739 ²	85.10	30.04.13	30.04.19	-6 159	-18 115	83 465
2011	A	222 621 ²	85.10	30.04.14	30.04.20	-198	-23 056	199 367
2011	B	104 854 ²	124.80	30.04.14	30.04.20	-	-	104 854
2012	A	162 002 ²	108.20	30.04.15	30.04.21	-165	-7 440	154 397
2013	A	138 012 ¹	137.84	30.04.16	30.04.22	-259	-	137 753

A = Options from Capital Participation Plan 2000/2003

B = Options from Long Term Incentive Plan

¹ One option gives entitlement to purchase one share

² One option gives entitlement to purchase one participation certificate

3 Board of Directors and Committees of the Board

3.1 Members of the Board of Directors of Schindler Holding Ltd.

The Board of Directors, which – according to the Articles of Association – consists of between 5 and 12 members, currently has 12 members. Three members are executive members of the Board of Directors, two of whom form the Supervisory and Nomination Committee. The nine remaining members are non-executive members of the Board of Directors.

Members

as of 31.12.2013	Domicile	Nationality	Function	In office since ¹
Alfred N. Schindler (1949)	Hergiswil, Switzerland	Switzerland	Chairman, executive member ²	1977
Luc Bonnard (1946)	Hergiswil, Switzerland	Switzerland	Vice Chairman, non-executive member	1984
Dr. Rudolf W. Fischer (1952)	Walchwil, Switzerland	Switzerland	Executive member ²	2012
Prof. Dr. Karl Hofstetter (1956)	Zug, Switzerland	Switzerland	Executive member	2006
Prof. Dr. Pius Baschera (1950)	Zurich, Switzerland	Switzerland, Italy	Non-executive member	2005
Prof. Dr. Monika Bütler (1961)	Zurich, Switzerland	Switzerland	Non-executive member	2013
Dr. Hubertus von Grünberg (1942)	Hanover, Germany	Germany	Non-executive member	1999
Anthony Nightingale (1947)	Hong Kong SAR, China	United Kingdom	Non-executive member	2013
Charles Powell (Lord Powell of Bayswater KCMG) (1941)	London, UK	United Kingdom	Non-executive member	2003
Rolf Schweiger (1945)	Baar, Switzerland	Switzerland	Non-executive member	2009
Carole Vischer (1971)	Hergiswil, Switzerland	Switzerland	Non-executive member	2013
Prof. Dr. Klaus W. Wellershoff (1964)	Zurich, Switzerland	Germany	Non-executive member	2009

¹ Annual General Meeting of Shareholders in the year shown; in accordance with the Ordinance against Excessive Compensation in Listed Companies, the term of office is now limited to one year.

² Member of the Supervisory and Nomination Committee

3.2 Other activities

Alfred N. Schindler, Chairman of the Board of Directors, born 1949 (Swiss citizen)

Chairman of the Board of Directors since 1995, Chairman of the Supervisory and Nomination Committee since 1985, member of the Board of Directors since 1977

Professional experience

1985–2011 CEO of the Schindler Group
 1982–1985 Head of Corporate Planning at Schindler
 1980–1981 CFO of Notz AG, Biel, Switzerland
 1978–1979 Marketing, Schindler Group
 1977–1978 Wharton School of Finance, Pennsylvania, USA
 1974–1976 Auditor at Neutra Treuhand AG, Berne, Switzerland

Qualifications

– Degree in law from the University of Basel, Switzerland
 – MBA from the Wharton School of Finance, University of Pennsylvania, USA

Luc Bonnard, Vice Chairman of the Board of Directors, born 1946 (Swiss citizen)

Vice Chairman of the Board of Directors since 1996, member of the Board of Directors since 1984, Chairman of the Audit Committee since 2013

Professional experience

- 1991–2012 Member of the Supervisory and Nomination Committee
- 1986–1990 Head of the Group's Elevators & Escalators business
- 1983–1986 Member of the Group Executive Committee, responsible for Northern Europe
- 1972–1983 Various positions in the Schindler Group

Qualifications

Master's degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

Dr. Rudolf W. Fischer, born 1952 (Swiss citizen)

Member of the Board of Directors and member of the Supervisory and Nomination Committee since 2012, member of the Compensation Committee since 2012

Professional experience

- 1996–2011 Member of the Group Executive Committee Schindler Elevators & Escalators with responsibility for Corporate Human Resources, Management Training, and Corporate Safety & Health
- 1994–1995 Partner at Dr. Björn Johansson Associates, Zurich, Switzerland
- 1993–1994 CEO of Hanro AG, Liestal, Switzerland
- 1991–1993 CEO of Jockey/Vollmöller AG, Uster, Switzerland
- 1982–1991 Various functions in the areas of human resources and trade marketing at Jacobs Suchard, Switzerland and Belgium
- 1980–1982 Management trainee at Zürcher Kantonalbank and First National Bank of Boston

Other activities

Member of the Board of Directors of Vetropack Holding AG, Bülach, Switzerland

Qualifications

Doctorate in economics (Dr. oec. publ.) from the University of Zurich, Switzerland

Prof. Dr. Karl Hofstetter, born 1956 (Swiss citizen)

Member of the Board of Directors since 2006

Professional experience

- Since 1993 Group General Counsel of the Schindler Group
- 2002–2006 Member of the Group Executive Committee of Schindler Elevators & Escalators
- 1990–1993 Legal Counsel of the Schindler Group

Other activities

- Chairman of the Board of Trustees of the Kuoni and Hugentobler Foundation, Zurich, Switzerland
- Member of the Board of Directors of ALSO Holding AG, Emmen, Switzerland
- Member of the Board of Directors of Venture Incubator AG, Zug, Switzerland
- Member of the Commission of Experts on Disclosure of the SIX Swiss Exchange, Zurich, Switzerland
- Member of the University Council of the University of Lucerne, Switzerland
- Chairman of the Advisory Board of the Program on Comparative Corporate Law, Governance, and Finance at Harvard Law School, Boston, USA
- Professor of Private and Commercial Law at the University of Zurich, Switzerland
- Visiting Professor at Harvard Law School, Boston, USA (fall semester 2013)

Qualifications

- Degree in law (including a doctorate) and in economics from the University of Zurich, Switzerland, Stanford, UCLA, and Harvard University, USA
- Licensed attorney in Zurich and New York

Prof. Dr. Pius Baschera, born 1950 (Swiss and Italian citizen)

Member of the Board of Directors since 2005, member of the Compensation Committee since 2008

Professional experience

- Since 2007 Chairman of the Board of Directors of Hilti AG, Schaan, Liechtenstein
- 1994–2006 CEO of Hilti AG, Schaan, Liechtenstein
- 1990–1994 Chief Financial Officer and member of the Executive Board of Hilti AG, Schaan, Liechtenstein
- 1989–1990 Head of Europe 1 market region of Hilti AG
- 1986–1989 Head of Hilti Deutschland GmbH, Germany
- 1985 Head of Hilti (Schweiz) AG, Switzerland
- 1982–1985 Head of Corporate Development of Hilti Inc., Tulsa, USA
- 1979–1982 Head of Production Controlling of Hilti AG, Schaan, Liechtenstein

Other activities

- Member of the Board of Directors of F. Hoffmann-La Roche Ltd., Basel, Switzerland
- Member of the Advisory Board of Vorwerk & Co., Wuppertal, Germany
- Member of the Advisory Board of Ardex, Witten, Germany
- Chairman of the Board of Directors of Venture Incubator AG, Zug, Switzerland
- Professor of Business Administration at the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

Qualifications

- Degree in mechanical engineering and management science from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland
- Doctor of science (Dr. sc. techn.) from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

Prof. Dr. Monika Bütler, born 1961 (Swiss citizen)

Member of the Board of Directors since 2013

Professional experience

- Since 2008 Managing Director of the Swiss Institute for Empirical Economic Research, University of St. Gallen, Switzerland
- Since 2004 Full Professor of Economics at the University of St. Gallen, Switzerland
- 2009–2013 Dean of the School of Economics and Political Science, University of St. Gallen, Switzerland
- 2008–2011 Visiting Professor at the University of New South Wales, Sydney, Australia
- 2004–2006 Advisor to the World Bank, Washington, USA
- 1999–2004 Assistant Professor and Full Professor at the University of Lausanne, Switzerland
- 1997–2001 Assistant Professor at the CentER & Department of Economics, Tilburg University, The Netherlands

Other activities

- Member of the Swiss Committee for Economic Affairs
- Member of the Bank Council of the Swiss National Bank
- Chairman of the Swiss Institute for International Economics
- Member of the Board of Trustees of the World Demographic & Ageing Forum, St. Gallen, Switzerland
- From January 1, 2014: Member of the Board of Directors of Suva, Lucerne, Switzerland

Qualifications

- Degree in mathematics, majoring in physics, from the University of Zurich, Switzerland
- Doctorate in economics from the University of St. Gallen, Switzerland

Dr. Hubertus von Grünberg, born 1942 (German citizen)

Member of the Board of Directors since 1999, Member of the Compensation Committee since 2003, Chairman of the Compensation Committee since 2005

Professional experience

- Since 2007 Chairman of the Board of Directors of ABB Ltd., Zurich, Switzerland
- 1999–2009 Chairman of the Supervisory Board of Continental AG, Hannover, Germany
- 1991–1999 President of the Executive Management Committee of Continental AG, Hanover, Germany
- 1989–1991 President and CEO of ITT Automotive Inc., Auburn Hills, USA
Senior Vice President of ITT Corporation, Auburn Hills, USA
- 1984–1989 Chairman of the Management Board of Alfred Teves GmbH, Frankfurt am Main, Germany

Other activities

- Member of the Supervisory Board of Deutsche Telekom AG, Bonn, Germany
- Chairman of the Advisory Board of Sapinda Holding B.V., Amsterdam, The Netherlands
- Until April 2013: Member of the Supervisory Board of Allianz-Versicherungs AG, Munich, Germany

Qualifications

Doctorate in theoretical physics from the University of Cologne, Germany

Anthony Nightingale, born 1947 (British citizen)

Member of the Board of Directors since 2013

Professional experience

Since 1994 Member of the Board of Directors of Jardine Matheson Holdings, Bermuda
 2006–2012 CEO of Jardine Matheson Holdings, Bermuda
 1969–1994 Various functions at the Jardine Matheson Group

Other activities

- Member of the Board of Directors of: Jardine Cycle & Carriage, Bermuda; Jardine Strategic Holdings, Bermuda; Dairy Farm International Holdings, Bermuda; Hong Kong Land Holdings, Bermuda; Mandarin Oriental International, Bermuda; China Xintiandi, Cayman Islands; Prudential plc, England and Wales
- Commissioner of PT Astra International, Indonesia
- Senior Advisor to Academic Partnerships International, UK
- Advisor to Dickson Concepts, Bermuda
- Hong Kong Representative to the APEC Business Advisory Council
- Chairman of the Hong Kong-APEC Trade Policy Group, Hong Kong
- Member of the Commission on Strategic Development, Hong Kong
- Member of the Securities and Futures Commission of the Committee on Real Estate Investment Trusts
- Honorary Professor at the Hong Kong Baptist University School of Business
- Chairman of The Sailors Home and Missions to Seamen, Hong Kong
- Member of the UK-ASEAN Business Council Advisory Panel
- Former Chairman of the Hong Kong General Chamber of Commerce

Qualifications

Bachelor's degree (honors) in Classics, Peterhouse College, University of Cambridge, UK

Charles Powell (Lord Powell of Bayswater KCMG), born 1941 (British citizen)

Member of the Board of Directors since 2003

Professional experience

- Since 2000 Independent member of the House of Lords, UK
- Since 1992 International business interests (see Other activities)
- 1983–1991 Private secretary and advisor on foreign affairs and defense to Prime Minister Margaret Thatcher and Prime Minister John Major
- 1963–1982 British diplomatic service

Other activities

- Member of the Board of Directors of: Textron Corporation, Providence, USA; LVMH (Louis Vuitton Moët Hennessy), Paris, France; Mandarin Oriental International Ltd., Bermuda; Hong Kong Land Holdings Ltd., Bermuda; Matheson & Co. Ltd., London, UK; Financière Agache, Paris, France
- Advisor to: Rolls-Royce, Derby, UK; Barrick Gold, Toronto, Canada; Thales, UK; Bowmark Capital LLP, UK; ACE, Bermuda; Council on Foreign Relations, New York, USA
- Chairman of the Board of Trustees of Oxford University Business School Foundation
- Chairman of the UK Asia Task Force
- Chairman of the Atlantic Partnership, London, UK
- Deputy Chairman of the International Advisory Board of Fudan University Business School, Shanghai, China
- Member of the Board of Trustees of: the British Museum Trust, London, UK; the Aspen Institute, USA; the International Institute for Strategic Studies, London, UK

Qualifications

Master's degree in history with first-class honors from the University of Oxford, UK

Rolf Schweiger, born 1945 (Swiss citizen)

Member of the Board of Directors since 2009

Professional experience

- Since 1976 Partner in the law firm Schweiger Advokatur / Notariat, Zug, Switzerland
- 1999–2011 Member of the Swiss Council of States, member of the Finance Committee of the Swiss Council of States and Chairman of its Subcommittee 2 (EDA/EVD), member of the Committee for Economic Affairs and Taxation, member of the Legal Committee, and Chairman of the Committee for the Environment, Spatial Planning and Energy, as well as various other committee mandates
- 1969–2011 Various political mandates, including as a member of the Parliament of the Canton of Zug (22 years)
- 2004 Leader of the Free Democratic Party (FDP), Switzerland

Other activities

- Member of the Governing Board of economiesuisse, Switzerland
- Member of the Board of Directors of HOCHDORF Holding AG, Hochdorf, Switzerland
- Chairman of the Board of Directors of Roche Diagnostik International AG, Risch, Switzerland
- President of the Federation of Swiss Food Industries (fial), Switzerland
- President of AVES Switzerland (Campaign for a Sensible Energy Policy), Switzerland
- Chairman of the ‘Ombudsman for Private Insurance and Suva’ Foundation, Zurich, Switzerland
- Member of the Management Committee of the Schweizer Patenschaft für Berggemeinden (organization supporting mountain communities), Switzerland

Qualifications

- Degree in law from the University of Zurich, Switzerland
- Licensed attorney and notary in Zug

Carole Vischer, born 1971 (Swiss citizen)

Member of the Board of Directors since 2013

Professional experience

2002–2011 Director of the Stiftung Dr. Robert und Lina Thyll-Dürr (charitable foundation), Stansstad, Switzerland

Other activities

- President of the Stiftung Dr. Robert und Lina Thyll-Dürr, Stansstad, Switzerland
- Member of the Board of Directors of Schindler Aufzüge AG, Ebikon, Switzerland

Qualifications

Degree in law, University of Basel, Switzerland

Prof. Dr. Klaus W. Wellershoff, born 1964 (German citizen)

Member of the Board of Directors since 2009, member of the Audit Committee since 2013

Professional experience

Since 2009 CEO of Wellershoff & Partners Ltd., Zurich, Switzerland

2003–2008 Global Head of Wealth Management Research at UBS and Chairman of the Investment Committee of the UBS Global Wealth Management & Business Banking Division

1997–2009 Chief Economist of the then Swiss Bank Corporation and later UBS, Switzerland

Other activities

- President of the Management Committee of the Institute of Economics, University of St. Gallen, Switzerland

- Vice Chairman of the Board of Trustees of the World Demographic & Ageing Forum, St. Gallen, Switzerland
- Honorary Professor of Applied Economics at the University of St. Gallen, Switzerland

Qualifications

- Banking apprenticeship at Sal. Oppenheim jr. & Cie., Cologne, Germany
- Studied economics and business administration at the University of St. Gallen, Switzerland
- Visiting fellow at the Department of Economics, Harvard University, USA

3.3 Elections and term of office

The members of the Board of Directors of Schindler Holding Ltd. were elected by the General Meeting of Shareholders for a term of three years. In accordance with the Ordinance against Excessive Compensation in Listed Companies, their term of office is now limited to one year.

The members of the Board of Directors are elected individually. They may be reelected. The Chairman of the Board of Directors is elected by the General Meeting of Shareholders.

The term of office of the members of the Board of Directors ends at the first Annual General Meeting of Shareholders following their 73rd birthday. In exceptional cases, the Board of Directors may extend this age limit.

3.4 Internal organizational structure

3.4.1 Allocation of duties within the Board of Directors

The Chairman of the Board of Directors convenes the meetings of the Board of Directors, sets the agenda, prepares the meetings and leads them. He decides whether other individuals should participate in meetings of the Board of Directors on a case-by-case basis. Every member of the Board of Directors can request that a meeting of the Board of Directors be convened, provided they state the item that is to be discussed and give a brief justification of the matter.

The Chairman of the Board of Directors – in consultation with the CEO – represents the interests of the Group vis-à-vis third parties in all important matters.

3.4.2 Committees

The Board of Directors delegates certain duties to committees formed from its own members. The Board of Directors has appointed three standing committees: the Supervisory and Nomination Committee, the Compensation Committee, and the Audit Committee. The Board of Directors appoints a chairman for each of the committees.

3.4.2.1 Supervisory and Nomination Committee

The Board of Directors appoints from among its members a full-time Supervisory and Nomination Committee consisting of the Chairman and at least one other member of the Board of Directors.

Members

as of 31.12.2013		
Alfred N. Schindler	Chairman, executive member of the Board of Directors	Chairman
Dr. Rudolf W. Fischer	Executive member of the Board of Directors	Member

The Supervisory and Nomination Committee ensures the ultimate direction and supervision of the Group's business by the Board of Directors (overall management and overall supervision, pursuant to Article 716a of the Swiss Code of Obligations). In addition, the Supervisory and Nomination Committee performs the following duties, in particular:

- Defining the Group's values, short- and long-term objectives, and strategy in consultation with the CEO and proposing them for approval by the Board of Directors
- Adopting provisional resolutions or intervening on behalf of the Board of Directors in urgent cases if a regular Board resolution cannot be adopted in a timely manner
- Determining the selection criteria for the appointment of members of the Board of Directors and its committees as well as members of the Group Executive Committee, and reviewing the corresponding succession plans
- Evaluating and proposing the appointment or removal of members of the Board of Directors and its committees as well as members of the Group Executive Committee (including the CEO)

Information on further duties of the full-time Supervisory and Nomination Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

3.4.2.2 Compensation Committee

The Board of Directors appoints a Compensation Committee that consists of three members of the Board of Directors. At least two members must be independent. In accordance with the Ordinance against Excessive Compensation in Listed Companies, the members of the Compensation Committee are now elected by the General Meeting of Shareholders.

Members

as of 31.12.2013		
Dr. Hubertus von Grünberg	Independent member of the Board of Directors	Chairman
Prof. Dr. Pius Baschera	Independent member of the Board of Directors	Member
Dr. Rudolf W. Fischer	Executive member of the Board of Directors	Member

Information on the duties of the Compensation Committee is provided in the Compensation Report as well as in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulation (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

3.4.2.3 Audit Committee

The Board of Directors appoints an Audit Committee, consisting of at least two Board members. At least two members are non-executive and preferably independent members of the Board of Directors. The Chairman of the Audit Committee and at least one other member must be financially literate and have accounting expertise. The Chairman of the Audit Committee reports to the Board of Directors.

Members

as of 31.12.2013		
Luc Bonnard	Vice Chairman, non-executive member of the Board of Directors	Chairman
Prof. Dr. Klaus W. Wellershoff	Non-executive member of the Board of Directors	Member

The Audit Committee is responsible for the following duties in particular:

- Reviewing and approving the quarterly financial statements
- Approving the annual and half-year financial statements for submission to the Board of Directors
- Reviewing the performance and independence of the auditing body and approving its fees
- Reviewing and determining audit programs for Group Assurance, the Compliance departments, and IT Security
- Reviewing all audit reports and status reports issued by Group Assurance, the Compliance departments, and IT Security concerning the implementation of measures
- Issuing new guidelines, directions, clarifications, or other instructions in connection with the Code of Conduct

Information on further duties of the Audit Committee is provided in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

The Audit Committee maintains contact with the external auditors. It is assisted by the Head of Group Assurance as well as by an Audit Expert Group, which possesses the requisite financial and technical expertise.

3.4.3 Frequency of meetings of the Board of Directors and its committees

The Board of Directors holds at least six regular full-day meetings per year, as well as ad hoc meetings as necessary. In the reporting year, the Board of Directors held five full-day meetings, one half-day meeting, one two-day meeting with the members of the Group Executive Committee, and two telephone conferences.

The Supervisory and Nomination Committee meets on a regular basis at the invitation of its Chairman. In the reporting year, 22 meetings and four strategy meetings were held. The Audit Committee holds at least four meetings and the Compensation Committee holds at least two meetings per year. In the reporting year, the Audit

Committee held two full-day meetings and one half-day meeting, as well as two telephone conferences. The Compensation Committee held three meetings and one telephone conference. The Audit Expert Group that assists the Audit Committee (see note 3.4.2.3) includes three external consultants. No other external consultants attended the meetings.

The agendas of the meetings are set by the respective Chairmen. Discussions and resolutions are recorded in the minutes of the meetings. The CEO and other members of the Group Executive Committee or other persons may be invited to attend the meetings of the Board of Directors or its committees by the respective Chairmen.

3.5 Definition of areas of responsibility

According to Swiss law, the Board of Directors is responsible for the ultimate direction and supervision of the Group. The non-transferable and inalienable responsibilities set out in the Swiss Code of Obligations, Article 716a, paragraph 1, are incumbent on the Board of Directors. In addition, the Board of Directors can resolve all matters that are not defined by Swiss law or the Articles of Association as being the responsibility of the General Meeting of Shareholders.

It is also incumbent on the Board of Directors to approve, or decide on, the following:

- The Group's values, objectives, and strategy
- The conditions required to enable the company to conduct its business activities
- The Group's plans, budget, and forecasts
- The election of the Chairmen and members of the Committees of the Board, as well as the CEO, the members of the Group Executive Committee, and the Group General Counsel
- The preparation of the Compensation Report

In all other matters, the Board of Directors has delegated the management of the Group to the CEO and the Group Executive Committee.

The Group Executive Committee performs the following duties in particular:

- Preparing strategic objectives for submission to the Board of Directors in close collaboration with the Supervisory and Nomination Committee
- Achieving the strategic and operational objectives approved by the Board of Directors
- Defining the Group's budget, plans, and forecasts for submission to the Supervisory and Nomination Committee and the Board of Directors
- Implementing the Group's values (including safety and quality as well as the Code of Conduct)
- Issuing guidelines that are binding on the Group

Information on further duties of the Board of Directors and the Group Executive Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

3.6 Information and control instruments vis-à-vis the Group Executive Committee

The Board of Directors oversees the Group Executive Committee and supervises its work. The Schindler Group has at its disposal a comprehensive electronic management information system (MIS). The Board of Directors receives a written report each quarter. The Supervisory and Nomination Committee is informed in detail each month about financial and operational developments. In the presence of the responsible persons, the reports are discussed in detail at the meetings of the Board of Directors and/or the Supervisory and Nomination Committee.

Once annually, a joint two-day meeting of the Board of Directors and the Group Executive Committee takes place.

Schindler defines and evaluates the most important risks facing the Group in a four-phase process based on a detailed risk catalog. These risks are divided into the categories of product, market, and business risks; financial, operational, and organizational risks; as well as safety, health, and environment risks. In all risk categories, the legal aspects are also evaluated. The four phases of the process are as follows:

- Each Group company creates a risk matrix as part of its budget process
- The risks are combined within a Group matrix and evaluated in detail by an interdisciplinary Risk Committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalog of measures to address the most important risks is presented to the Group Executive Committee
- The Group Executive Committee evaluates the risk matrix and the proposed catalog of measures and proposes any additions
- The most important risks, along with possible measures to prevent and minimize potential harm arising from them, are presented to the Board of Directors for approval

Group Assurance, the auditing body, and the Compliance departments support the Board of Directors in exercising its supervisory and control functions.

4 Group Executive Committee

4.1 Members of the Group Executive Committee

as of 31.12.2013	Nationality	Function
Jürgen Tinggren (1958)	Sweden	CEO
Miguel A. Rodríguez (1953)	Spain	Deputy CEO, India and Middle East
Erich Ammann (1957)	Switzerland	CFO
David Clymo (1961)	United Kingdom	Corporate Human Resources
Didier Gaudoux (1958)	France	Europe South
Albert Haffert (1953)	Germany	Field Quality & Excellence
Silvio Napoli (1965)	Italy	Asia/Pacific
Thomas Oetterli (1969)	Switzerland	China
Oswald Schmid (1959)	Austria	Europe North
Jakob Züger (1952)	Switzerland	North, Central, and South America



From left: Thomas Oetterli, Miguel A. Rodríguez, Erich Ammann, Oswald Schmid, Jürgen Tinggren, Silvio Napoli, Jakob Züger, Didier Gaudoux, David Clymo, Albert Haffert

Jürgen Tinggren, born 1958 (Swedish citizen)

CEO of the Schindler Group since 2011

Professional experience

- 2007–2011 President of the Schindler Group Executive Committee
- 1997–2007 Member of the Schindler Group Executive Committee
- 2005–2007: Deputy President of the Group Executive Committee with responsibility for Technology and Strategic Procurement
- 1999–2005: Responsible for Asia/Pacific
- 1997–1998: Responsible for Europe 1
- 1985–1997 Sika Group, where his final position was as a member of the Management Committee with responsibility for North America

Other activities

- Member of the Board of Directors of Schenker-Winkler Holding AG, Zug, Switzerland
- Member of the Board of Directors of Swiss American Chamber of Commerce, Zurich, Switzerland

Qualifications

Joint MBA from the Stockholm School of Economics, Sweden, and New York University Business School, USA

Miguel A. Rodríguez, born 1953 (Spanish citizen)

Member of the Schindler Group Executive Committee since 1998, Deputy CEO, India and Middle East

Professional experience

- Since 1998 Member of the Schindler Group Executive Committee
- Since 2013: Responsible for India and Middle East, and Top Range Division
- 2010–2013: Responsible for Global Business, India and Gulf
- 2001–2009: Responsible for all of Europe
- 1998–2000: Responsible for Europe South West
- 1991–1998 CEO of Schindler Spain and Portugal
- 1981–1991 General Manager of various Group companies of the Armstrong Group, Spain

Qualifications

Degree in industrial engineering from the Escuela Técnica Superior de Ingenieros Industriales (E.T.S.I.I.), University of Bilbao, Spain

Erich Ammann, born 1957 (Swiss citizen)

Member of the Schindler Group Executive Committee since 2001, CFO

Professional experience

- 1997–2001 Head Group Controlling, Schindler Group
- 1992–1997 CFO of Schindler USA
- 1988–1992 Area Controller, Schindler Group, responsible for North America
- 1985–1988 Treasurer of Intershop Holding, Zurich, Switzerland
- 1982–1985 Auditor at Schweizerische Treuhandgesellschaft (STG),
Geneva, Switzerland

Qualifications

- Executive MBA from the Wharton School, University of Pennsylvania, USA
- Degree in economics and business administration, University of St. Gallen, Switzerland

David Clymo, born 1961 (British citizen)

Member of the Schindler Group Executive Committee since 2012, responsible for Corporate Human Resources (Human Resources, Management Training, Corporate Safety & Health, and Sustainability)

Professional experience

- 2010–2011 Head of Human Resources for Global Business and
Corporate Functions Schindler Group
- 2007–2009 Head of Human Resources Europe Schindler Group
- 2004–2006 Managing Director of Schindler Singapore with additional responsibility for
various Schindler companies in South East Asia
- 1997–2003 Various management positions at the Jardine Matheson Group, Asia
- 1992–1996 CFO of Jardine Schindler Hong Kong
- 1985–1991 Chartered Accountant at Price Waterhouse, London and Hong Kong

Qualifications

Degree in engineering from University College London, UK

Didier Gaudoux, born 1958 (French citizen)

Member of the Schindler Group Executive Committee since 2010, responsible for Europe South

Professional experience

- 2008–2009 Vice President Europe South and Chairman of the Works Council of Air Liquide, Paris, France
- 2005–2007 CEO of Gas and Services France, CEO Metrology Europe, Paris, France
- 2002–2004 CEO of Air Liquide Welding, Paris, France
- 2000–2001 Managing Director of GTMH-EI (electricity supply segment of Suez-GTM Group, France)
- 1995–1999 Various functions at Schindler France, final position as CEO
- 1982–1994 Various functions in the energy supply sector

Qualifications

- Degree in international finance, Dauphine University, Paris, France
- Master’s degree in management, University of Lille, France
- Degree in engineering, Ecole Centrale, Lille, France

Albert Haffert, born 1953 (German citizen)

Member of the Schindler Group Executive Committee since 2010, responsible for Field Quality & Excellence

Professional experience

- 2008–2010 CEO of Schindler Deutschland GmbH with additional responsibility for the Nordic and Baltic countries
- 2002–2008 CEO of Schindler Deutschland GmbH, Germany
- 1984–2002 Various functions at Schindler Deutschland, including as Head of the C. Haushahn Group, a dual-brand Schindler company in Germany; Field Operations Manager of the Schindler organization and Manager of the component plant in Berlin, Germany

Qualifications

Degree in business engineering from the Technische Universität Berlin, Germany

Silvio Napoli, born 1965 (Italian citizen)

Member of the Schindler Group Executive Committee since 2008, responsible for Asia/Pacific

Professional experience

- 2005–2008 Head of the Jardine Schindler Group
- 2003–2005 General Manager of Schindler Lifts (Hong Kong) Ltd., Hong Kong
- 2001–2003 Director of Corporate Development (M&A) of ALSO Holding AG, Switzerland
- 1994–2001 Various functions in the Schindler Group, including as Vice President South Asia, President and CEO of Schindler India, and Head of Corporate Planning
- 1991–1993 Various functions at The Dow Chemical Co., Germany

Qualifications

- MBA from Harvard Graduate School of Business Administration, USA
- Master's degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland

Thomas Oetterli, born 1969 (Swiss citizen)

Member of the Schindler Group Executive Committee since 2010, responsible for China

Professional experience

- Since 2010 Member of the Schindler Group Executive Committee
 - Since 2013: Responsible for China
 - 2010–2013: Responsible for Europe North
- 2007–2009 CEO of Schindler Aufzüge AG, Switzerland
- 2003–2006 CFO of Schindler Deutschland GmbH, Germany
- 2000–2002 COO and CFO of the C. Haushahn Group, Germany
- 1994–1999 Project Leader for the introduction of IFRS in the Schindler Group and Head of Corporate Consolidation and Reporting, Schindler Management AG, Switzerland

Qualifications

Degree in business administration from the University of Zurich, Switzerland

Oswald Schmid, born 1959 (Austrian citizen)

Member of the Schindler Group Executive Committee since 2013, responsible for Europe North

Professional experience

- 2010–2013 CEO of Schindler Deutschland GmbH, Germany
- 2007–2010 CEO of Schindler Aufzüge und Fahrtreppen GmbH, Austria, with additional responsibility for Eastern Europe, Italy, and Greece
- 2002–2007 Head of Global Purchasing & Strategic Sourcing at the Schindler Group
- 1995–2002 Various management positions in the area of Supply Chain and General Management at Continental AG, Germany
- 1994–1995 Head of Group Materials Management at Veitsch-Radex, Vienna, Austria
- 1990–1994 Head of Purchasing and Procurement at ContiTech, Hanover, Germany

Qualifications

Degree in mechanical engineering from the University of Applied Sciences of Vienna, Austria

Jakob Züger, born 1952 (Swiss citizen)

Member of the Schindler Group Executive Committee since 2006, responsible for North, Central, and South America

Professional experience

- 2003–2006 CEO of Schindler Aufzüge AG, Switzerland
- 1995–2003 Various functions at Schindler Aufzüge AG, Switzerland
- 1990–1995 CEO of Saurer Stickssysteme AG, Switzerland
- 1978–1990 Various functions at several tool and textile machinery manufacturers

Qualifications

Master's degree in mechanical engineering with additional studies in management science from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

4.2 Management contracts

Schindler Holding Ltd. has not entered into any management contracts with third parties outside the Group.

5 Compensation, participations, and loans

This information is provided in the Compensation Report.

6 Shareholders' participation

6.1 Restrictions on voting rights and representation

Provided that the share is recorded in the share register as a share with voting rights, each share carries the right to one vote. Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders (see note 2.6.1).

Shareholders' rights of participation in the General Meeting of Shareholders are defined by law and the Articles of Association. All shareholders can personally participate in and vote at the General Meeting of Shareholders, or be represented by a person with written power of attorney who is also a shareholder. They may also be represented by the independent proxy. Shareholders may grant a power of attorney or issue instructions to the independent proxy electronically.

6.2 Statutory quorums

6.2.1 Quorum

Article 19 of the Articles of Association stipulates that for the resolutions of the General Meeting of Shareholders specified below, the presence of shareholders representing at least half of the share capital recorded in the Commercial Register is required:

- Election and discharge of members of the Board of Directors
- Conversion of registered shares into bearer shares and vice versa, and, subject to the individual voting rights of the shareholders, conversion of shares into participation certificates
- Issuance of profit-sharing certificates, or conversion of participation certificates into profit-sharing certificates
- Exceptions from the restrictions on registration as full shareholders when the percentage limit is exceeded
- Resolutions for which there is a legal or statutory requirement for a qualified decision-making majority

6.2.2 Decision-making majority

Resolutions by the General Meeting of Shareholders are normally determined by the relative majority of the votes cast.

According to the Articles of Association, the following resolutions require the agreement of at least two-thirds of the voting rights represented at the meeting, and of the absolute majority of the nominal value of shares represented at the meeting:

- All resolutions according to Article 704 of the Swiss Code of Obligations
- Resolutions regarding changes to the company name, issuance of profit-sharing certificates, and any change in the share capital or participation capital

6.3 Convocation of the General Meeting of Shareholders

General Meetings of Shareholders are convened by the Board of Directors or, if necessary, by the auditing body or other bodies in accordance with Articles 699 and 700 of the Swiss Code of Obligations. Notification of General Meetings of Shareholders is given by non-registered letter to the address of registered shareholders recorded in the share register, and by publication once only in the Swiss Official Gazette of Commerce. Although not required by statute, it is also customary to publish notification in selected Swiss daily newspapers. The period of notification is 20 days.

6.4 Inclusion of items on the agenda

The Board of Directors prepares the agenda of the items to be discussed. According to Article 17 of the Articles of Association, shareholders who represent 5% of the share capital can request that an item be included on the agenda. The request, with details of the item to be discussed, must be submitted in writing by the deadline announced and published once only by the Board of Directors.

6.5 Entries in the share register

Only those shareholders with voting rights whose names were recorded in the company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date for registration as close as possible to the date of the General Meeting of Shareholders, i.e. generally 5 to 10 days before the respective General Meeting of Shareholders. There are no exceptions to this rule regarding the closing date. The closing date is published together with the invitation to the General Meeting of Shareholders in the Swiss Official Gazette of Commerce and in various newspapers.

7 Change of control and defensive measures

7.1 Duty to make an offer

According to Article 33 of the Articles of Association, the obligation to submit a public takeover bid pursuant to Articles 32 and 52 SESTA has been foregone (opting out).

7.2 Clauses on changes of control

There are no clauses (e.g. golden parachutes) in favor of members of the Board of Directors or the Group Executive Committee, or other members of management, in the event of a change of control.

The Deferred Share Plan allows for the early allocation of shares or participation certificates by the Board of Directors in the event of a change of control.

8 Auditing body

8.1 Duration of mandate and term of office of the auditor-in-charge

Ernst & Young AG has been the auditing body of Schindler Holding Ltd., as well as of the Group, since 1999.

The auditor-in-charge has held this function since 2010. As required by law, the auditor-in-charge is changed every seven years.

8.2 Audit and additional fees

The audit fees of Ernst & Young as auditors of the Group's consolidated financial statements, and as auditing body of both Schindler Holding Ltd. and the majority of Group companies in Switzerland and abroad, including the fees for additional services, were as follows:

In CHF 1 000	2013	2012
Audit fees		
audit of the consolidated financial statements, the financial statements of Schindler Holding Ltd., and the financial statements of the Group companies in Switzerland and abroad	3 184	3 229
Additional fees		
Additional audit-related services	92	77
Tax advice	812	1 007
Transaction advice	19	115
Total additional fees	923	1 199

8.3 Informational instruments relating to external audits

The Audit Committee evaluates the performance, fees, and independence of the auditors each year according to the following criteria:

- Quality of the Management Letter
- Global coverage and coordination of the audit instructions
- Benchmark analysis of the audit fees
- Independence as defined by relevant rules of the Swiss Audit Oversight Act (AOA)

The Audit Committee discusses and reviews the scope of the audits, and the resulting feedback. Based on this information, it determines changes and improvements as necessary.

Material non-audit-related services (e.g. tax services) that are provided by the auditors must be approved in advance by the Audit Committee.

Further information is available in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

In the reporting year, the auditing body had regular contact with members of the Supervisory and Nomination Committee and the Chief Financial Officer.

In the reporting year, one meeting took place with the Audit Committee.

Group Assurance reported to the Audit Committee three times and to the Board of Directors once.

9 Information policy

The Schindler Group pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange. The ad hoc announcements can be accessed at the same time as they are communicated to the SIX Swiss Exchange and for two years thereafter at: www.schindler.com – Media (www.schindler.com/com/internet/en/media.html).

It is also possible to receive potentially price-relevant information immediately at no cost directly from Schindler by e-mail. This service is offered at: www.schindler.com – Media – Subscription Services (www.schindler.com/com/internet/en/media/subscription-service.html).

Schindler provides information about the half-year results and annual results in the form of interim and annual reports in printed and electronic form. The selected key figures as at March 31 and September 30 are only made available in electronic form. Schindler also presents its annual financial statements each year at its annual results media conference and at the Annual General Meeting of Shareholders.

Key dates:

	Closing	Publication
Closing of the financial year	December 31	
Annual results media and analysts conference		Mid-February
Publication of the Annual Report		Mid-February
Selected key figures	March 31 and September 30	April and October
Interim Report	June 30	August
General Meeting of Shareholders		2nd half of March

The exact dates for the current year and the next year are available at: www.schindler.com – Investor Relations – Financial Calendar (www.schindler.com/com/internet/en/investor-relations/calendar.html).

General information about the Group, as well as its annual reports, press releases, and the current share price, are available at www.schindler.com.

Interested persons may also communicate with the Group directly through the following contacts:

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The Annual Report of the Schindler Group for 2013 consists of the Group Review and the Financial Statements.

The original German version is binding. English and Chinese translations of the Group Review are available. The Financial Statements are published in German and English.

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zurich, Switzerland

Production

Management Digital Data AG
Lenzburg, Switzerland

Printing

Multicolor Print AG
Baar, Switzerland

Photography

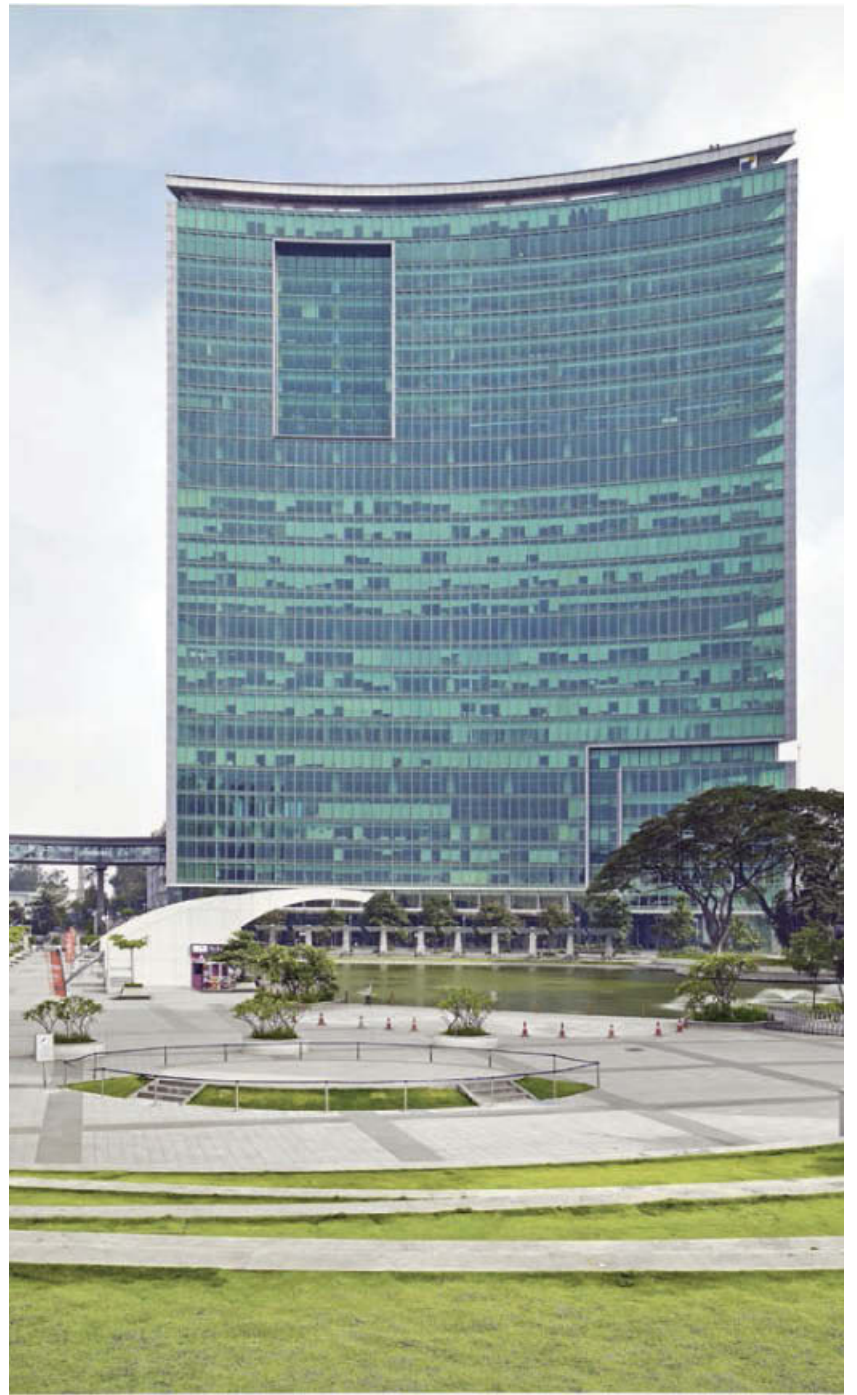
CAM+Partners,
Los Angeles, USA

Group Executive Committee

(page 119):

E. T. Studhalter,
Sulz, Switzerland





8.00 at Brigade Gateway
World Trade Center Bangalore, India