



High-quality solutions
for rising demands.
Group Review 2012



Schindler

High-quality solutions for rising demands.

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.





“Réveillez-vous!”

Ladies and Gentlemen

“Réveillez-vous!” is the call from Nicolas Baverez, a French economist, historian and lawyer. He has written a book¹ showing how France has long been in denial about the financial crisis and – even after 37 successive years of deficit – is closing its eyes to the fact that its coffers are empty. France is just one example. Other authors² have looked at Europe as a whole and drawn similar conclusions. In the end, the same rules apply to countries as to companies: you can only spend what you have already earned. There is simply no such thing as a free lunch – whether you are a private individual, a company or a government. There is no point in pretending the problem does not exist. Equally, taking to the streets in protest is not a solution. Debt cannot be erased by assuming even more debt. Or, as Charles-Maurice de Talleyrand³ once said: “On peut tout faire avec des baïonnettes, sauf s’asseoir dessus.”

At Schindler, we know that we must remain alert. Today, 7 out of 10 elevators are sold in the Mumbai, Seoul, Hong Kong triangle – and only 3 in the rest of the world! If you fail to keep pace with change, you will wake up in a new world with new rules and revolutionized markets. Schindler has been observing these trends and has now launched the largest investment program in its history. We are building five new factories simultaneously – two in China, two in India, and one in Slovakia. Our new plant in Shanghai is the size of 40 football pitches. Development teams are growing our local presence, and the Group Executive Committee is strengthening its expertise of Asia.

Although growth is concentrated in Asia, this does not mean we are not expanding in Switzerland. Schindler Holding’s new head offices, in Hergiswil is now ready (see page 22). We will also make substantial investments in the Ebikon Campus where the Group Executive Committee is based: a new building with a staff restaurant, hall and visitor center is planned. We are renovating the offices occupied by management in line with Minergie standards, and a new car park will be built. While Schindler takes a global view, our roots are in Canton Nidwalden and in Ebikon.

The Group is not only investing in factories and test towers, offices, and infrastructure. We are also investing in our employees’ expertise in the areas of research and installation, maintenance and repair. After all, it is people who determine quality and safety through their knowledge and skills, and their relentless care and integrity. These qualities are created by the human hand.

In this period of transformation, one thing remains unchanged: we move one billion people each day – or 50 times the world population per year. Safety and reliability are therefore our absolute priority. We are keeping pace with developments; we never stand still. Schindler has created a virtually homogenous global product platform with uniform processes. The latest generation of our mobility systems is now available – and this is paying off. This report shows that Schindler is achieving growth in almost all regions. Despite current economic challenges, we are investing in the future while always considering the words of Alexis de Tocqueville:⁴ “Events can move from the impossible to the inevitable without ever stopping at the probable.”

On behalf of the Board of Directors and the Group Executive Committee, I wish to thank all the people who work for Schindler and deliver excellence – especially in this time of challenges and contradictions. Within the same company, employees in very different locations have to contend with soaring growth, while others are operating in crisis-ridden markets. What is needed in this context is a willingness to embrace the reality – rather than lamenting it. Our journey from Ebikon to the global markets was never easy. Small firms must not only deliver on their promises: they have to go the extra mile. The performance achieved by our employees in this environment deserves particular respect.

Alfred N. Schindler

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This quick response (QR) code takes you directly to the Investor Relations area of the Schindler Group website – swiftly and easily.

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 45 246 people in 2012. Around 59% worked in the area of installation and maintenance, 8% at production sites in the USA, Brazil, Europe, China and India, and 33% in engineering, sales, and administration. The company reported revenue of CHF 8 258 million for 2012.

Strategic orientation

"Leadership through Customer Service" is our vision, since one billion people around the world use Schindler products every day. We want to ensure that our customers and passengers can rely on high-quality mobility solutions and services at all times.

Two factors are essential in order to achieve this: first, the strengthening of Schindler's global presence and the related expansion of our service network in our individual markets. The company is thus able to exploit different global growth cycles, to smooth out currency risks, to reduce response times thanks to our proximity to customers, and, at the same time, to increase the productivity of our services. The second prerequisite is a clear focus on our core competencies in the elevators and escalators business in order to pursue a cost leadership strategy aimed at outperforming the competition in an increasingly price-sensitive market.

Schindler works constantly to secure this competitive advantage. All processes are therefore 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 offerings range 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; the Schindler 7000 global high-rise elevator; and modern traction belt technology. In 2009, an entirely new concept for managing the transit of passengers through buildings was rolled out. It comprises the third-generation hall call destination system PORT technology, which has attracted enormous interest among customers.

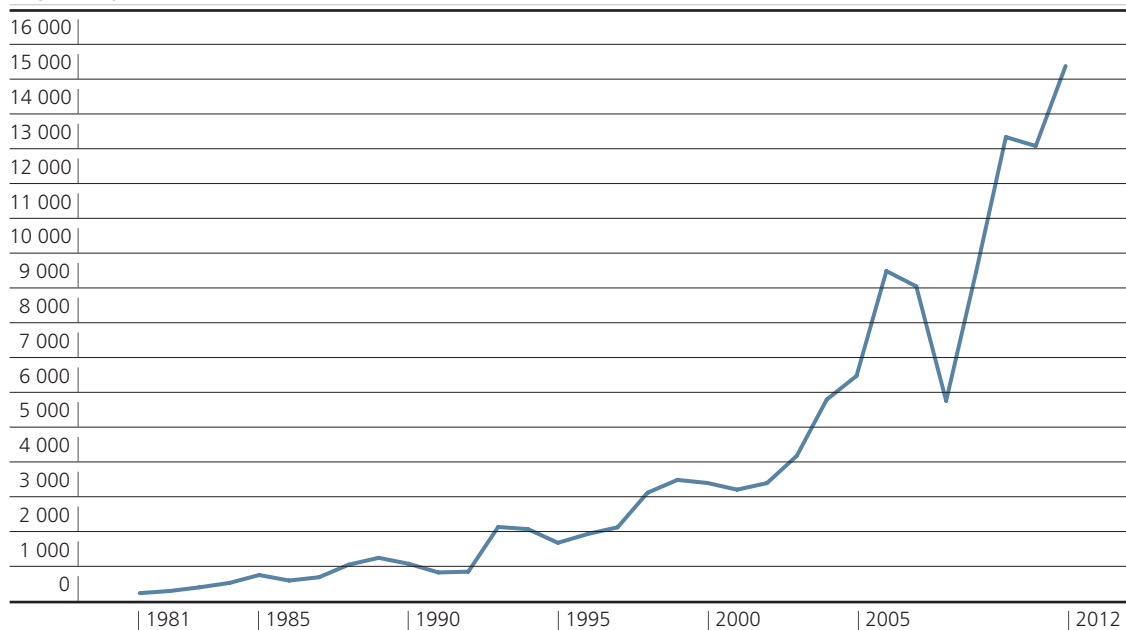
In 2012, the US business magazine "Forbes" included Schindler on its list of the world's 100 most innovative companies for the second year in succession.

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

We create value

Market capitalization 1981 to 2012

In CHF million



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

Key figures 2012

Group				
In CHF million	2012	2011	Δ %	Δ % local currencies
Orders received	8 967	8 249	8.7	8.5
Revenue	8 258	7 854	5.1	5.0
Operating profit (EBIT) – Elevators & Escalators	1 029	831 ¹	23.8	25.8
in %	12.5	10.6 ¹		
Operating profit (EBIT) – Group	990	793 ¹	24.8	26.9
Net income from financing and investing activities	-7	-16 ¹		
Profit before taxes	983	777 ¹	26.5	
Profit from continuing operations	730	566 ¹	29.0	
Profit of the disposal group ALSO	-	35		
Net profit	730	601 ¹	21.5	
of which non-controlling interests	28	25		
Cash flow from operating activities	782	690	13.3	
Investments in fixed assets	132	124	6.5	
As at December 31:				
Order backlog	7 083	6 438	10.0	12.4
Consolidated equity	2 813	2 651 ¹	6.1	
Headcount at year-end	45 246	44 387	1.9	

¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

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

In CHF	2012	2011
Registered share	2.20	2.00
Participation certificate	2.20	2.00

Subject to approval by the General Meeting, the dividend will be paid on April 4, 2013.

Organization

Board of Directors Schindler Holding Ltd.

As at December 31, 2012

Alfred N. Schindler	Chairman	Member of the Supervisory and Nomination Committee ¹
Luc Bonnard	Vice Chairman	
Prof. Dr. Peter Athanas	Member	Member of the Supervisory and Nomination Committee ¹
Dr. Rudolf W. Fischer	Member	Member of the Supervisory and Nomination Committee ¹
Prof. Dr. Pius Baschera	Member	
Dr. Hubertus von Grünberg	Member	
Prof. Dr. Karl Hofstetter	Member	
Lord Charles Powell	Member	
Rolf Schweiger	Member	
Prof. Dr. Klaus W. Wellershoff	Member	

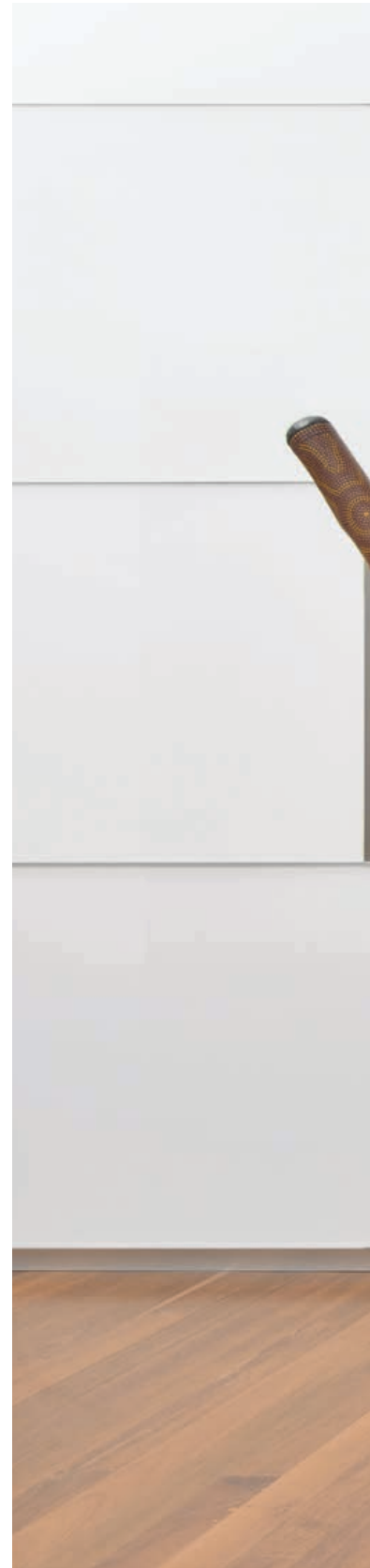
¹ Formerly known as Executive Committee of the Board (VRA)

Group Executive Committee

As at December 31, 2012

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

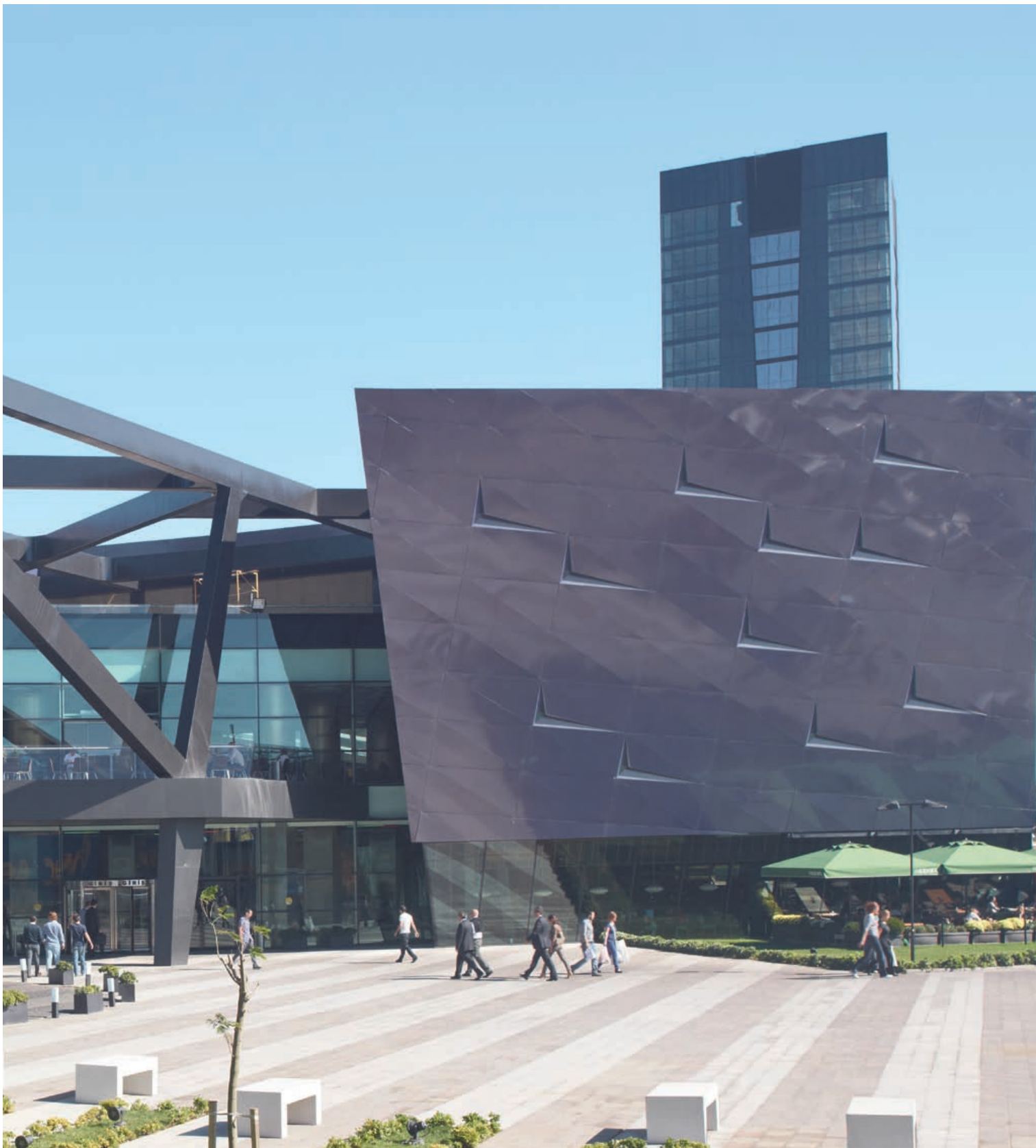
For details see Corporate Governance starting on page 113.



From meeting new standards to
meeting new people.



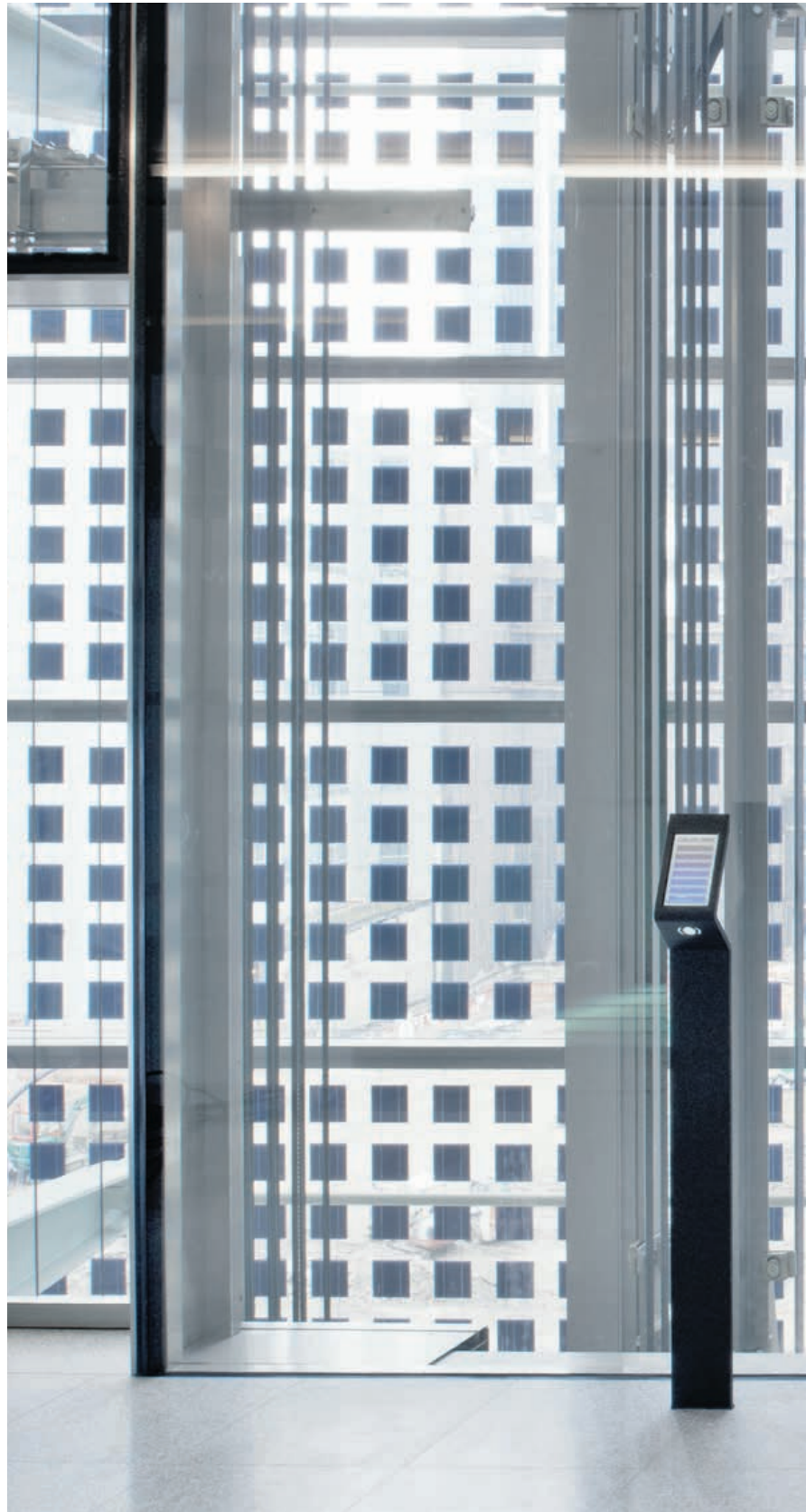
At **Brookfield Place in Perth**, historically important buildings meet with ultra-modern architecture. The 45-story office tower – one of the tallest commercial premises in the southern hemisphere – forms the heart of the complex. It was awarded a five-star Green Star rating for design. Schindler supplied it with 21 Schindler 7000 high-rise elevators as well as 10 further elevators and 3 Schindler 9300 escalators. Schindler ID, which provides personalized access control, ensures a high level of comfort and groups passengers together in order to transport them to their target destination with as few stops as possible. This enhances energy efficiency.



Moving solutions for a city
on the move.



The growing metropolis of **Istanbul** links Europe with Asia. Its resulting diversity provides visitors to the **Buyaka Mall** in the Asian district of Ümraniye with a unique shopping experience over an area of more than 40 000 m². The various levels of shops are connected by 28 Schindler 9300 escalators and 12 elevators.



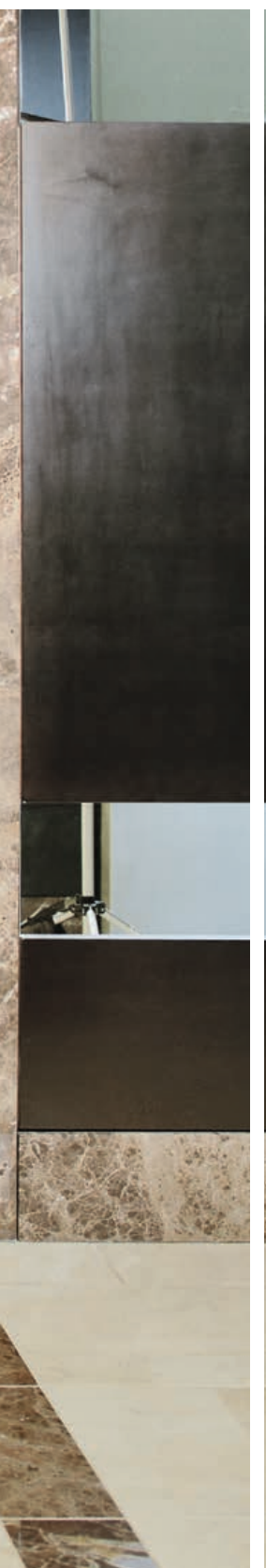
From busy streets to open skies.



The 242-meter high **Heron Tower** – the second tallest building in **London** – is unquestionably a new landmark in the City. Its fascinating architecture is based on an open, transparent and energy-efficient design that has been awarded a BREEAM rating of “Excellent.” Schindler’s innovative elevators and escalators fit perfectly in this concept, with 6 panorama elevators offering breathtaking views.



Intensive moments worldwide.



The latest chapter is the eventful history of the **Hyatt Regency Hotel in New Orleans** is its reconstruction following the devastation caused by Hurricane Katrina. The spirit of the vibrant city has been revived while using state-of-the-art technology: Schindler's contribution is the use of PORT technology. At check-in, guests receive a key card for their room that is programmed to transport them securely and efficiently to their floor in one of 8 high-rise elevators.

To the shareholders

Statement of the Board of Directors

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To the shareholders

Good growth and enhanced profitability

Market developments differed between regions

Conditions in the construction sector – which is of relevance for Schindler – were as follows in the reporting year: The overall development in Europe was slightly negative, with significant differences between individual markets. The German and Swiss markets, in particular, were robust, while conditions continued to weaken in Southern Europe. The US construction sector recovered very well from its previous lows compared to the economy as a whole. Very pleasing developments were reported in South America as well as in the Asia/Pacific region, with strong single-digit growth rates in the emerging markets of China and India.

Against this backdrop, Schindler achieved further improvements in all of its key figures in the reporting year thanks to its attractive, energy-efficient product range as well as the successful implementation of the package of measures referred to as LEAP (Leading in Execution and Accelerating Performance) that was launched in the fourth quarter of 2011. LEAP is designed to expand Schindler's activities in the strategic growth markets of Asia and South America on the one hand, and to improve competitiveness and productivity on the other. The operational improvements and cost savings achieved as a result of LEAP were, however, partly offset by significant pricing and cost pressures.

The importance of the Asia/Pacific region for the new installations business has increased enormously, with 7 out of every 10 elevators in the global market now being sold in this region. To realize the Group's long-term target of generating a balanced proportion of revenues in all three of its major market regions, Schindler launched the largest investment program in its history in 2012. Investments of around CHF 300 million are planned over the next two to three years. The investment program includes the construction of factories in China, India and Slovakia, the expansion of the supply chain, and research and development.

Another area of focus will be training and development in the installation and maintenance businesses. In addition, all of the new products that have been announced to ensure the entire product range features state-of-the-art technology will be gradually introduced in the market.

Orders received and order backlog

Despite very different market trends, Schindler reported an increase in orders received in all regions. The Asia/Pacific region made the largest contribution to growth, followed by North, Central, and South America.

Orders received totaled CHF 8 967 million, exceeding the previous year by 8.7%. In local currencies, an increase of 8.5% was recorded. This significant growth was achieved primarily in the new installations business in the growth markets of Asia and South America. Schindler was once again selected as a partner for a number of notable projects in the reporting year, which are described in detail in the business review starting on page 25.

The order backlog totaled CHF 7 083 million, corresponding to an increase of 10% compared to end-2011 (+12.4% in local currencies).

Revenue

Revenue grew by 5.1% to CHF 8 258 million (+5.0% in local currencies). This increase was achieved primarily in the new installations business in growth markets. A positive foreign exchange impact in the amount of CHF 14 million was recorded for the reporting period as a whole.

Operating profit

Operating profit (EBIT) in the elevators and escalators business rose by CHF 198 million or 23.8% to CHF 1 029 million. Foreign exchange impacts had a slightly negative effect of CHF 16 million. Thanks to improvements in productivity and the cost structure, and despite continued pricing and cost pressures, an EBIT margin of 12.5% was generated (previous year: 12.3% excluding restructuring costs of CHF 135 million before taxes in the fourth quarter of 2011). In the fourth quarter of 2012, the EBIT margin was 12.6%.

The implementation of the above-mentioned package of measures referred to as LEAP is advancing as planned and will be completed at end-2013. During the reporting year, structures were adapted in markets with weak levels of demand and measures were taken to increase efficiency. The research and development centers in China and India are being expanded. The central purchasing unit has been transferred to China to enable Schindler to respond even more effectively to the needs of the rapidly growing new installations business. In addition, the construction of new factories in China, India, and Slovakia has begun.

Group

Net income from financing and investing

Net income from financing and investing amounted to CHF –7 million (previous year: CHF –16 million). This change was mainly attributable to income from currency hedging as well as income from associates.

Net profit and cash flow from operating activities

Net profit totaled CHF 730 million, exceeding the previous year's result of CHF 601 million by 21.5%. Adjusted for the one-off accounting gain of CHF 35 million recorded in 2011, and excluding restructuring costs of CHF 98 million after taxes, net profit increased by 9.9% in 2012.

Cash flow from operating activities rose to CHF 782 million (previous year: CHF 690 million).

Headcount

Schindler had 45 246 employees at end-2012. 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 in particular. This resulted in a 1.9% rise in total headcount.

Management changes

Luc Bonnard, Vice Chairman of the Board of Directors of Schindler Holding Ltd., stepped down from the Executive Committee of the Board of Directors (renamed: Supervisory and Nomination Committee) at the General Meeting of March 19, 2012, upon reaching the retirement age. However, he remains Vice Chairman of the Board of Directors.

Dr. Alexander Schaub retired from the Board of Directors of Schindler Holding Ltd. at the General Meeting of March 19, 2012. Dr. Rudolf W. Fischer, who served as a Member of the Management Committee (renamed: Group Executive Committee) with responsibility for Corporate Human Resources from January 1, 1996, to December 31, 2011, was elected to the Board of Directors at the General Meeting. He is also a member of the Supervisory and Nomination Committee.

David Clymo was appointed Head of Corporate Human Resources and a Member of the Group Executive Committee as of January 1, 2012, thus succeeding Dr. Rudolf W. Fischer.

Schindler Holding Ltd.

Dividend and capital structure

Schindler Holding Ltd. closed the financial year 2012 with a net profit of CHF 551 million (previous year: CHF 671 million). The payment of a dividend of CHF 2.20 per registered share and per participation certificate will be proposed to the forthcoming General Meeting on March 26, 2013.

Repurchase program

The repurchase program launched by the Board of Directors on January 4, 2010, was completed on December 28, 2012. Between January 4, 2010, and December 28, 2012, a total of 889 055 registered shares and 2 437 491 participation certificates were repurchased. This represents 2.8% of all securities outstanding.

Part of the repurchased registered shares and participation certificates was already cancelled in accordance with a corresponding decision by the General Meeting 2012. The cancellation of the remaining 552 411 registered shares and 722 891 participation certificates will be proposed to the General Meeting on March 26, 2013.

The Board of Directors has decided to launch a new repurchase program, under which a maximum of 9.5% of nominal capital can be repurchased via separate trading lines on the SIX Swiss Exchange between January 3, 2013, and December 31, 2015. The repurchase program is intended to reduce capital through the cancellation of the registered shares and participation certificates that are repurchased.

New Organizational Regulations

New Organizational Regulations were issued by the Board of Directors with effect from August 1, 2012. They contain certain new designations that reflect the Group's present organizational structure. The full version of the new Organizational Regulations is published on the Internet at: <http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html>.

Outlook

Macroeconomic conditions remain highly uncertain. Schindler expects the construction sector to expand most rapidly in the growth markets of Asia. Growth is likely to continue in North, Central, and South America. Meanwhile, Southern Europe is expected to stabilize at a low level, while Northern Europe may experience a slight upturn.

In this challenging economic environment in which markets are migrating and growth rates differ significantly in individual continents, it is no longer strategically acceptable to focus exclusively on the optimization of the operating margin. To preserve its long-term competitiveness, Schindler will assign priority to strengthening its market position in growth markets. Over the next two to three years, this expansion will entail large investments in new factories, launch costs for the new Schindler 5500 and Schindler 3600 elevator lines, as well as charges for the expansion of market and research capabilities. In view of these numerous initiatives, the Board of Directors has decided to temporarily dispense with its target margin of 14% for operating profit (EBIT) in the elevators and escalators business.

During the next few years, Schindler will therefore focus on implementing these major expansion plans and will concentrate on growing its revenue, operating profit, and net profit in absolute terms.

Thanks to the strong order backlog, Schindler expects revenue to increase by around 6% in local currencies in 2013 and, excluding any unforeseeable events, expects a net profit of around CHF 740 million to CHF 790 million.

Schindler thanks its employees and clients

Despite the difficult market environment, it was possible to absorb the additional volume of work associated with the implementation of LEAP thanks to the enormous motivation of Schindler's workforce of around 45 000 employees. They played a decisive part in these efforts, demonstrated a high level of flexibility and were willing to support the necessary changes. Our employees have thus made a very significant contribution to the achievement of the goals we set. 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



From left:

Prof. Dr. Peter Athanas, Prof. Dr. Pius Baschera, Dr. Rudolf W. Fischer, Luc Bonnard, Alfred N. Schindler, Lord Powell of Bayswater KCMG, Prof. Dr. Klaus W. Wellershoff, Prof. Dr. Karl Hofstetter, Dr. Hubertus von Grünberg, and Rolf Schweiger (for further information see page 118 of the Corporate Governance Report)

Pictured in the background is a mural by Franz Ackermann in the entrance to the new offices of Schindler Holding Ltd. (see page 75)



Investing in a promising future.



Schindler Holding's newly constructed building in **Hergiswil**, Nidwalden, with more than 100 underground parking spaces, is the first stage in a whole series of investments in the infrastructure of the company's site in Central Switzerland: In Ebikon, the staff restaurant that dates from 1955 is being replaced by a completely new building. The design for the new structure includes a hall with seating for 200 people, a modern staff restaurant and a visitor center. In addition, Schindler Management's main offices, which date from the 1970s, will be renovated according to Minergie standards. A new eight-story car park for around 860 vehicles is also planned.

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Elevators & Escalators

Developments in the construction sector varied significantly from region to region in the financial year 2012. China, India, Southeast Asia, and Latin America achieved strong growth. In North America, the construction sector recovered astonishingly well compared to the economy as a whole. Markets in Southern and Eastern Europe continued to weaken, while the rest of Europe stagnated at the good levels recorded in 2011.

Despite these very different market trends, Schindler was able to generate increased orders received in all regions. This resulted in the following key figures:

- Orders received rose by 8.7% (+8.5% in local currencies)
- Revenue grew by 5.1% (+5.0% in local currencies)
- The order backlog increased by 10.0% (+12.4% in local currencies)
- The elevators and escalators business generated an operating profit (EBIT) of CHF 1 029 million (CHF +198 million or +23.8%)
- The operating margin was 12.5% (fourth quarter of 2012: 12.6%)
- Net profit totaled CHF 730 million (+21.5%)
- A strong operating cash flow of CHF 782 million was generated

This very good performance is attributable to the successful implementation of the package of measures referred to as LEAP (Leading in Execution and Accelerating Performance) as well as to an attractive product range that is strongly focused on the needs of customers. LEAP is designed to expand Schindler's activities in the strategic growth markets of Asia and South America on the one hand, and to improve competitiveness and productivity on the other.

The expansion in strategic growth markets will involve investments of around CHF 300 million over the next two to three years. The investment program includes the construction of factories in China, India, and Slovakia, as well as the expansion of research and development.

The attractive product range features state-of-the-art technology and is leading in terms of technology and energy efficiency.

The Schindler 3300 product line as well as the Schindler 7000 product line (high-rise segment) are available globally, and the introduction of the Schindler 5500 product line for the mid-rise segment continued. In addition, Schindler developed the Schindler 3600 elevator line for the affordable-housing segment in China and the Schindler 3100 product line for India. The introduction of these market-specific offerings began in 2012 and will continue in 2013.

With its PORT technology, Schindler has already launched the third generation of its hall call destination system, which has also met with a very positive response among customers around the world.

There is also a good level of demand for global product lines in the escalators business.

Schindler invests over CHF 100 million in research each year in order to develop smart and innovative mobility solutions that feature user-friendly green technology.

In 2012, the US business magazine "Forbes" included Schindler on its list of the world's 100 most innovative companies for the second year in succession.

Europe

Satisfactory level of orders received

There was a further downturn in construction activity in several markets in Southern and Eastern Europe. Markets in the rest of Europe stagnated at 2011 levels. Although weak demand led to increased competition and the resulting pricing pressure, Schindler recorded a slight increase in orders received in local currencies for Europe as a whole.

Schindler secured a number of major public transportation orders – including the largest order in the history of Schindler Germany, which is supplying 50 elevators, 56 escalators and 20 moving walks for the new satellite building in Terminal 2 of Munich Airport. In Istanbul, Schindler will provide a total of 51 elevators and 80 escalators for the Özdilek Tower.

New production plant in Slovakia

In addition to the existing escalator factory close to Dunajská Streda, Slovakia, Schindler has started constructing a new elevator plant with a logistics center, which will supply the European market.

Schindler Award: jury selects 2012 finalists

The Schindler Award – one of the leading architecture competitions in Europe which focuses on the idea of “Access for all” – was held for the fifth time in 2012.

The international jury selected ten teams of finalists, whose work was honored at an award ceremony on December 7, 2012, in the Zentrum Paul Klee in Berne.

Further information is available on page 58.

Europe

Revenue:
CHF 3 817 million

Headcount at year-end:
19 446

Number of countries:
37

Number of production sites:
5

North, Central, and South America

North, Central, and South America

Revenue:
CHF 2 400 million
Headcount at year-end:
12 626
Number of countries:
12
Number of production sites:
3

North America: upward trend starting from a very low level

The construction sector recovered extremely well compared to the economy as a whole and Schindler was able to significantly increase its level of orders received.

The projects won by Schindler in this market include a 45-story residential tower with luxury apartments at 516 Lake Shore Drive in Chicago. This is the first building in the city to be equipped with the PORT transit management system. In Baltimore, Maryland, PORT is being installed in a 22-story commercial building. In addition, Schindler was awarded the contract for the new San Francisco 49ers stadium in Santa Clara, California, which it will supply with 25 elevators as well as 38 Schindler 9300 AE escalators. These escalators feature an optimized drive system, which requires 27% less motor power than previous models. Schindler was also able to conclude a five-year maintenance contract with Caesars Entertainment Corp. The contract covers more than 1 200 elevators, escalators, and moving walks in 31 hotels and casinos throughout the US.

Awards

“Buildings” magazine not only named the Schindler 9300 AE escalator one of the 2012 Top Money Saving Products but also presented Schindler with the 2012 America’s Best Building of the Year (ABBY) Award for the renovation of its North American headquarters. The measures taken to increase the energy efficiency of the building – including the installation of solar panels – are documented on a dedicated website that is updated regularly on <http://adema.kiosk-view.com/schindler>.

New production plant in Hanover, Pennsylvania

This new elevator factory will manufacture several product lines commencing in mid-2013. In addition, all of the orders received for the whole of North America will be processed centrally at the plant in Hanover and it will serve as a distribution center. This investment will further reduce current delivery times.

Latin America: strengthening of market position

Latin America has continued on its growth path, with a positive impact on construction activity. This resulted in a pleasing level of orders received.

Schindler won orders including the EZ Tower in São Paulo, which it will supply with 32 Schindler 7000 high-rise elevators, as well as 9 Schindler 5500 and 2 Schindler 3300 elevators. In Mexico City, Schindler will equip the office complex of Banco Bilbao Vizcaya Argentaria (BBVA) with 69 elevators and will install PORT technology.

In Colombia, Schindler has successfully integrated the company it acquired in 2011 and has further strengthened its market position.

Asia, Australia, Africa

Very good level of orders received

China, Southeast Asia, and India are among the strongest growth markets globally. In the Middle East, Saudi Arabia displayed a good level of growth. Schindler was able to strengthen its market position throughout the region and recorded a very good level of orders received.

China

The Chinese market experienced a very good level of growth. China remains by far the most important market worldwide. Schindler grew faster than the market and has expanded its network of local branches by around 40% over the last two years. These measures have resulted in a very good level of orders received. For example, Schindler won a number of major projects, including a contract for the installation and maintenance of 26 Schindler 7000 high-rise elevators, 6 Schindler 5400 AP elevators, and 14 Schindler 9300 AE escalators for the multifunctional building Hon Kwok City Commercial Center in HuaQiang CDB. In Macau, Schindler will supply 91 elevators and 28 escalators for the Studio City project, which consists of a casino, a hotel, and numerous shopping areas.

In addition, Schindler has started to develop distribution channels for the Schindler 3600 product line. This product was developed in China to meet the specific needs of the affordable-housing segment.

Work has commenced on the construction of the new Schindler Campus in the Jiading district of Shanghai. Covering an area of 315 000 square meters, the new campus will house an elevator and escalator factory, a research center with a 200-meter test tower, and Schindler's regional headquarters.

Asia, Australia, Africa

Revenue:
CHF 2 041 million

Headcount at year-end:
13 174

Number of countries:
30

Number of production sites:
4

India

The Indian market experienced good growth, providing Schindler with a good level of orders received. The start of sales of the latest elevator product – the Schindler 3100 – proved very successful and will have a positive impact on revenue in the second half of 2013.

Following the opening of the new research and development center in Pune, to the southeast of Mumbai, in 2011, Schindler began constructing an elevator factory as well as an escalator factory during the reporting year. A 71-meter test tower will also be built on the campus, which covers an area of 160 000 square meters.

Southeast Asia and Australia

The positive market developments in Southeast Asia continued during the reporting year, while the construction sectors in Australia and New Zealand slowly recovered from the recession. Schindler recorded a healthy level of orders received in these markets.

These orders include a contract to supply 105 elevators for the new harbor district in Sydney, Australia, known as Barangaroo South. The elevators have been assigned the energy efficiency class “A” and feature Schindler’s PORT transit management system, which optimizes the flow of passengers within buildings. The representative 70-story commercial building Thamrin Nine, as well as the 47-story MSIG in Jakarta, Indonesia, will be equipped with a total of 52 elevators and 36 escalators. The flow of passengers will be managed using PORT technology.

Middle East and Africa

The Saudi Arabian market continued to grow and is the largest market in the Middle East. Schindler was able to increase its level of orders received across the entire region.

In Cairo, 65 elevators, 2 escalators, and 8 moving walks will be installed in the new Egyptian Museum.

Outlook

Schindler expects the Asia/Pacific region to achieve further growth, albeit at a slightly lower rate than in the past. The recovery in North America and the growth in Latin America are likely to continue. Schindler expects the operating environment in Europe to be difficult – especially in Southern and Eastern Europe.

Schindler will focus on its expansion in the strategic growth markets of Asia and South America as well as on improving competitiveness and productivity. The introduction of new elevator lines will be another area of focus. These measures will enable Schindler to further expand its market position globally.

Important orders

Elevators & Escalators

Europe

Austria	Headline, hotel and office building, Innsbruck	9 Schindler 5500 elevators
	Eugenpark, commercial building, Innsbruck	3 elevators, including 2 Schindler 5500 and 1 Schindler 3300
	Stadtgalerien, shopping mall, Schwaz	12 elevators, including 2 Schindler 5500, 1 Schindler 5400, 2 Schindler 5300, 3 Schindler 2600 and 4 Schindler 2400; as well as 10 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
Azerbaijan	Haydar Aliyev International Airport, Baku	32 elevators, including 25 Schindler 5400 EU, 4 Schindler 5300 and 3 Schindler 2400; as well as 32 Schindler 9300 escalators
Croatia	Mall of Split, shopping mall, Split	14 Schindler 5400 elevators, 28 Schindler 9300 escalators and 4 Schindler 9500 moving walks
	Sigma Centar, building S2 and S3, residential buildings, Zagreb	7 Schindler 5300 elevators
	Colosseum, extension, shopping mall, Slavonski Brod	1 Schindler 2400 elevator and 4 Schindler 9300 escalators
Czech Republic	Nová Karolína, shopping mall, Ostrava	22 elevators, including 16 Schindler 5400, 4 Schindler 5300 and 2 Schindler 2600; as well as 32 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks; maintenance contract for 22 elevators, 32 escalators and 2 moving walks
	Florentinum, office building, Prague	25 elevators, including 24 Schindler 5500 and 1 Schindler 2600; as well as 2 Schindler 9300 AE escalators
France	Centre hospitalier de Belfort-Montbéliard, hospital, Trévenans	26 elevators, including 23 Schindler 5500
	Centre hospitalier de Chambéry, hospital, Chambéry	23 elevators, including 10 Schindler 5300, 6 Schindler 2500 and 5 Schindler 2400
Germany	Munich Airport, satellite building at Terminal 2 and underground personal transport system (PTS), Munich	50 elevators, 56 Schindler 9300 AE escalators and 20 Schindler 9500 moving walks
	Leipziger Platz No. 12, shopping mall, hotel and residential building, Berlin	40 elevators, including 30 Schindler 5500 and 7 Schindler 2600
	Bikini Berlin, shopping mall and office building, Berlin	19 elevators, including 9 Schindler 5500; as well as 6 Schindler 9300 escalators
	Shopping Center Hofgarten, Solingen	22 elevators, including 3 Schindler 5500, 7 Schindler 2400 and 4 Schindler 2600; as well as 13 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
Hungary	Szentpéteri Kapu Hospital, Miskolc	13 Schindler 2600 elevators
	Elisabeth Hospital, Sátoraljaújhely	7 elevators, including 1 Schindler 5400, 2 Schindler 3300, 2 Schindler 3100 and 2 Schindler 2200
	Spar, supermarket, Budapest	4 Schindler 5400 elevators
	Science Building, university office building, Pécs	5 elevators, including 3 Schindler 5400 and 2 Schindler 3300
	Audi, factory buildings, Győr	6 elevators, including 2 Schindler 5400, 1 Schindler 5300, 1 Schindler 3300 and 2 Schindler 2600
Iceland	Hotel Hilton Nordica, Reykjavík	Modernization of 4 elevators
	Sætún 10 Advania, office building, Reykjavík	1 Schindler 5300 elevator

For selected orders featuring PORT technology: see pages 50 and 51

Europe

Italy	2 cruise ships for Royal Caribbean International, Project Sunshine	58 elevators, 6 dumbwaiters and 6 platforms
	Laurentino, shopping mall, Rome	21 elevators, including 1 Schindler 5400, 15 Schindler 5300, 2 Schindler 2500 and 3 Schindler 2400; as well as 21 Schindler 9300 AE escalators and 21 Schindler 9500 AE moving walks
	Milan metro line M5 – 11 different stations, Milan	37 elevators, including 33 Schindler 5400 and 4 Schindler 2400
	Campus Bio-Medico, hospital and university, Rome	Modernization of 9 elevators, including 8 Schindler 5400, and 1 platform
	Benetton, boutique, Rome	Modernization of 5 elevators and 4 Schindler 9300 AE escalators
Kosovo	Airport Pristina	11 Schindler 5400 elevators and 12 Schindler 9300 AE escalators
Lithuania	Antakalnio terasos, residential building, Vilnius	8 Schindler 3300 elevators
	Senukai, office building, Kaunas	5 Schindler 5400 elevators
Norway	Statoil, office building, Oslo	8 elevators, including 6 Schindler 5400 with Miconic 10, and 2 Schindler 2400
Poland	Zintegrowane Centrum Komunikacyjne, commercial building, Poznań	18 elevators, including 1 Schindler 5400, 2 Schindler 3300, 12 Schindler 2600 and 3 Schindler 2400; as well as 22 Schindler 9300 escalators and 2 Schindler 9500 moving walks
	Galeria Amber, shopping mall, Kalisz	9 elevators, including 4 Schindler 5400, 2 Schindler 3300 and 3 Schindler 2400; as well as 16 Schindler 9300 AE escalators and 2 Schindler 9500 moving walks
	Galeria Rzeszów, shopping mall and hotel, Rzeszów	16 elevators, including 13 Schindler 5400, 2 Schindler 5300 and 1 Schindler 2400; as well as 26 Schindler 9300 escalators
	Amber Park, residential buildings, Kraków	9 Schindler 3300 elevators
	DoubleTree by Hilton, hotel and office building, Łódź	9 Schindler 5400 elevators
Portugal	Olissippo Saldanha Hotel, Lisbon	4 elevators, including 3 Schindler 5300
	Unidade de Saúde Azeitão, residential building and hospital, Azeitão	10 elevators, including 2 Schindler 5400 and 4 Schindler 5300
	Edifício Rua Ivens 31, residential buildings, Lisbon	4 Schindler 3300 elevators and 1 platform
	Cascais, shopping mall, Lisbon	Modernization of 2 panorama elevators
Romania	Promenada, shopping mall, Bucharest	14 elevators, including 5 Schindler 5400, 7 Schindler 2600 and 2 Schindler 2400
Russia	Sadovie kvartaly, residential buildings, Moscow	44 elevators, including 39 Schindler 5400
	Dom na izluchene Nevy, residential buildings, Saint Petersburg	32 Schindler 3300 elevators
	TRC Aquarelle, shopping mall and entertainment center, Volgograd	10 elevators, including 8 Schindler 5400 and 2 Schindler 2600; as well as 9 Schindler 9300 AE escalators
	Hotel Sheraton, Rostov-on-Don	10 Schindler 5400 elevators

For selected orders featuring PORT technology: see pages 50 and 51

Europe

Serbia	SRPC Voždovac, Einkaufszentrum, Belgrade	19 elevators, including 4 Schindler 6300, 4 Schindler 5400, 9 Schindler 5300, 1 Schindler 2600; as well as 22 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Crowne Plaza Hotel, Belgrade	Modernization of 9 elevators, including 2 Schindler 6300, 6 Schindler 5500 and 1 Schindler 5300
Slovakia	Solar, residential building, Bratislava	7 Schindler 3300 elevators
Slovenia	Dvorec Jelen, residential building, Kranj	5 Schindler 5300 elevators
	Krka Sinteza, industrial complex, Krško	3 Schindler 2600 elevators
Spain	C&A, various cities	Maintenance contract for 41 elevators and 79 escalators
	Travessera de Gràcia, office building, Barcelona	Modernization of 5 elevators with Lobby Vision
	Cajasol Tower, office and commercial buildings, Seville	32 elevators, including 13 Schindler 7000 and 12 Schindler 5400; as well as 2 Schindler 9300 AE escalators
	El Corte Inglés, shopping mall, Córdoba	Maintenance contract for 7 elevators, 20 escalators and 8 moving walks
	Álava hospital, extension, Vitoria	3 Schindler 5400 elevators, 1 Schindler 5300 elevator and 18 Schindler 9300 AE escalators
	AC hotels, various cities	Maintenance contract for 53 elevators
Sweden	Hunden, shopping mall, hotel, office, commercial and residential buildings, Luleå	12 elevators, including 6 Schindler 5400, 1 Schindler 5300, 2 Schindler 3300 and 3 Schindler 2400; as well as 4 Schindler 9300 escalators
	Skanska, Gyllene Ratten, residential building, Stockholm	13 Schindler 3300 elevators
Switzerland	Roche, office and commercial buildings, phase 2, Basel	Modernization of 14 elevators
	HUG, university hospital, Geneva	10 Schindler 5500 elevators and 6 Schindler 9300 escalators
	Superblock, office building, Winterthur	20 elevators, including 18 Schindler 5500 and 1 Schindler 3300
Turkey	Vialand, shopping mall and commercial building, Istanbul	12 elevators, including 1 Schindler 5500, 6 Schindler 5400, 1 Schindler 3300 AP and 4 Schindler 2400; as well as 38 Schindler 9300 AE escalators and 12 Schindler 9500 moving walks
	Kadiköy-Kartal line, subway system, various stations, Istanbul	Maintenance contract for 59 elevators and 229 escalators
	Kartal, courthouse, Istanbul	Maintenance contract for 99 elevators and 48 Schindler 9300 AE escalators
United Kingdom	The Francis Crick Institute, medical research institute, London	23 elevators, including 13 Schindler 5400 and 7 Schindler 2400
	Bevis Marks, commercial building, London	7 elevators, including 5 Schindler 5500 and 1 Schindler 2400

For selected orders featuring PORT technology: see pages 50 and 51

Centro Ovale, shopping mall; Chiasso, Switzerland

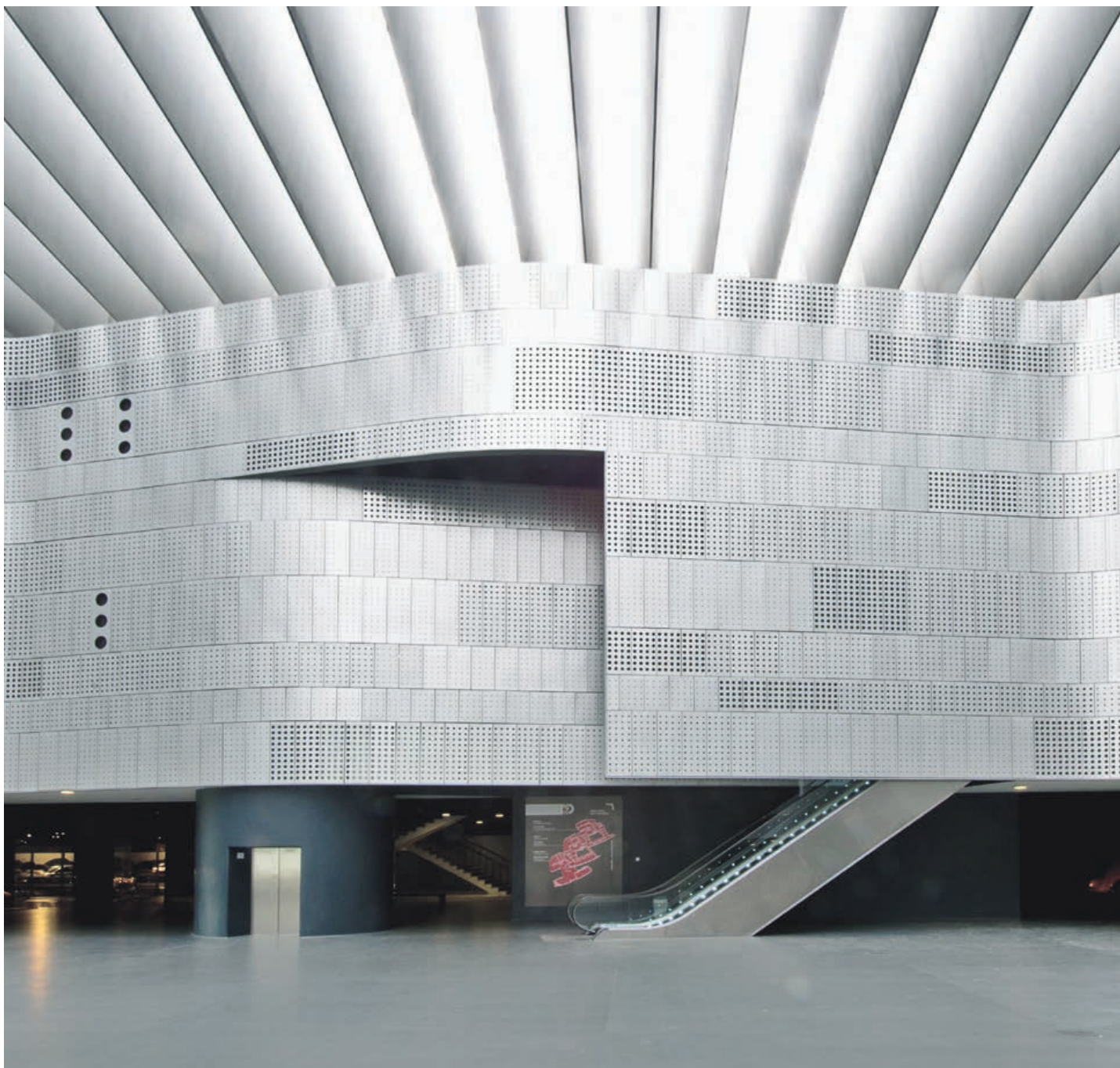


Statoil, office building; Oslo, Norway



Terminal 2 satellite building; Munich airport, Germany





Museo Nazionale dell'Automobile, museum; Turin, Italy



Gran Plaza 2, shopping mall; Majadahonda, Spain

TaunusTurm, office building; Frankfurt, Germany



Roche administrative center; Rotkreuz, Switzerland



Mall of Split, shopping mall; Split, Croatia

North, Central, and South America

California	New San Francisco 49ers stadium, Santa Clara	25 elevators, including 5 Schindler 330A and 18 Schindler 400A; as well as 38 Schindler 9300 AE escalators
	Bay Area Rapid Transit (BART), extensions Berryessa, Warm Springs, Oakland Airport Connector Stations, Fremont	2 elevators, including 1 Schindler 330A and 1 Schindler 400A; as well as 4 Schindler 9300 AE escalators and 17 Schindler 9700 escalators
Illinois	North Park Drive, residential building, Chicago	14 elevators, including 9 Schindler 400A, 1 Schindler 500A and 4 Schindler 7000
	111 West Wacker, residential building, Chicago	10 elevators, including 3 Schindler 400A and 7 Schindler 7000
Indiana	Simon Property Group, shopping malls, different cities	Maintenance contract for 531 elevators and 483 escalators
Michigan	VA Medical Center, hospital, Detroit	Maintenance contract for 21 elevators
Mississippi	University of Mississippi, Oxford	Maintenance contract for 94 elevators
Nevada	Las Vegas Convention Center	Maintenance contract for 23 elevators and 20 escalators
New Jersey	Hudson-Bergen Light Rail, various stations	Maintenance contract for 18 elevators
New York	7 Line Subway extension, site P, New York City Subway	7 Schindler 9700 escalators
	East Side Access project, Grand Central Terminal, New York	11 Schindler 9300 AE escalators
	Starrett-Lehigh Building, office building, New York	Maintenance contract for 16 elevators
Pennsylvania	Bon Ton, shopping malls, different cities	Maintenance contract for 153 elevators and 169 escalators
Texas	Shell Woodcreek Complex, office buildings, Houston	19 Schindler 400A elevators
	Minute Maid Park, stadium, Houston	Maintenance contract for 17 elevators and 12 escalators
Washington	Parklawn, office building, Washington	18 Schindler 400A elevators and modernization of 4 elevators
Wisconsin	Froedtert Hospital, Milwaukee	Maintenance contract for 86 elevators

For selected orders featuring PORT technology: see pages 50 and 51

North, Central, and South America

Canada	Billy Bishop Toronto City Airport, pedestrian tunnel, Toronto	8 Schindler 400A elevators, 6 Schindler 9300 escalators and 4 Schindler 9500 moving walks
	17th Pan American Games, Parapan Athletes' Village, Toronto	22 Schindler 400A elevators
Argentina	Torre Renoir 2, residential tower, Buenos Aires	8 Schindler 7000 elevators
Brazil	Eco Sapucaí, office building, Rio de Janeiro	46 elevators, including 24 Schindler 7000 with Miconic 10, 10 Schindler 5500, 8 Schindler 5300 and 3 Schindler 3300
	Torre Matarazzo e Shopping Cidade São Paulo, office building and shopping mall, São Paulo	22 elevators, including 8 Schindler 7000 with Miconic 10, 11 Schindler 5500 and 3 Schindler 3300; as well as 20 Schindler 9300 AE escalators
	Theobaldo de Nigris (SENAI), commercial building, São Paulo	Modernization of 6 Schindler 7000 elevators, including 4 with Miconic 10
	Morro Vermelho e Camargo Corrêa, commercial buildings, Brasília	Modernization of 8 Schindler 300L elevators with Miconic 10 and Schindler ID
	Edifício Barão de Ladário, Navy building, Rio de Janeiro	Modernization of 6 Schindler 300L elevators, including 4 with Miconic 10
Chile	Plaza Egaña, shopping mall, Santiago	20 elevators, including 16 Schindler 5400 AP and 4 Schindler 2500; as well as 54 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Apoquindo 2929, office building, Santiago	5 Schindler 7000 elevators with Miconic 10
	Edificio Los Militares, office building, Santiago	10 Schindler 5400 elevators with Miconic 10
Colombia	Capital Towers, 2 hotel towers and 1 office tower, Bogotá	17 Schindler 5400 elevators, including 4 with Miconic 10
	Centro Empresarial Arrecife, 1 hotel tower and 2 office towers, Bogotá	16 elevators with Miconic 10, including 15 Schindler 5400 and 1 Schindler 3300
	Banco GNB Sudameris, office building, Bogotá	8 Schindler 5400 elevators, including 4 with Miconic 10
Mexico	CEVASEP I and II, prisons, Mexico City	14 Schindler 5400 elevators
	Secrets Hotel, Los Cabos, Baja California	10 elevators, including 1 Schindler 5400 and 9 Schindler 3300

For selected orders featuring PORT technology: see pages 50 and 51

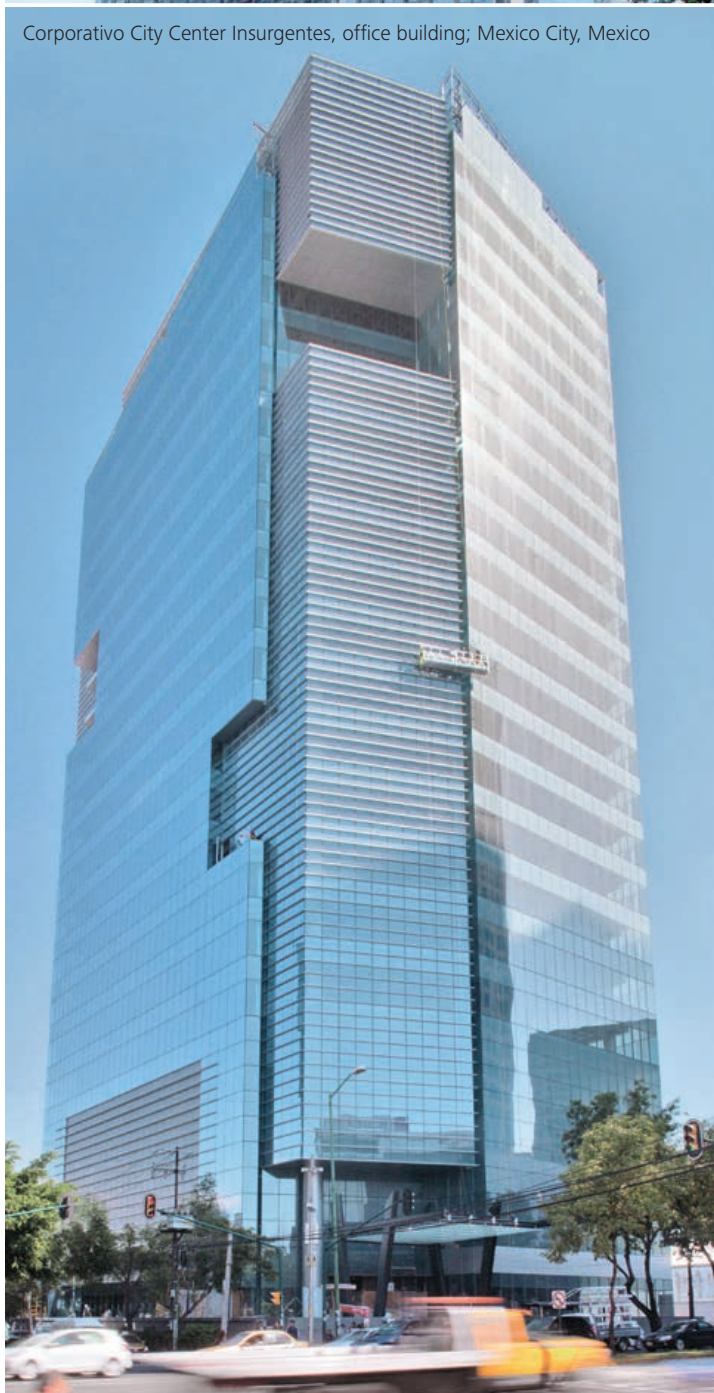
El Golf 200, office building; Santiago, Chile



Centro Empresarial Arrecife, hotel, office and commercial buildings; Bogota, Columbia



Corporativo City Center Insurgentes, office building; Mexico City, Mexico



Capital Bank Plaza, office building; Raleigh, USA



EZ Towers, office buildings; São Paulo, Brazil



Marlins Park, baseball stadium; Miami, USA



Asia, Australia, and Africa

China	Lok Wo Sha, phase 2 & 3, residential buildings, Hong Kong	37 elevators, including 36 Schindler 7000 and 1 Schindler 5400
	Hong Kong Science Park, phase 3, office buildings, Hong Kong	24 elevators, including 17 Schindler 7000; as well as 10 Schindler 9300 AE escalators
	Tanner Hill project, senior housing development, Hong Kong	25 elevators, including 3 Schindler 7000, 10 Schindler 5500 and 6 Schindler 3400
	Residential developments at Lung Tin Tsuen, Yuen Long, Hong Kong	36 Schindler 5500 elevators and 2 Schindler 9300 escalators
	Choi Yuen Estate, residential buildings, Hong Kong	Modernization of 30 elevators
	Harbour Centre, office building, Hong Kong	Modernization of 14 elevators
	Macao Studio City, hotel, shopping mall, Macau	91 elevators, including 31 Schindler 7000 and 44 Schindler 5500; as well as 28 Schindler 9300 AE escalators
	One Oasis, lot 6, residential building, Macau	24 elevators, including 18 Schindler 7000 and 6 Schindler 5500
	Hon Kwok City Commercial Centre, hotel, office, commercial and residential buildings, Huaqiang CBD	33 elevators, including 26 Schindler 7000, 6 Schindler 5400 AP; as well as 14 Schindler 9300 AE escalators
	Oriental Financial Center, office building, Shanghai	25 elevators, including 22 Schindler 7000 and 3 Schindler 5400 MRL; as well as 4 Schindler 9300 AE escalators
	Chongqing Rail Transit, line 3 extension, various stations, Chongqing	37 Schindler 5400 AP elevators and 80 Schindler 9300 AE escalators
	Jiangbeizui, Finance City 3, office and commercial buildings, Chongqing	50 elevators, including 37 Schindler 7000, 6 Schindler 5400 AP and 1 Schindler 5500; as well as 16 Schindler 9300 AE moving walks
	Yuxing International Commercial Centre, shopping mall, hotel, office and commercial buildings, Shanghai	79 elevators, including 37 Schindler 7000 and 36 Schindler 5400 AP; as well as 62 Schindler 9300 AE escalators
	Huatai Securities Plaza, office and commercial building, Nanjing	42 elevators, including 27 Schindler 7000 and 15 Schindler 5400 AP
	Art Park, residential buildings, Kunming	172 elevators, including 2 Schindler 5400 AP and 170 Schindler 3300 AP
	Tianjin Yujiapu Financial District, plot 03-15, office and commercial buildings, Tianjin	33 elevators, including 26 Schindler 7000 and 7 Schindler 5400 AP
	Dennis David City, shopping mall, hotel and residential buildings, Zhengzhou	9 Schindler 7000 elevators, 98 Schindler 9300 AE escalators and 10 Schindler 9500 moving walks
	Poly International Plaza, commercial and residential building, Changsha	55 elevators, including 45 Schindler 7000 and 10 Schindler 5400 AP
	NanShan Commercial & Cultural Center, hotel, office and commercial building, Shenzhen	45 elevators, including 35 Schindler 7000 and 6 Schindler 5400 AP; as well as 6 Schindler 9300 AE escalators
	Chengji Center, phase IX, residential buildings, Jinan	143 Schindler 9300 AE escalators
India	World Towers, residential towers, Mumbai	25 elevators, including 18 Schindler 7000 and 7 Schindler 5400 AP
	Omkar Residential Buildings (Bhoiwada, Malad SRA, Prakashwadi, Worli), Mumbai	81 Schindler 3300 AP elevators
	The Palm Drive, residential buildings, Gurgaon	45 elevators, including 15 Schindler 5400 AP and 30 Schindler 3300 AP
	Hiranandani Palace Gardens, residential buildings, Panvel	12 Schindler 5500 elevators
	Gardenia Glory, residential buildings, Noida	40 Schindler 3300 IN elevators
	Prateek Wisteria, residential buildings, Noida	40 Schindler 3300 IN elevators

For selected orders featuring PORT technology: see pages 50 and 51

Asia, Australia, and Africa

Indonesia	Green Bay Mall, shopping mall, Jakarta	72 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Big Mall Samarinda, shopping mall, Samarinda	2 Schindler 5400 elevators, 38 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Metropolitan Grand Mall, shopping mall, Bekasi	8 elevators, including 4 Schindler 5300 and 4 Schindler 5400; as well as 28 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	The Windsor Puri Indah, office building, Jakarta	15 elevators, including 14 Schindler 7000 and 1 Schindler 3300
Korea	Jamsil Lotte World 2, shopping malls, Seoul	75 Schindler 9300 AE escalators
	E-Mart, shopping mall, Uijeongbu	4 freight elevators and 28 Schindler 9500 AE moving walks
	NHN Pangyo, office building, Pangyo	13 elevators, including 8 Schindler 7000, 3 Schindler 5400 MRL and 2 Schindler 5400; as well as 2 Schindler 9300 AE escalators
	Lotte Cheongju outlet, shopping mall, Cheongju	12 Schindler 9300 AE escalators and 12 Schindler 9500 AE moving walks
Malaysia	Quill Retail Malls, shopping mall, Kuala Lumpur	14 elevators, including 8 Schindler 7000 and 3 Schindler 5400; as well as 55 Schindler 9300 AE escalators and 6 Schindler 9500 moving walks
	Ampang Line, public transport system, various stations, Kuala Lumpur	17 Schindler 5400 elevators and 34 Schindler 9300 AE escalators
	Kelana Jaya Line, public transport system, various stations, Kuala Lumpur	21 Schindler 5400 elevators and 42 Schindler 9300 AE escalators
	Andaman Bangi, residential buildings, Petaling Jaya	86 Schindler 5300 elevators
	GA Boulevard, commercial buildings, Selangor	39 Schindler 5300 elevators
	CBD Perdana 3, shopping mall and office building, Petaling Jaya	12 elevators, including 9 Schindler 5400 and 3 Schindler 5500; as well as 12 Schindler 9300 AE escalators
Philippines	Cyberscape Alpha & Cyberscape Beta, residential buildings, Ortigas	22 elevators, including 16 Schindler 7000 and 6 Schindler 5400
	Oceanaire, residential building, Pasay City	18 Schindler 3300 elevators
Singapore	Singapore Polytechnic, institutional buildings	40 elevators, including 37 Schindler 5400 and 1 Schindler 5500; as well as 2 Schindler 9300 AE escalators
	Big Box, shopping mall	13 elevators, including 7 Schindler 5600; as well as 8 Schindler 9300 AE escalators and 10 Schindler 9500 moving walks
	The Palms @ Sixth Avenue, residential buildings	32 Schindler 3300 elevators
	Synergy, shopping mall	3 elevators, including 2 Schindler 5400; as well as 26 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Suntec City Centre, shopping mall	Modernization of 2 elevators and 26 escalators
	Yale-NUS College, institutional buildings	23 elevators, including 22 Schindler 5500
Taiwan	Chi Yi Shin Kuang Villa, residential buildings, Taichung	46 Schindler 3300 elevators
	Hwa Ku Hwa Cheng Villa, residential buildings, Taipei	41 Schindler 3300 elevators
	IKEA, shopping mall, Taichung	14 elevators, including 6 Schindler 5400, 1 Schindler 5300 and 5 Schindler 2600; as well as 6 Schindler 9300 AE escalators and 5 Schindler 9500 moving walks

For selected orders featuring PORT technology: see pages 50 and 51

Asia, Australia, and Africa

Thailand	I-condo at Sukhumvit 105, Ngamwongwan, Sukhaphiban 2, residential buildings, Bangkok	25 Schindler 3300 elevators
	Sena Fest, shopping mall and commercial buildings, Bangkok	4 Schindler 5400 MRL elevators and 16 Schindler 9300 AE escalators
	Bobae Tower Rangsit, shopping mall, Bangkok	Modernization of 5 elevators and 30 Schindler 9300 AE escalators
Vietnam	Royal City, phase 2B, shopping mall, Hanoi	59 Schindler 9300 AE escalators
Australia	New Children's Hospital, Perth	21 Schindler 7000 elevators
	567 Collins Street, office building, Melbourne	13 elevators, including 6 Schindler 5500 and 7 Schindler 7000; as well as 2 Schindler 9300 AE escalators
	568 Collins Street, residential tower, Melbourne	7 elevators, including 3 Schindler 7000 and 4 Schindler 5500
New Zealand	Middlemore Hospital, Auckland	8 elevators, including 2 Schindler 5400, 2 Schindler 2500 and 4 Schindler 2600
	North Shore Hospital, Elective Surgery, Auckland	3 Schindler 2500 elevators
	Reserve Bank of New Zealand, Wellington	Modernization of 6 elevators
Egypt	Grand Egyptian Museum, Cairo	65 elevators, including 47 Schindler 5400, 2 Schindler 2600 and 3 Schindler 2400; as well as 2 Schindler 9300 AE escalators and 8 Schindler 9500 moving walks
	City Light, shopping mall, office, commercial and residential buildings, Alexandria	45 elevators, including 3 Schindler 5400, 2 Schindler 5300, 5 Schindler 3400 and 34 Schindler 3300; as well as 29 Schindler 9300 AE escalators and 4 Schindler 9500 moving walks
	Park Avenue, phase 1, commercial buildings, Cairo	18 elevators, including 5 Schindler 5400 AP and 13 Schindler 3300 AP; as well as 22 Schindler 9300 AE escalators
	Ministry of Telecommunication, main building no. 3, Cairo	16 Schindler 5400 elevators
	Hilton King's Ranch Resort, hotel, Alexandria	16 elevators, including 4 Schindler 5400, 11 Schindler 5300 and 1 Schindler 2400
Qatar	North Gate Mall, shopping mall and office buildings, Doha	58 elevators, including 36 Schindler 5400 AP, 4 Schindler 3300 AP and 18 Schindler 2400 EU; as well as 44 Schindler 9300 AE escalators and 2 Schindler 9500 AE moving walks
	West Side Car Park, Doha	14 Schindler 5400 AP elevators, 30 Schindler 9300 AE escalators and 2 Schindler 9500 AE moving walks
	IKEA, shopping mall, Doha	12 Schindler 2600 EU elevators and 7 Schindler 9300 AE escalators
Saudi Arabia	Wahat Makkah, residential development, Holy City of Makkah	106 Schindler 3300 AP elevators
United Arab Emirates	Dubai International Airport, Concourse 4	45 elevators with Lobby Vision, 43 Schindler 9300 AE escalators and 6 Schindler 9500 moving walks
	Al Hilal Bank, Abu Dhabi	15 elevators, including 14 Schindler 7000; as well as 2 Schindler 9300 AE escalators
	Al Jalila Children's Specialty Hospital, Dubai	25 elevators, including 19 Schindler 5400 EU and 2 Schindler 2400 EU; as well as 2 Schindler 9300 AE escalators
	Bloom Central (Marriott Hotel & Executive Apartments), Abu Dhabi	18 elevators, including 10 Schindler 7000 and 8 Schindler 5400 AP; as well as 10 Schindler 9300 AE escalators
	Bawabat Al Sharq, phase 2, residential buildings, Abu Dhabi	26 Schindler 3300 AP elevators
	Ghayathi Hospital, Abu Dhabi	14 Schindler 5400 EU elevators

For selected orders featuring PORT technology: see pages 50 and 51

Tadawul Tower, Saudi Arabian stock exchange; Riyadh, Saudi Arabia



Jiangbeizui Finance City 3, office and commercial building; Chongqing, China



Huatai Securities Plaza, office and commercial buildings; Nanjing, China



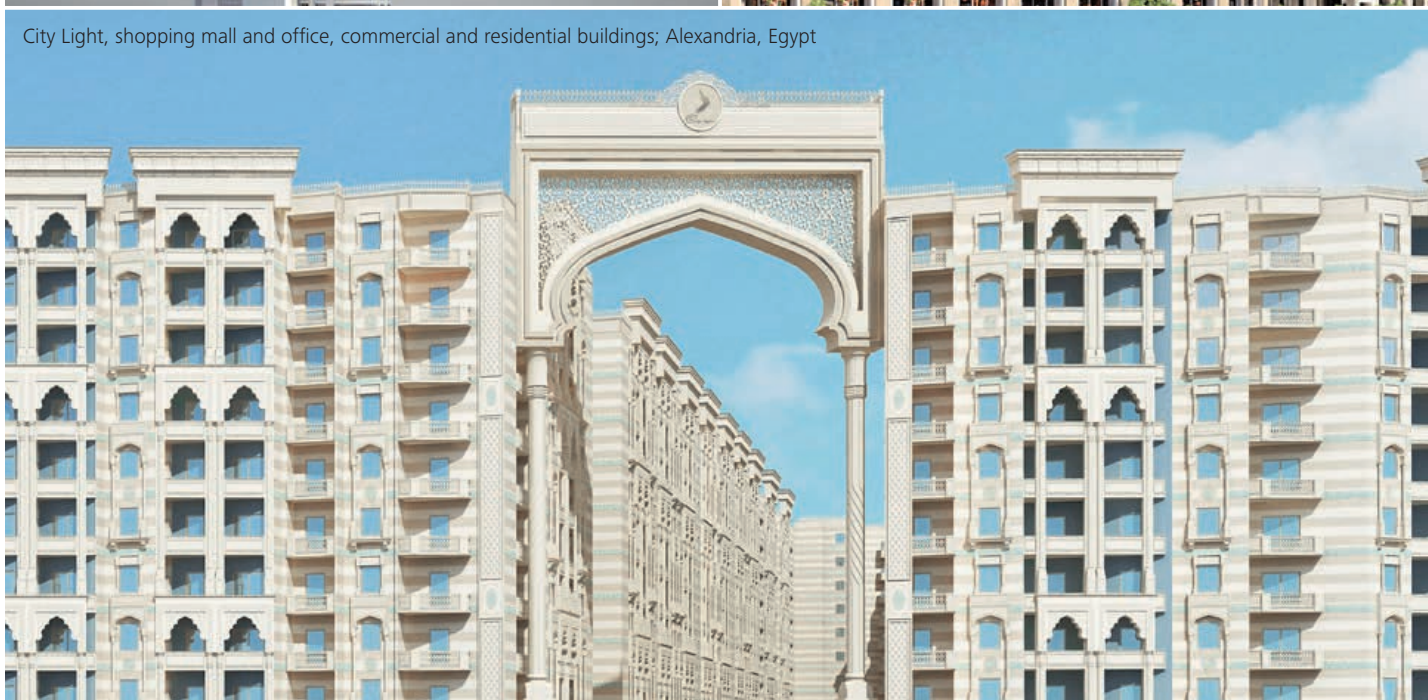
Lodha World One, residential building; Mumbai, India



Barangaroo South, office buildings; Sydney, Australia



City Light, shopping mall and office, commercial and residential buildings; Alexandria, Egypt



Zuellig Building, office building; Makati, Philippines



Park Ventures, office building and hotel; Bangkok, Thailand



Alexander Forbes, office building; Johannesburg, South Africa



PORT technology

Groundbreaking 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: residents, visitors and delivery agents are identified and their authorization is checked at the entrance to the building using a preprogrammed access card. This individual identification process also enables the hall call destination system to calculate the swiftest route from any point in the building to the door of the individual's apartment or office. All passengers are automatically directed to the elevator with the shortest waiting time.

PORT technology offers a highly customized level of service that also takes account of the needs of people with restricted mobility, while saving energy and optimizing the flow of traffic within the building.

PORT is an intelligent, interactive interface between the passenger and a highly sophisticated computer system that can accept commands issued via a touch screen. PORT speaks to and identifies passengers, as well as helping them to navigate their way through the building.

PORT technology is revolutionizing the transportation and security philosophy of buildings and is opening up previously inconceivable architectural opportunities.

With this new system, Schindler is once again positioning itself as a leader in the field of innovation.



Selected orders featuring PORT technology

Australia	Barangaroo South, office buildings, Sydney	105 elevators with PORT technology, including 78 Schindler 7000 and 27 Schindler 5500
	Victorian Comprehensive Cancer Centre, hospital, Melbourne	22 elevators with PORT technology, including 14 Schindler 7000 and 8 Schindler 5500
	500 Bourke Street, office building, Melbourne	Modernization of 16 Schindler 7000 elevators with PORT technology
Brazil	EZ Towers, office buildings, São Paulo	43 elevators, including 32 Schindler 7000, of which 30 with PORT technology, as well as 9 Schindler 5500 and 2 Schindler 3300
China	Gezhou Dam Tower, hotel and office buildings, Beijing	28 elevators, including 12 Schindler 7000, of which 10 with PORT technology, and 16 Schindler 5400 AP; as well as 6 Schindler 9300 AE escalators
	Tongwei Plaza, office building, Chengdu	19 elevators, including 15 Schindler 7000, of which 12 with PORT technology, and 4 Schindler 5400 AP
	Bravo International Plaza, office building, Guangzhou	20 elevators, including 16 Schindler 7000, of which 14 with PORT technology, and 4 Schindler 5400 AP
France	Courcellor 1, office building, Levallois-Perret	Modernization of 12 elevators, including 6 Schindler 7000 with PORT technology, 1 Schindler 7000, 4 Schindler 5500 and 1 platform; as well as 1 Schindler 9300 AE escalator
Germany	TaunusTurm, office building, Frankfurt	19 elevators, including 14 Schindler 7000, of which 10 with PORT technology; as well as 2 Schindler 9300 escalators
Indonesia	Thamrin Nine, Tower 1, office building, Jakarta	32 Schindler 7000 elevators, including 12 with PORT technology; as well as 34 Schindler 9300 AE escalators
	Chase Tower, office building, Jakarta	20 elevators, including 18 Schindler 7000 with PORT technology, and 2 Schindler 5400 MRL; as well as 2 Schindler 9300 AE
Mexico	BBVA Bancomer Tower and Operating Center, office buildings, Mexico City	69 elevators, including 48 Schindler 7000 with PORT technology
	Punta Reforma, office, building, Mexico City	17 elevators, including 9 Schindler 7000 with PORT technology; as well as 2 Schindler 9300 AE escalators
	Torre Latino, office building, Mexico City	20 elevators, including 13 Schindler 7000 with PORT technology
	Insurgentes 838, office building, Mexico City	8 Schindler 5400 elevators with PORT technology
	Torre Sofia 9, office building, Monterrey	9 elevators, including 7 Schindler 7000 with PORT technology
Portugal	Galp Energia, office building, Lisbon	Modernization of 4 elevators with PORT technology
Qatar	Qatar Twin Towers, hotel and office buildings, Doha	32 elevators with Lobby Vision and PORT technology, including 18 Schindler 7000, 3 Schindler 5400 EU and 5 Schindler 2400 EU

Selected orders featuring PORT technology

Saudi Arabia	Tadawul Tower, Saudi Arabian stock exchange, Riyadh	26 elevators, of which 23 with PORT technology, including 19 Schindler 7000; as well as 8 Schindler 9300 AE escalators
Slovenia	BTC City, office building, Ljubljana	Modernization of 4 elevators with PORT technology
Switzerland	CHUV, university hospital, Lausanne	Modernization of 13 elevators with PORT technology
Thailand	AIA Capital Market Centre, commercial building, Bangkok	21 elevators, including 17 Schindler 7000 with PORT technology, 2 Schindler 5400 and 2 Schindler 2600; as well as 4 Schindler 9300 AE escalators
	Lumpini Tower, commercial building, Bangkok	Modernization of 12 elevators with PORT technology
Turkey	Kozyatagi is Merkezi-Partas, office building, Istanbul	Modernization of 3 Schindler 5400 elevators with PORT technology
United Kingdom	Sea Containers House, hotel and commercial building, London	26 elevators, of which 6 with PORT technology, including 18 Schindler 5500 and 2 Schindler 2400
	Camden Civic Centre, municipal offices, London	10 elevators, of which 6 with PORT technology, including 9 Schindler 5500 and 1 Schindler 2400
	One St Peter's Square, commercial building, Manchester	10 Schindler 5500 elevators, including 8 with PORT technology
Saudi Arabia	Tadawul Tower, Saudi Arabian stock exchange, Riyadh	26 elevators, of which 23 with PORT technology, including 19 Schindler 7000; as well as 8 Schindler 9300 AE escalators
United States of America	One California Plaza, office building, Los Angeles	Modernization of 28 elevators, including 21 with PORT technology; as well as maintenance contract for 28 elevators and 2 escalators
	MacArthur Court, office buildings, Orange County	Modernization of 15 elevators with PORT technology
	444 North Michigan, office building, Chicago	Modernization of 12 elevators with PORT technology
	432 Park Avenue, residential building, New York	12 elevators, including 7 Schindler 7000, of which 5 with PORT technology, as well as 1 Schindler 500A and 2 Schindler 400A
	56 Leonard Street, residential building, New York	9 elevators, including 7 Schindler 7000, of which 6 with PORT technology
	520 Madison Avenue, commercial building, New York	Modernization of 21 elevators with PORT technology
	Tower at PNC Plaza, office building, Pittsburgh	16 elevators, of which 12 with PORT technology, including 14 Schindler 7000 and 2 Schindler 400A
	PPG Place, office and commercial buildings, Pittsburgh	Modernization of 44 elevators, including 21 with PORT technology
	Madison Center, office building, Seattle	20 elevators with PORT technology, including 17 Schindler 7000; and 3 Schindler 400A; as well as 2 Schindler 9300 AE escalators
Vietnam	Lotte Center Hanoi, package A, office and residential building, Hanoi	30 Schindler 7000 elevators, including 14 elevators with PORT technology

Corporate Citizenship

Wide-ranging corporate commitments

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Corporate Citizenship

Each day, Schindler elevators and escalators across all continents transport one billion people, as well as a range of goods. The company's long-term business success depends to a significant extent on its ability to meet the need for safe, comfortable, and efficient mobility solutions in a market-oriented and profitable manner. The more successfully Schindler can achieve this, the greater are the benefits for its customers, employees, shareholders, and other key stakeholders. Schindler's corporate citizenship activities illustrate how the company assumes its role within society and fulfills its responsibilities towards various stakeholders and the environment.

A dedicated corporate citizenship website

Schindler reported on its environmental performance in the field of product ecology for the first time in its Annual Report 2000. It went one step further in 2005 by extending its reporting to include data on operational ecology, as well as details of the corporate principles and values that guide it in its business activities. Explanations about the ways in which it assumes its social responsibility complete this information.

To avoid any unnecessary impact on the environment through the use of paper and transportation, Schindler decided to publish this detailed and regularly updated information exclusively on a specially designed website: www.schindler.com/corporatecitizenship.

The following topics are examined in detail on the site:

Environment

Elevators and escalators are designed to have an average service life of 30 years. From a product ecology perspective, the main environmental impact occurs during the operation of the elevators due to their long service life – and not as a result of the actual manufacturing of the products. The primary objective when developing new elevators and escalators is therefore to improve their energy and material efficiency in comparison with the models that are being replaced.

Operational ecology performance indicators reveal that almost 60% of the company's environmental impact is attributable to the fleet of over 17 000 service vehicles in use globally. Particular attention is therefore being paid to reducing fuel consumption by optimizing scheduled journeys, and by selecting more environmentally friendly models when purchasing new vehicles.

Safety

The safety of over 45 000 employees, as well as of one billion passengers who use Schindler products each day, is the core element of our corporate responsibility. Consequently, our quality and safety standards are not restricted to our products: they apply to the entire company. A comprehensive internal and external risk and safety management system was therefore established at an early stage, since Schindler does not wish to – and cannot – make any compromises in the field of safety.

Employees

Schindler believes that highly motivated employees are a prerequisite to fulfill customer needs and thus guarantee business success. The company therefore aims to be the employer of choice in its industry. A number of different measures have been developed to attract and retain the best employees and to further develop their skills, including 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 thus 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.

Energy-efficient products

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 series of Schindler elevators. 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 lifecycle of the building and its components.

Schindler Award

Access for all

Barrier-free mobility for all members of society

The Schindler Award, which was launched by the Schindler Group in 2003, is a competition in which architecture students throughout Europe are invited to submit design concepts based on the central theme "Access for all."

The aim of the competition is to raise awareness among young architects of the need for barrier-free architecture and mobility in urban areas by encouraging them to think beyond form, light and materials and to focus on the needs of all the people who will one day use the structures and spaces they design. The objective is to make targeted improvements to the accessibility of all types of buildings – in other words, to provide enhanced mobility for all people, irrespective of their age, state of health, or physical capabilities.

Several universities have now incorporated the Schindler Award into their curriculums.

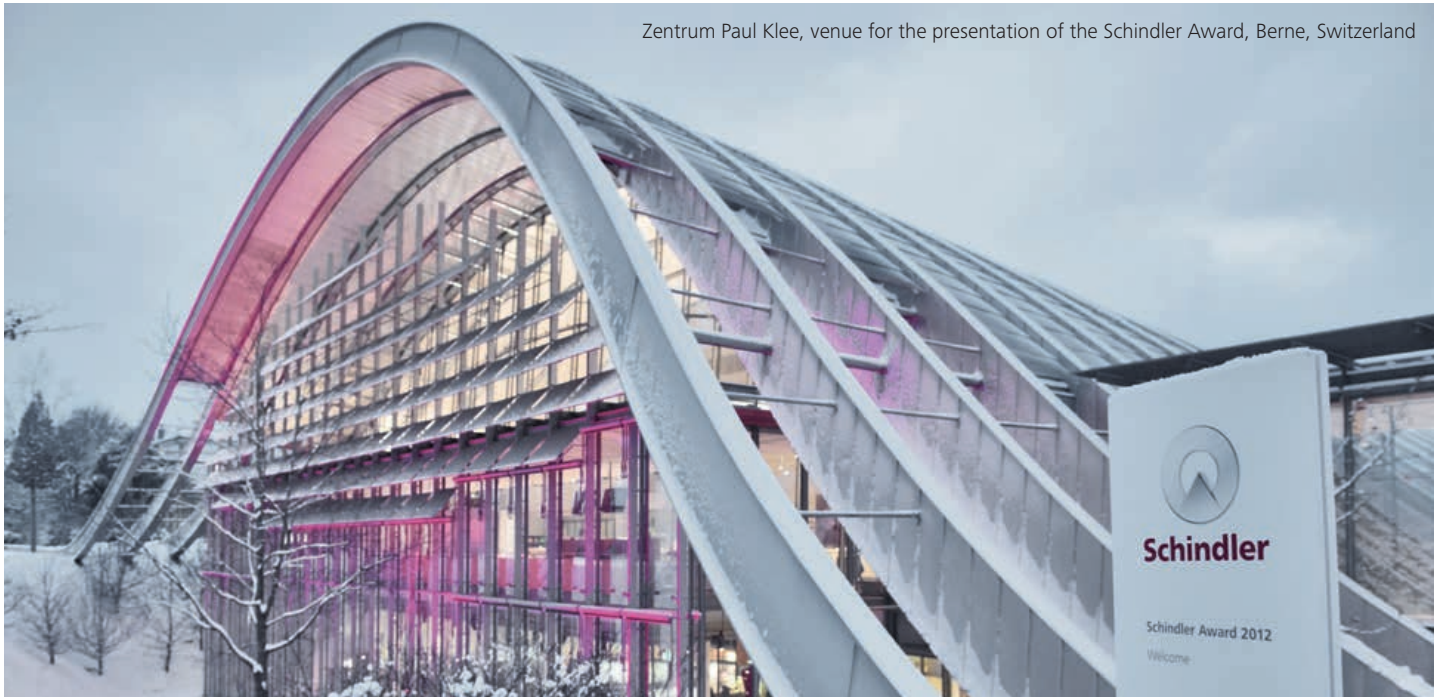
Schindler Award 2012 – Berne

The young architects who entered the 5th Schindler Award competition focused on a project to revive the "Schützenmatt" area of the Swiss capital, Berne. This is a somewhat neglected section of the old town, which is otherwise extremely well preserved.

The competition task was to improve the public space and put it to better use while, at the same time, incorporating the various cultural and fringe groups that have settled in this area, rather than marginalizing them. In the competition, a particular emphasis was placed on improving the accessibility of this public space for all people, including those with disabilities – a criterion that is often overlooked.

In total, 113 projects were submitted by more than 1 000 students from across Europe. The 14-member jury – consisting of architects, specialists, and members of organizations representing people with disabilities – selected ten projects, which were presented at an award ceremony in Berne on December 7, 2012.

Further information on the Schindler Award is available at:
www.schindleraward.com.



Zentrum Paul Klee, venue for the presentation of the Schindler Award, Berne, Switzerland

From left: Kees Christiaanse, Chairman of the jury, with three representatives of the Sint Lucas University, school prize winners, Ghent, Belgium; Jürgen Tinggren, CEO of the Schindler Group; and Mireille Jatón, who hosted the event



Bertrand Piccard, guest speaker, founder of Solar Impulse



Student prize winners (from left): Christopher Ruhri, Thomas Buser and Stefan Gant from the TU Berlin, Germany

Solar Impulse

The Solar Impulse project – taking action today to address the challenges of tomorrow

The need for mobility is increasing, while energy resources are becoming scarcer and more expensive. Technology will have a significant part to play in solving this problem. Schindler and Solar Impulse share a common goal: to develop cutting-edge technologies that are capable of breaking through supposed technological limits to show an entirely new way forward. The power to innovate is derived from a willingness to embrace new approaches that go beyond mere linear advances. The Solar Impulse project is not simply aimed at using less fossil fuel – its goal is to dispense with it entirely. Solar Impulse thus sends out a strong message about the potential of ground-breaking innovations. We share this pioneering spirit at Schindler – today and in the future.

Crossing Frontiers Mission 2012

Solar Impulse is a pioneering initiative: the aircraft, which has the wingspan of an Airbus but is around 100 times lighter, will attempt to circle the globe in 2015 – travelling day and night without fuel and with sunlight as its only source of energy. In 2012, Solar Impulse embarked on the first-ever solar-powered intercontinental flight. The eight-leg journey to Morocco, which began on May 24, 2012, covered a total distance of around 6 000 kilometers. The flying time was over 131 hours. One of the most testing parts of the mission was the flight to Ouarzazate (Morocco) – a region with turbulent conditions and strong winds that also present challenges for the civil aviation industry. The Solar Impulse team had to deliver an exceptional performance in both technological and logistical terms in order to master these difficult meteorological conditions. Solar Impulse broke a number of world records and also entered aviation history after landing successfully in Payerne (Switzerland) on July 24, 2012. The experience and insights gained during the mission confirmed the reliability of the flight technology and the efficiency of this form of energy consumption – bringing the team one step closer to its next goal of circling the globe in 2015.

Inspiring cooperation to develop clean technologies

Schindler engineers are part of an interdisciplinary team of researchers and technical experts from leading technology firms in different industries and countries who are participating in an intensive exchange of knowledge about composite materials and their structures as part of the Solar Impulse project. The specialists' work is focused on tubular designs, new honeycomb structures with an extremely high torsional strength, and sophisticated solar technology. The resulting insights will be applied to Schindler's own future technological developments.

Further information on Solar Impulse is available at:
<http://www.schindler.com/com/internet/en/about-schindler/supported-initiatives/solar-impulse.html> and <http://www.solarimpulse.com>



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Overview of financial results

Summary financial statements Group

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Overview of
financial results

Consolidated income statement

In CHF million	2012	2011 ¹	2010	2009 ²	2009	2008
Revenue	8 258	7 854	8 187	8 281	12 691	14 027
Operating profit (EBIT)	990	793	950	934	974	889
Financial result	-22	-15	-17	-44	-64	-12
Income from associates	15	-1	5	-6	-6	1
Profit before taxes	983	777	938	884	904	878
Income taxes	253	211	259	248	251	244
Profit from continuing operations	730	566	679	636		
Profit of the disposal group ALSO	-	35	32	17		
Net profit	730	601	711	653	653	634

¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

² Adjusted retrospectively in the 2010 financial statements due to the separate reporting of the disposal group ALSO

Balance sheet December 31

In CHF million	2012	2011 ¹	2010	2009	2008 ²
Cash and cash equivalents	2 178	2 403	2 310	1 919	1 254
Other current assets	2 992	2 695	3 092	3 184	3 702
Total current assets	5 170	5 098	5 402	5 103	4 956
Property, plant, and equipment	522	483	456	501	492
Intangible assets	804	842	768	834	780
Other non-current assets	1 326	1 146	804	642	583
Total non-current assets	2 652	2 471	2 028	1 977	1 855
Total assets	7 822	7 569	7 430	7 080	6 811
Financial debts	133	169	145	174	526
Other current liabilities	3 195	3 176	3 526	3 292	3 200
Total current liabilities	3 328	3 345	3 671	3 466	3 726
Financial debts	621	619	132	245	257
Other non-current liabilities	1 060	954	808	848	792
Total non-current liabilities	1 681	1 573	940	1 093	1 049
Total liabilities	5 009	4 918	4 611	4 559	4 775
Equity	2 813	2 651	2 819	2 521	2 036
Total liabilities and equity	7 822	7 569	7 430	7 080	6 811

¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

² Adjusted retrospectively in the 2009 financial statements due to new rules governing the interpretation of IFRIC 14

Cash flow statement

In CHF million	2012	2011	2010	2009	2008
Cash flow from operating activities	782	690	1 114	1 052	1 062
Cash flow from investing activities	-532	-464	-361	215	-525
Cash flow from financing activities	-459	-102	-339	-624	-264
Exchange differences	-16	-41	-13	22	-45
Change in cash and cash equivalents	-225	83	401	665	228

Key figures Group

Overview of
financial results

Group

In CHF million	2012	2011 ¹	2010	2009 ²	2009	2008
Orders received – Elevators & Escalators	8 967	8 249	8 778	8 418	8 418	9 259
Δ %	8.7	–6.0	4.3	–9.1	–9.1	2.6
Δ % in local currencies	8.5	4.8	7.7	–5.6	–5.6	9.1
Revenue	8 258	7 854	8 187	8 281	12 691 ³	14 027 ³
Δ %	5.1	–4.1	–1.1	–5.5	–9.5	1.4
Δ % in local currencies	5.0	6.9	2.4	–1.8	–5.9	6.5
Operating profit (EBIT) – Elevators & Escalators	1 029	831 ⁴	980	962	962	895
in %	12.5	10.6 ⁴	12.0	11.6	11.6	10.2
Operating profit (EBIT) – Group	990	793	950	934	974	889
in %	12.0	10.1	11.6	11.3	7.7	6.3
Net profit	730	601 ⁵	711	653	653	634
Cash flow from operating activities	782	690	1 114	1 052	1 052	1 062
Investments in fixed assets	132	124	147	103	103	120
Total equity	2 813	2 651	2 819	2 521	2 521	2 036 ⁶
Equity ratio in %	36.0	35.0	37.9	35.6	35.6	29.9
Order backlog	7 083	6 438	6 075	6 200	6 341	6 396
Δ % in local currencies	12.4	8.3	7.8	–3.2	–2.6	7.1
Research & Development	115	113	109	109	109	100
Headcount at year-end	45 246	44 387	43 010	41 962	43 437	45 063

¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

² Retrospective adjustment in the financial statements 2010 resulting from separate reporting of the disposal group ALSO

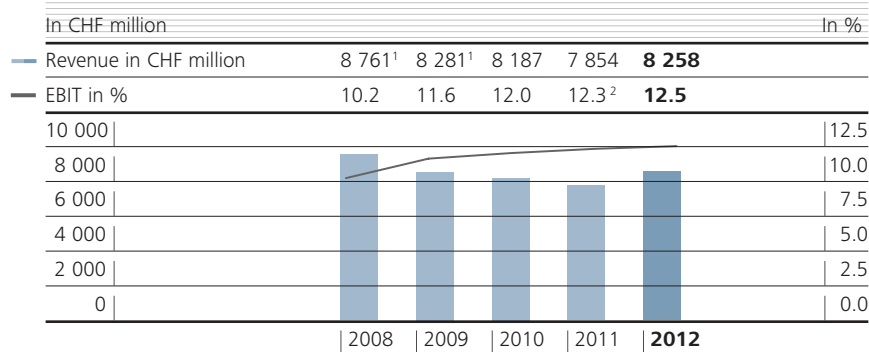
³ Including revenue from ALSO

⁴ Before LEAP restructuring costs: CHF 966 million, in %: 12.3

⁵ Before LEAP restructuring costs: CHF 699 million

⁶ Adjusted retrospectively in the 2009 financial statements due to new rules governing the interpretation of IFRIC 14

Revenue / EBIT margin Elevators & Escalators



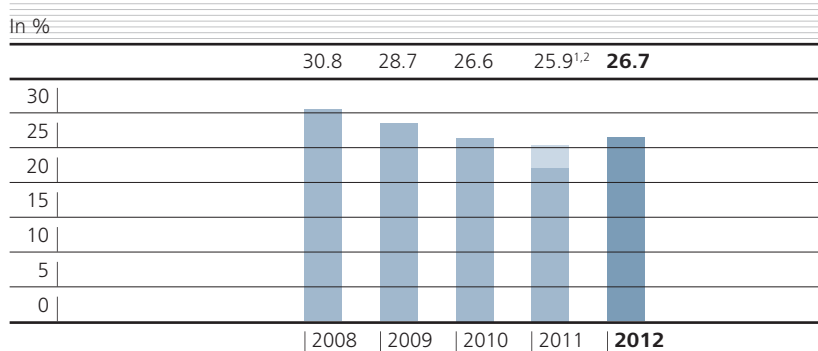
¹ Only revenue from Elevators & Escalators, excluding ALSO

² After LEAP restructuring costs: 10.6%

Revenue Elevators & Escalators by market

	2012		2011		2010		2009		2008	
	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %
Europe	3 817	46	3 902	50	4 250	52	4 498	54	4 752	54
North, Central, and South America	2 400	29	2 233	28	2 352	29	2 406	29	2 617	30
Asia, Australia, Africa	2 041	25	1 719	22	1 585	19	1 377	17	1 392	16
Total	8 258	100	7 854	100	8 187	100	8 281	100	8 761	100

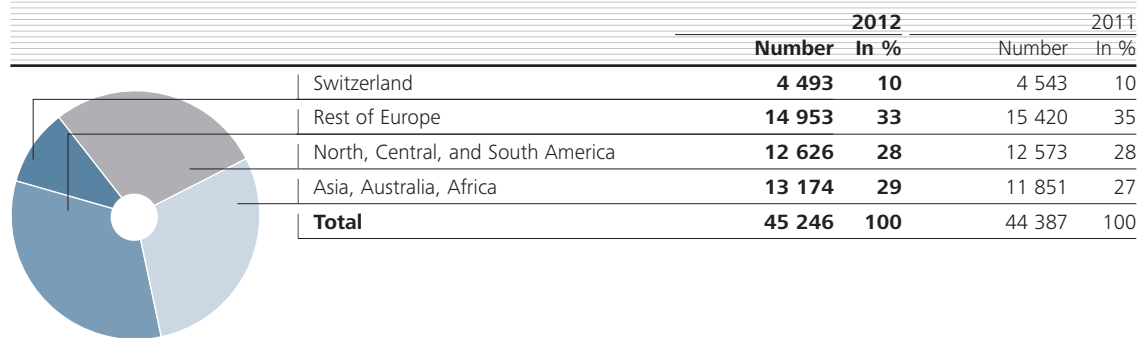
Return on equity



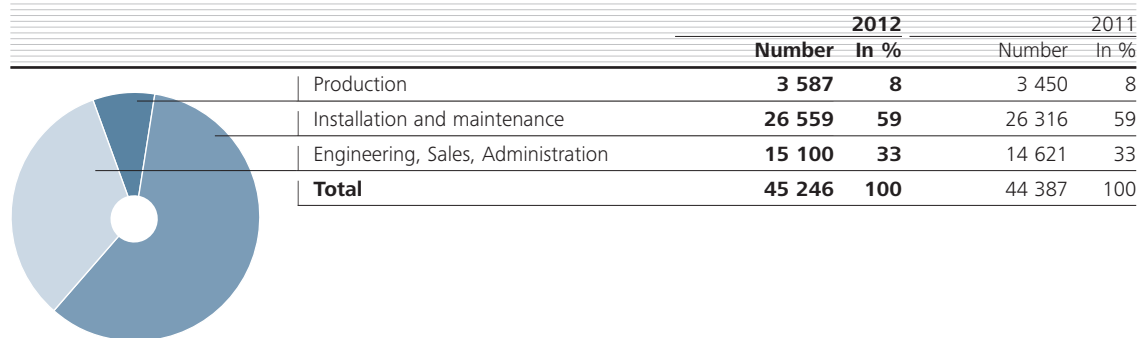
¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

² After LEAP restructuring costs: 22.3%

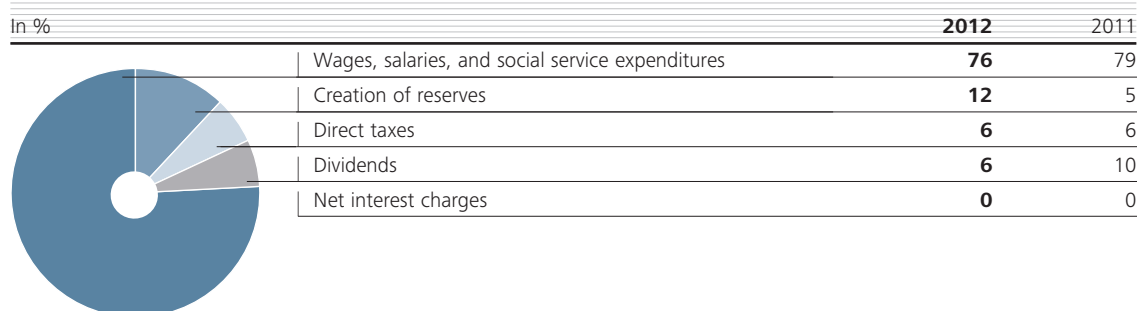
Headcount by market



Headcount by business area



Allocation of the Group's net value added¹



¹ 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.

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Overview of
financial results

Income statement

In CHF million	2012	2011	2010	2009	2008
Income from Group companies	590	683	766	553	520
Other revenue	39	60	10	26	44
Total revenue	629	743	776	579	564
Write-down, value adjustment, and change to provisions	36	27	73	54	82
Other expenses	42	45	33	34	54
Total expenses	78	72	106	88	136
Net profit for the year	551	671	670	491	428

Balance sheet December 31

In CHF million	2012	2011	2010	2009	2008
Cash and cash equivalents	1 626	1 657	1 291	932	793
Other current assets	635	702	192	203	426
Investments in Group companies	1 863	1 576	1 600	1 600	1 600
Other non-current assets	8	37	37	4	4
Total assets	4 132	3 972	3 120	2 739	2 823
Bonds	600	600	–	–	300
Other liabilities	484	439	503	553	528
Total liabilities	1 084	1 039	503	553	828
Share capital and participation capital	12	12	12	12	12
Other equity	3 036	2 921	2 605	2 174	1 983
Total equity	3 048	2 933	2 617	2 186	1 995
Total liabilities and equity	4 132	3 972	3 120	2 739	2 823

Dividend payment

In CHF million	2012 ¹	2011	2010 ²	2009	2008
Registered shares	157	140	211	141	141
Participation certificates	103	92	144	97	97
Total dividend payment	260	232	355	238	238

¹ Proposal by the Board of Directors

² Total ordinary and additional dividend

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	2012	2011	2010	2009	2008
Number of registered shares outstanding	71 440 056	71 776 700	71 776 700	71 776 700	72 451 200
thereof in treasury stock	1 138 281	1 388 971	1 327 102	1 271 425	2 002 896
Nominal value	0.10	0.10	0.10	0.10	0.10
Price high	130.50	114.50	118.00	79.40	87.10
Price low	104.10	79.25	76.60	45.80	42.00
Year-end rate	129.80	109.10	111.90	78.35	47.05
P/E ratio December 31	21.9	22.8 ¹	19.9	15.1	9.3

¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

Participation certificate

In CHF	2012	2011	2010	2009	2008
Number of certificates outstanding	46 894 800	48 609 400	48 609 400	48 609 400	49 256 900
thereof in treasury stock	1 555 803	2 543 219	404 831	120 826	964 458
Nominal value	0.10	0.10	0.10	0.10	0.10
Price high	132.90	113.70	118.40	80.60	87.90
Price low	102.60	78.10	76.05	47.10	41.30
Year-end rate	132.00	109.40	110.60	79.65	48.10
P/E ratio December 31	22.3	22.9 ¹	19.7	15.3	9.5

¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

Information per registered share and participation certificate

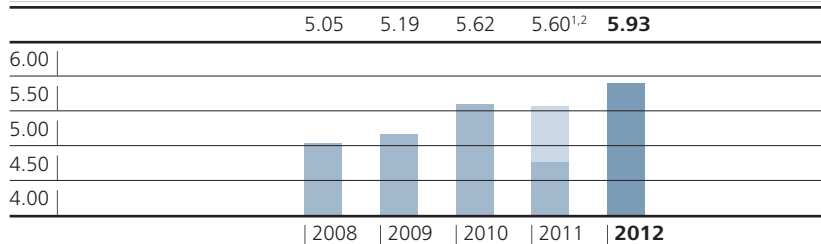
In CHF	2012	2011	2010	2009	2008
Net profit	5.93	4.78 ¹	5.62	5.19	5.05
Cash flow from operating activities	6.61	5.73	9.25	8.74	8.73
Equity at year-end	24.04	22.50 ¹	22.88	20.27	16.21
Gross dividend – ordinary	2.20²	2.00	2.00	2.00	2.00
Gross dividend – additional			1.00		
Pay-out ratio (in %)	37.1	41.8 ¹	53.3	38.5	39.6
Market capitalization (in CHF million)	15 463	13 149	13 408	9 495	5 778

¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

² Proposal by the Board of Directors

Net profit per registered share and participation certificate

In CHF



¹ Retrospective adjustment due to early adoption of IAS 19 – Employee Benefits (revised) as of January 1, 2012

² After LEAP restructuring costs: CHF 4.78

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 2012, registered shares of Schindler Holding Ltd. were held by 4 619 shareholders (previous year: 4 622).

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a shareholders' agreement 50 077 828 registered shares (previous year: 50 073 638) of Schindler Holding Ltd., corresponding to 70.1% (previous year: 69.8%) of the voting rights of the share capital entered in the Commercial Register.

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Financial calendar

Financial calendar

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Financial calendar

	2013	2014
Annual results media conference	February 19	February 14
Ordinary General Meeting Schindler Holding Ltd.	March 26	March 17
First trading date ex-dividend	March 28 ¹	
Date of Schindler Holding Ltd. dividend payment	April 4 ¹	
Publication of selected key figures as of March 31	April 19	April
Publication of Interim Report as of June 30	August 13	August
Publication of selected key figures as of September 30	October 22	October

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

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Footnote to “Milestones”:

¹ Nicolas Baverez, Réveillez-vous! / Librairie Arthème Fayard / ISBN: 978-2-213-67160-4

² ^{2.1} Prof. Hans-Werner Sinn, President of the IFO Institute, Germany

^{2.11} Ist Deutschland noch zu retten? / Econ / ISBN 978-3-430-18533-2

^{2.12} Die Target-Falle. Gefahren für unser Geld und unsere Kinder / Hauser / ISBN 978-3-446-43391-5

^{2.13} Kasino-Kapitalismus. Wie es zur Finanzkrise kam, und was jetzt zu tun ist / Econ / ISBN 978-3-430-20084-4

^{2.2} Prof. Jesús Huerta de Soto: Money, Bank Credit and Economic Cycles / Mises / ISBN 978-1-933550-39-8

^{2.3} Philipp Bagus: Deep Freeze. Iceland's Economic Collapse / Mises / ISBN 978-1-933550-34-3

^{2.4} Prof. Benoît B. Mandelbrot: Fraktale und Finanzen. Märkte zwischen Risiko, Rendite und Ruin / Piper / ISBN 978-3-492-04632-9

³ Charles-Maurice de Talleyrand (2.2.1754–17.5.1838) was a renowned French statesman and diplomat during the French Revolution and the Napoleonic Wars and was also present at the Vienna Congress.

⁴ Charles Alexis de Tocqueville (29.7.1805–16.4.1859) was a French publicist, politician and historian.

The Annual Report of the Schindler Group for 2012 consists of the Group Review, and the Financial Statements and Corporate Governance Report.

The original German language version is binding. English, French, Spanish, and Chinese translations of the Group Review are available. The Financial Statements and the Corporate Governance Report 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

Page 21:

Adriana Tripa
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Pages 22/23, 75:

E.T. Studhalter
Schachen, Switzerland

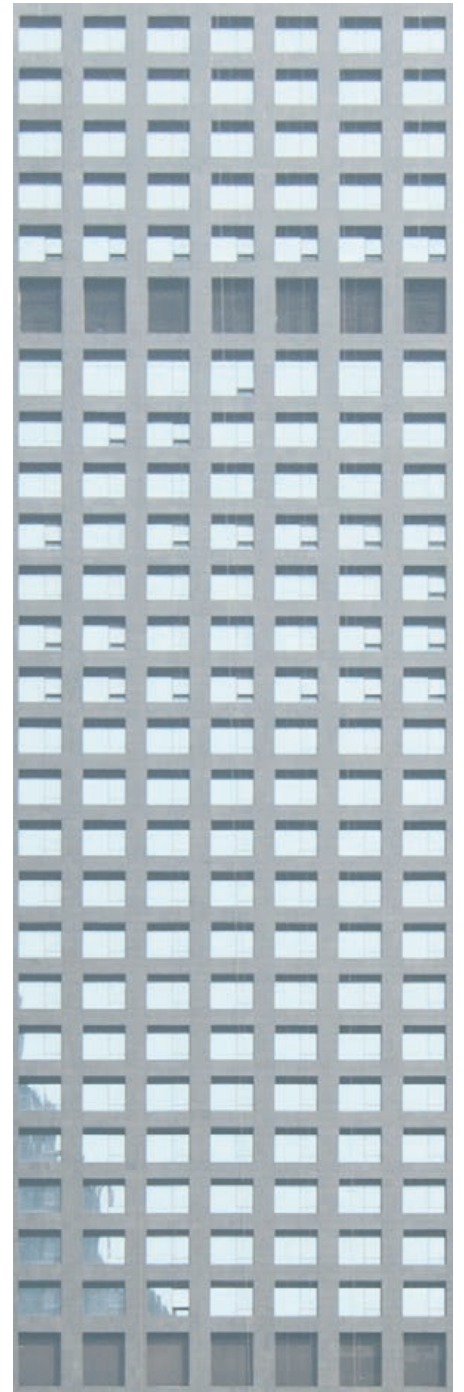




The eye for detail in urban diversity.

Urban spaces have multiple layers; it is not possible to see right through them at first glance. Complexity and structure, time-tested elements and innovative features are all combined to form a compelling overall picture. Only those who take the time for a second glance in order to understand the complex interplay of these different components can gain inspiration and see new approaches. The same can be said of the work of the German artist Franz Ackermann. He has one particular thing in common with Schindler: he sees the big picture as well as the minutest detail.

"n.t. – 2011/2012"; Franz Ackermann; Berlin, Germany
www.franz-ackermann.de; studio@franz-ackermann.de



The rapid rise of China has also led to growing security and technology requirements. The headquarters of the **Bank of Guangzhou, Guangzhou**, is the best example of this. Reaching a height of 267 meters, it not only meets the highest building standards but has also set a new benchmark in terms of security. PORT technology makes a decisive contribution towards this: customized access controls and the optimal dispatch of passengers according to their target destination provide a high level of security and ensure they take the most direct route.



High-quality solutions
for rising demands.
Financial Statements and
Corporate Governance
2012



Schindler

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This quick response (QR) code takes you directly to the Investor Relations area of the Schindler Group website – swiftly and easily.

Group Financial Statements

Consolidated income statement

Group Financial Statements

In CHF million	Notes	2012	%	2011 Restated ¹	%
Continuing operations					
Revenue	4	8 258	100.0	7 854	100.0
Cost of materials		2 442	29.6	2 329	29.7
Personnel expenses	5	3 074	37.2	2 962	37.7
Other operating expenses	6	1 709	20.7	1 570	20.0
Depreciation and amortization	17, 18	119	1.4	119	1.5
Change in provisions	27	-76	-0.9	81	1.0
Total operating expenses		7 268	88.0	7 061	89.9
Operating profit		990	12.0	793	10.1
Financial income	7	39	0.5	63	0.8
Financial expenses	8	61	0.8	78	1.0
Income from associates	9	15	0.2	-1	-
Profit before taxes		983	11.9	777	9.9
Income taxes	10	253	3.1	211	2.7
Profit from continuing operations		730	8.8	566	7.2
Profit of the disposal group ALSO	12	-	-	35	0.5
Net profit		730	8.8	601	7.7
Net profit attributable to:					
The owners of Schindler Holding Ltd.		702	8.5	576	7.4
Non-controlling interests		28	0.3	25	0.3
Profit from continuing operations attributable to:					
The owners of Schindler Holding Ltd.		702	8.5	541	6.9
Non-controlling interests		28	0.3	25	0.3
Earnings per share and participation certificate in CHF					
Undiluted	11	6.06		4.89	
Diluted	11	6.03		4.86	
Earnings per share and participation certificate from continuing operations in CHF					
Undiluted	11	6.06		4.59	
Diluted	11	6.03		4.57	

¹ See note 2.1.1

Consolidated statement of comprehensive income

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Group Financial Statements

In CHF million	Notes	2012	2011 Restated ¹
Net profit		730	601
Other comprehensive income:	28		
Exchange differences		-43	16
Hedging transactions		-2	-14
Financial assets available-for-sale	32	-16	73
Remeasurements employee benefits	23	-191	-110
Share of other comprehensive income of associated companies		-	-
Taxes on other comprehensive income		43	3
Total other comprehensive income		-209	-32
Comprehensive income		521	569
Attributable to:			
The owners of Schindler Holding Ltd.		496	548
Non-controlling interests		25	21

¹ See note 2.1.1

Consolidated balance sheet

Group Financial Statements

Assets

In CHF million	Notes	31.12.2012	%	31.12.2011 Restated ¹	%	01.01.2011 Restated ¹	%
Current assets							
Cash and cash equivalents		2 178	27.9	2 403	31.8	2 310	31.2
Marketable securities	13	448	5.7	259	3.4	125	1.7
Accounts receivable	14	1 444	18.5	1 376	18.2	1 280	17.3
Taxes receivable		96	1.2	67	0.9	52	0.7
Net assets from construction contracts	15	479	6.1	468	6.2	409	5.5
Inventories	16	395	5.0	407	5.4	359	4.8
Prepaid expenses and accrued income		116	1.5	109	1.4	131	1.8
Assets held for sale and disposal group ALSO	12	14	0.2	9	0.1	736	9.9
Total current assets		5 170	66.1	5 098	67.4	5 402	72.9
Non-current assets							
Property, plant, and equipment	17	522	6.7	483	6.4	456	6.2
Intangible assets	18	804	10.3	842	11.1	768	10.3
Associated companies	20	303	3.8	278	3.7	213	2.9
Long-term financial assets	21	805	10.3	676	8.9	374	5.0
Deferred taxes	22	218	2.8	192	2.5	168	2.3
Employee benefits	23	–	–	–	–	29	0.4
Total non-current assets		2 652	33.9	2 471	32.6	2 008	27.1
Total assets		7 822	100.0	7 569	100.0	7 410	100.0

¹ See note 2.1.1

Liabilities and equity

In CHF million	Notes	31.12.2012	%	31.12.2011 Restated ¹	%	01.01.2011 Restated ¹	%
Liabilities							
Current liabilities:							
Financial debts	26	133	1.7	169	2.2	145	2.0
Accounts payable	24	769	9.8	794	10.5	722	9.7
Taxes payable		120	1.5	116	1.5	125	1.7
Net liabilities from construction contracts	15	976	12.5	894	11.8	845	11.4
Accrued expenses and deferred income	25	1 174	15.0	1 177	15.6	1 180	15.9
Provisions	27	156	2.0	195	2.6	144	1.9
Liabilities of the disposal group ALSO	12	–	–	–	–	510	6.9
Total current liabilities		3 328	42.5	3 345	44.2	3 671	49.5
Non-current liabilities:							
Financial debts	26	621	7.9	619	8.2	132	1.8
Provisions	27	359	4.6	381	5.0	346	4.7
Deferred taxes	22	124	1.6	146	1.9	164	2.2
Employee benefits	23	577	7.4	427	5.7	352	4.8
Total non-current liabilities		1 681	21.5	1 573	20.8	994	13.5
Total liabilities		5 009	64.0	4 918	65.0	4 665	63.0
Equity							
Share capital and participation capital	28	12	0.2	12	0.2	12	0.2
Other reserves	28	–605	–7.7	–663	–8.8	–486	–6.6
Retained earnings		3 373	43.1	3 271	43.2	3 115	42.0
Equity of the owners of Schindler Holding Ltd.		2 780	35.6	2 620	34.6	2 641	35.6
Non-controlling interests		33	0.4	31	0.4	104	1.4
Total equity		2 813	36.0	2 651	35.0	2 745	37.0
Total liabilities and equity		7 822	100.0	7 569	100.0	7 410	100.0

¹ See note 2.1.1

Consolidated cash flow statement

Group Financial Statements

In CHF million	Notes	2012	2011 Restated ¹
Net profit		730	601
Depreciation and amortization		119	119
Change in provisions		-76	81
Other non-cash items		76	14
Employee benefits		-51	-47
Change in remaining net working capital		-16	-78
Cash flow from operating activities		782	690
Additions to:			
Property, plant, and equipment	17	-132	-124
Intangible assets	18	-32	-20
Associated companies	20	-17	-161
Marketable securities / Long-term financial assets		-577	-161
Disposals of:			
Property, plant, and equipment	17	16	12
Intangible assets	18	-	1
Associated companies	20	-	11
Marketable securities / Long-term financial assets		231	94
Acquisition of Group companies	29	-21	-102
Outflow of cash related to deconsolidation of ALSO		-	-14
Cash flow from investing activities		-532	-464
Proceeds from increase in financial debts		31	656
Repayments of financial debts		-111	-147
Disposal of non-controlling interests		-	7
Purchase of treasury shares and participation certificates (PC)	28	-168	-259
Disposal of treasury shares and PC	28	44	19
Dividends paid to the owners of Schindler Holding Ltd.		-232	-355
Dividends paid to non-controlling interests		-23	-23
Cash flow from financing activities		-459	-102
Exchange differences		-16	-41
Change in cash and cash equivalents		-225	83
Opening balance cash and cash equivalents		2 403	2 320
Closing balance cash and cash equivalents		2 178	2 403
Cash flow from operating activities includes:			
Income taxes paid		272	226
Interest paid		18	17
Interest received		40	34
Dividends received from associated companies		8	3

¹ See note 2.1.1

Consolidated statement of changes in equity

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Group Financial Statements

In CHF million	Share and PC capital	Other reserves	Retained earnings	Total owners of Schindler Holding Ltd.	Non-controlling interests	Total Group
December 31, 2010	12	-486	3 189	2 715	104	2 819
Restatement			-74	-74	-	-74
January 1, 2011	12	-486	3 115	2 641	104	2 745
Net profit ¹			576	576	25	601
Other comprehensive income ¹		50	-78	-28	-4	-32
Comprehensive income ¹		50	498	548	21	569
Dividends			-355	-355	-23	-378
Change in treasury shares		-227	-13	-240		-240
Share-based payments			26	26		26
Deconsolidation of disposal group ALSO				-	-71	-71
December 31, 2011 ¹	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

¹ Restated, see note 2.1.1

Notes to the consolidated financial statements

1 Activities of the company

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 international markets around the globe.

2 Basis of preparation

The Schindler Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are compliant with Swiss company law. The financial statements have been prepared using the accrual basis of accounting and the historical cost approach. As an exception, derivative financial instruments and available-for-sale financial assets are measured at fair value. 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

2.1.1 Early adoption of IAS 19 – Employee Benefits (Revised)

IAS 19 – Employee Benefits (Revised) (referred to below as IAS 19R) was adopted early, as of January 1, 2012. This led to the restatement of prior periods. The material impacts of the early adoption of IAS 19R on the Schindler Group's financial reporting are as follows:

- Elimination of the corridor approach: It is no longer possible to defer recognition of actuarial gains and losses using the corridor approach. They must now be recognized immediately in other comprehensive income.
- Calculation of pension costs: The previous practice of recognizing the expected return on plan assets and of calculating the interest expense on the defined benefit obligation is now replaced by the recognition of net interest on the net defined benefit liability or the net defined benefit asset.
- Past service costs are recognized immediately through profit or loss when they occur.
- Risk sharing: The new provision on sharing risk between the employees and employer has impacts on the defined benefit liability and the allocation of service costs.

If IAS 19R had not been adopted early, it would not have had a significant impact on net profit for 2012. The negative impact on other comprehensive income in 2012 would have been CHF 171 million lower.

Change of presentation

Upon the early adoption of IAS 19R, the presentation of the income statement was adapted to reflect these changes. Net interest is now shown under the financial result (previously personnel expenses). This presentation better reflects the nature of net interest since it corresponds to the compounding effect of the long-term net defined benefit liability or net defined benefit asset. In the past, the expected return on plan assets reflected the individual performance of the plan assets, which were regarded as part of the operating activities. The change was applied retrospectively in accordance with IAS 8.

In addition, the presentation of pension costs for defined benefit plans has changed. In accordance with IAS 19R, pension costs comprise service costs, net interest and the remeasurement of employee benefits. Service costs (current and past service costs, gains/losses on settlements) are part of personnel expenses, net interest is part of financial expenses or income. Remeasurements are part of other comprehensive income.

The disclosure was also adapted in line with the new increased requirements.

Restatement

Prior periods have been restated due to the early adoption of IAS 19R and the change in presentation of the income statement.

In addition assets of certain foundations are no longer allocated as plan assets but long-term financial assets.

The impacts of these changes on the relevant positions in the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and earnings per share and participation certificate are shown below.

Income statement 2011

In CHF million	Reported	Adjustment	Restated
Personnel expenses	2 965	–3	2 962
Total operating expenses	7 064	–3	7 061
Operating profit	790	3	793
Financial income	62	1	63
Financial expenses	61	17	78
Profit before taxes	790	–13	777
Income taxes	214	–3	211
Net profit	611	–10	601
Net profit attributable to:			
The owners of Schindler Holding Ltd.	586	–10	576
Non-controlling interests	25	–	25

Earnings per share and participation certificate in CHF

Undiluted	4.98	–0.09	4.89
Diluted	4.94	–0.08	4.86

Statement of comprehensive income 2011

In CHF million	Reported	Adjustment	Restated
Net profit	611	–10	601
Other comprehensive income:			
Remeasurements employee benefits	–	–110	–110
Taxes on other comprehensive income	–25	28	3
Comprehensive income	661	–92	569
Attributable to:			
The owners of Schindler Holding Ltd.	636	–88	548
Non-controlling interests	25	–4	21

Balance sheet as of January 1, 2011

In CHF million	Reported	Adjustment	Restated
Long-term financial assets	329	45	374
Deferred taxes	131	37	168
Employee benefits	131	–102	29
Total non-current assets	2 028	–20	2 008
Employee benefits	298	54	352
Total non-current liabilities	940	54	994
Total equity	2 819	–74	2 745
The owners of Schindler Holding Ltd.	2 715	–74	2 641
Non-controlling interests	104	–	104

Balance sheet as of December 31, 2011

In CHF million	Reported	Adjustment	Restated
Long-term financial assets	632	44	676
Deferred taxes	161	31	192
Employee benefits	150	-150	-
Total non-current assets	2 546	-75	2 471
Deferred taxes	183	-37	146
Employee benefits	299	128	427
Total non-current liabilities	1 482	91	1 573
Total equity	2 817	-166	2 651
Owners of Schindler Holding Ltd.	2 782	-162	2 620
Non-controlling interests	35	-4	31

Cash flow statement 2011

In CHF million	Reported	Adjustment	Restated
Net profit	611	-10	601
Other non-cash items	4	10	14
Cash flow from operating activities	690	-	690

Statement of changes in equity 2011

In CHF million	Reported	Adjustment	Restated
Owners of Schindler Holding Ltd.			
January 1	2 715	-74¹	2 641
Net profit	586	-10	576
Other comprehensive income	50	-78	-28
Comprehensive income	636	-88	548
December 31	2 782	-162	2 620
Non-controlling interests			
January 1	104	-	104
Net profit	25	-	25
Other comprehensive income	-	-4	-4
Comprehensive income	25	-4	21
December 31	35	-4	31

¹ Retained earnings

2.1.2 Further changes

The following new IFRS standards were applied with effect from January 1, 2012:

- IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets (Amendment)
- IAS 12 – Income Taxes: Deferred Tax: Recovery of Underlying Assets (Amendment)

The individual changes do not have any material impact on accounting practices. Their application 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

New and revised standards that will enter into effect at a later date and may have an impact on future consolidated financial statements are being monitored and analyzed. They are as follows:

- IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities; to be applied from 2013
- IFRS 9 – Financial Instruments; to be applied from 2015
- IFRS 10 – Consolidated Financial Statements; to be applied from 2013
- IFRS 11 – Joint Arrangements; to be applied from 2013
- IFRS 12 – Disclosure of Interests in Other Entities; to be applied from 2013
- IFRS 13 – Fair Value Measurement; to be applied from 2013
- IAS 1 – Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (Amendment); to be applied from 2013
- IAS 27 – Separate Financial Statements (Revised); to be applied from 2013
- IAS 28 – Investments in Associates and Joint Ventures (Revised); to be applied from 2013
- IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendment); to be applied from 2014
- Amendments to IFRS 7, IFRS 9 – Mandatory Effective Date and Transition Disclosures; to be applied from 2015
- Amendments to IFRS 10, IFRS 11, IFRS 12; to be applied from 2013
- Annual Improvements (2009 to 2011); to be applied from 2013

These new and revised standards are not currently expected to have any material influence on accounting practices. In addition, there are not expected to be any material impacts on the Schindler Group's financial position, results of operations, and cash flows. They are only expected to have an impact on the nature and scope of disclosures.

IFRS 9 – in its current form – covers the classification and measurement of financial instruments. The remaining phases of the IFRS 9 project are being monitored continuously. The full impact of IFRS 9 will be analyzed once it has been completed. There are no plans to adopt IFRS 9 prior to January 1, 2015.

2.3 Significant estimates and judgements

The annual financial statements, prepared in accordance with IFRS, contain certain assumptions and estimates that influence the figures presented in the annual report. The necessary analyses and judgements are reviewed on a continual basis and adapted if required. However, the actual results may differ from these estimates. Comments on the most important areas in which estimates are used are provided below.

2.3.1 Estimates and assumptions

Intangible assets/goodwill: The intangible assets (mainly the service portfolio) obtained in acquisitions are measured at fair value. In many cases, the fair values cannot be observed as market prices and have to be determined using valuation models that take account of various parameters based on estimates. This ultimately also applies to goodwill that is recognized, since the purchase price allocation usually consists primarily of the portfolio value and goodwill. Furthermore, in the case of intangible assets with an indefinite useful life and goodwill, further medium- and long-term estimates are necessary as part of the annual impairment test. They comprise internal planning data (cash flows, growth rates, etc.) as well as parameters based on external data (discount rates).

Taxes: Current income taxes are calculated on the basis of the results for the financial year. The actual amount of income taxes to be paid may deviate from the amount that was originally calculated because the final tax assessment may, in some cases, only be made several years after the end of the financial year. Offsetting risks are evaluated individually, assessed, and corresponding provisions are recorded. Deferred tax assets are determined on the basis of significant estimates. The forecasts that are made for this purpose cover a period of several years and include among other interpretations of existing tax laws and regulation.

Provisions: Provisions are recorded for a variety of events. By their nature, provisions contain a greater degree of estimation than other balance sheet items. Consequently, they can lead to an outflow of resources embodying economic benefits, depending on how the situation develops. Provisions for product liability cases as well as self-insurance are based on assumptions, which form the basis for actuarial reports. The amounts recorded as provisions are therefore subject to a certain degree of uncertainty both in terms of timing and in respect of the payment that is to be made.

Employee benefits: The status of various defined benefit plans depends on long-term actuarial assumptions that may differ from actual future developments. The calculation of the discount rate, future increases in salaries/wages and pensions, and mortality are important assumptions in actuarial valuations.

2.3.2 Judgements

Associated companies: Qualitative factors also have to be taken into account when assessing whether the Schindler Group has significant influence over associated companies. Despite its 35% participation in Hyundai Elevator Co. Ltd., Schindler has no significant influence over the company. Schindler is not represented on the Board of Directors and has no access to detailed information. Furthermore, no significant transactions are executed between Schindler and Hyundai Elevator Co. Ltd. Consequently, this participation has no longer been recognized as an associated company since August 15, 2011; instead, it is reported as a long-term financial asset.

Impairment of available-for-sale financial instruments: In the case of financial instruments in this category, a test is carried out at each balance sheet date to determine whether there is objective evidence that the carrying amount of a financial instrument needs to be impaired. In the case of available-for-sale equity instruments, significant or prolonged reductions in market prices relative to the purchase value are regarded as objective evidence. When evaluating whether the reductions in market prices are significant or prolonged, factors such as the duration and extent of the decrease in market price relative to the purchase value, as well as historical price movements in the context of the specific instrument, are considered.

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).

The list of Schindler's principal investments, including their names, the locations of their head offices, and the participation held by Schindler, can be found in the notes to the financial statements of Schindler Holding Ltd.

The consolidated financial statements are based on the annual financial statements of the individual Group companies, all of which comply with the uniform accounting principles and reporting practices specified by the Group. These companies are controlled directly or indirectly by Schindler Holding Ltd.; in order to exercise control, a share of more than 50% of the voting rights must normally be held. The assets, liabilities, income, and expenses of all Group companies are consolidated, and non-controlling interests are reported separately. All intra-Group relationships and transactions, including unrealized profits between Group companies, are eliminated upon consolidation.

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 that are sold are consolidated until the date on which control is transferred to the purchaser.

Investments in companies in which the Schindler Group holds voting rights of between 20% and 50% are classified as associated companies and accounted for using the equity method, provided Schindler exercises a significant influence over them.

3.1.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Acquisition costs correspond to the consideration paid, including the proportion of the purchase price retained for contractual representations and warranties, as well as contingent considerations. The latter is recognized at fair value on the transaction date. Subsequent changes in the fair value of contingent considerations are recorded in the income statement. Transaction costs are recognized as operating expenses.

The net assets acquired comprise identifiable assets, liabilities, and contingent liabilities and are recognized at fair value. Identifiable assets also include intangible assets. They mainly comprise service portfolios, licenses, patents, brand names, and similar rights. 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 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. This means that intangible assets and goodwill, in particular, 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 Group to write put options and to acquire call 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 on 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 the cash flow from business combinations, the values of the acquired cash and cash equivalents are deducted from the respective purchase price that was 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. However, if the 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. The complete sale of a Group company is handled correspondingly.

3.1.4 Associated companies

Goodwill and the fair value of the identifiable net assets of associated companies are recognized in the same balance sheet item. Amortization and any impairment are recognized as income from associates. The exchange differences are recognized in other comprehensive income. In the case of a partial or complete sale of an associated company, the difference between the selling price and the net assets including cumulative exchange differences is reported as income from associates in the income statement.

3.2 Translation of foreign currency

The functional currency of Group companies is the currency used in the primary economic environment in which the company operates. Transactions in foreign currencies are translated at the exchange rate prevailing at the dates of the transactions. Exchange rate gains and losses resulting from such transactions, as well as those 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 recorded in foreign currencies are translated into Swiss francs as follows: balance sheet at closing rates, 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. In the case of the sale of the entire company, or a partial sale where control is lost, the cumulative translation differences are recognized in the income statement.

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

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

			2012		2011	
			Closing rate	Average rate	Closing rate	Average rate
Eurozone	EUR	1	1.21	1.20	1.22	1.23
USA	USD	1	0.92	0.93	0.94	0.89
United Kingdom	GBP	1	1.48	1.48	1.45	1.42
Brazil	BRL	100	44.70	47.99	50.38	53.13
China	CNY	100	14.70	14.81	14.93	13.72

3.3 Segment reporting

The Schindler Group consists of one operating segment for which reports are submitted to the Supervisory and Nomination Committee (VRA) (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 by reference to the stage of completion of the contract and recorded in the income statement as revenue (see note 3.8).

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 recorded on a straight-line basis. Discounts, sales taxes, and other reductions in the proceeds of the sale are deducted from revenue.

Anticipated losses on customer contracts are recognized as provisions as soon as identified.

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

Highly liquid securities, including time deposits with a maturity of 3 to 12 months or a residual maturity of up to 12 months, are recognized as marketable securities.

Marketable securities consist mainly of investments in the form of bonds and capital-protected units (see note 3.15.1).

3.7 Accounts receivable

Trade accounts receivable, as well as other receivables, do not bear interest and are reported at face value less any valuation allowance.

Bad debt allowances are based on internal guidelines, according to which individual value adjustments must first be undertaken. Additional provisions of between 10% and 100% are applied to some residual balances – grouped according to the age of the receivable – based on historical experience.

3.8 Construction contracts

Construction contracts are recognized in the balance sheet using the percentage of completion (PoC) method. Construction contracts basically comprise all orders for new installations as well as the modernization of existing installations. The relevant percentage of work completed is determined by measuring the stage of completion of a contract according to the cost-to-cost method. Under this method, the accumulated costs that have been incurred to date are expressed as a percentage of the expected total costs. After offsetting progress payments from customers, work in progress is reported as net assets or net liabilities from construction contracts.

3.9 Inventories

Inventories are recognized at the lower of the cost of purchase or production or the net realizable value, with the cost of purchase or production being calculated either according to the first-in, first-out method (FIFO) or using the weighted average method. Production overheads are included in inventories. Items with a slow rate of turnover are written down. Technically obsolete items are fully written off.

3.10 Non-current assets held for sale and associated liabilities

These items comprise individual assets held for sale and associated liabilities, as well as assets and liabilities from discontinued operations. These are all the assets of a business that are associated with discontinuation of a major line of business, or individual balance sheet items or disposal groups that comprise of at least one non-current asset and any associated liabilities that will be realized by a sales transaction and no longer through continued use. The reclassification only occurs when management has decided on the sale and has actively begun seeking purchasers. In addition, the asset or disposal group must be available for immediate disposal. In principle, the transaction should take place within one year. Long-term assets or disposal groups that are classified as held for sale are no longer systematically depreciated or amortized and are impaired if necessary.

In the income statement for the reporting period as well as the comparable periods of the previous year, income and expenses from discontinued operations are reported separately from ordinary income and expenses down to the level of net profit. The profit or loss (after tax) is disclosed separately in the income statement.

3.11 Property, plant, and equipment

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

Property, plant, and equipment is depreciated on a straight-line basis over the useful life. Land is not depreciated systematically. Property, plant, and equipment is tested for impairment if facts and circumstances indicate that it may be overvalued. If the impairment test indicates that the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to the recoverable amount. 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 in other income.

The estimated useful lives of the major classes of property, plant, and equipment are as follows:

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

3.12 Leasing

Property, plant, and equipment acquired through leasing contracts where the benefits and risks are largely 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.

3.13 Intangible assets

Goodwill, service portfolios acquired from third parties, licenses, patents, brand names and similar rights, and software are recorded 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 an impairment may have occurred. Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually, or whenever there are indications that the asset is impaired.

Impairment losses are recognized as amortization and reported separately. It is possible for impairment expenses from an earlier period to 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, licenses	3–10

3.14 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.

3.15 Financial instruments

3.15.1 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-term and long-term marketable securities. Time deposits with a residual maturity of more than 12 months are recognized as 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 to qualify as hedging instruments under hedge accounting (see note 3.15.4).
- 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 costs of the transaction, with the exception of financial assets at fair value through profit or loss. All purchases and sales are recognized at trade date, i.e. at the date at which the commitment to purchase or sell the asset is entered into.

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

- At fair value through profit or loss: at fair value. Should the fair value not be readily available, it must be calculated using recognized valuation methods. All changes in value are reported in the financial result for the respective reporting period.
- Loans and receivables: at amortized cost using the effective interest method and 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 that was calculated based on 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 current reporting period.

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

Impairment

Whenever there is objective evidence that an impairment loss has occurred (e.g. serious financial difficulties of the debtor, insolvency proceedings, etc.), the carrying amounts of financial assets that are not measured at fair value through profit or loss are tested for impairment. Available-for-sale assets are impaired if the reduction in market price is significant or prolonged. Any impairment expenses are recognized through profit or loss. Impairment expenses are recognized directly, except in the case of accounts receivable, which are recognized through a allowance account.

In the case of available-for-sale financial instruments, it is necessary to evaluate whether there are significant or prolonged declines in market prices relative to the purchase value. For the purpose of this evaluation, factors such as the duration and extent of the decrease in market prices relative to the purchase value, as well as historical price movements, are taken into account.

3.15.2 Financial liabilities

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

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. Derivative liabilities are assigned to this category by definition unless they meet the requirements to qualify as hedging instruments under 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.

3.15.3 Treasury shares

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

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

3.15.4 Derivative financial instruments and hedging

Schindler hedges the interest and foreign currency risks of its operational activities, financial transactions, and investments with derivative financial instruments. For a hedge to qualify for hedge accounting, a hedging relationship must fulfill various criteria relating to documentation, probability of occurrence, effectiveness of the hedging instrument, and reliability of the measurement.

Most hedging relationships that represent effective hedges both economically and within the scope of the Group strategy do not fulfill the criteria for hedge accounting. Consequently, changes in fair value are recognized through the income statement.

Derivative financial instruments are valued at fair value. The initial valuation 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 as hedge accounting.

Hedge accounting

The Schindler Group decides on an individual basis in the case of major orders whether hedge accounting is applied and a corresponding designation is made to hedge foreign currency risks. This generally comprises cash flow hedges. In general, no fair value hedges or hedges of net investments in foreign companies are entered into.

Changes in the value of hedging instruments that form part of a cash flow hedge are recognized in other comprehensive income to the extent that the hedge is effective. If the underlying transaction results directly in expense or income, the cumulative changes in value are recycled through the income statement. If the hedged underlying transaction results in the recognition of an asset or a liability, the cumulative fluctuations in value are included in the corresponding carrying amount.

The gain or loss relating to the ineffective portion of the hedge is recognized immediately under the financial result.

3.16 Provisions

Provisions are only recorded in the balance sheet 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.

Provisions comprise loss-making jobs, restructuring costs, product liabilities and warranties, self-insurance, and other provisions (see note 27).

3.17 Taxes

3.17.1 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 actually been made for previous years are duly taken into account.

3.17.2 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 recorded. The actual local taxable values are relevant in this context.

Deferred tax assets, including those arising from unused tax loss carry-forwards and expected tax credits, are recognized if it is probable that the tax benefits can actually be realized.

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 in the income statement. If underlying factors that lead 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 recorded directly in other comprehensive income.

3.18 Employee benefits

Group companies operate various pension plans. The plans are generally funded through payments to legally independent pension or insurance funds, the level of which is determined by regular actuarial calculations.

The Schindler Group has both defined contribution plans as well as defined benefit plans.

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. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recorded in the balance sheet as 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 the case of 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 assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Schindler Group, nor can they be paid directly to the Group.

If the fair value of the plan assets exceeds the present value of the defined benefit obligation, only a net pension asset is recorded, taking account of the asset ceiling.

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.
- The gains and losses resulting from the actuarial valuation are immediately recorded in other comprehensive income as remeasurements 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 recycled through 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.

3.19 Share-based payments

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., for which the Group usually holds the required amount. As a result, no additional shares or participation certificates are issued. The 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 level of share-based payments granted is determined on the basis of the fair value at grant date. At the same date, or over the period until the manager is entitled to receive the award, the amount is charged to operating profit through personnel expenses and recognized as an increase in equity. Cash and cash equivalents received by the Group following the exercising of the instruments granted to employees are recognized as a change in other reserves as well as in retained earnings.

4 Revenue

In CHF million	2012	2011
Billings	8 109	7 658
Change in work in progress PoC	119	173
Other operating income	28	21
Capitalized own production	2	2
Total revenue	8 258	7 854

A total of CHF 4 330 million of revenue was determined according to the percentage-of-completion-method (PoC) (previous year: CHF 4 041 million).

5 Personnel expenses

In CHF million	Note	2012	2011 Restated ¹
Salaries and wages		2 438	2 325
Cost of defined benefit plans	23	40	53
Cost of defined contribution plans		65	74
Share-based payments		21	26
Other personnel expenses		510	484
Total personnel expenses		3 074	2 962

¹ See note 2.1.1

The average headcount was 44 556 (previous year: 43 685).

6 Other operating expenses

In CHF million	2012	2011
Other production, installation, maintenance expenses	640	549
Employee-related expenses	261	251
Rent, leasing	153	149
Maintenance and repairs	73	69
Energy supply, consumables, and packing materials	151	147
Insurance, fees, and capital taxes	80	77
Administration and marketing	238	219
Other operating expenses	122	114
Other income	-9	-5
Total other operating expenses	1 709	1 570

Research and development costs of CHF 115 million were charged to the income statement (previous year: CHF 113 million).

7 Financial income

In CHF million	2012	2011 Restated ¹
Interest on:		
Cash and cash equivalents	20	29
Available-for-sale financial assets	15	13
Net gains/losses on foreign exchange	-	21
Net income from securities at fair value through profit or loss	4	-
Total financial income	39	63

¹ See note 2.1.1

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

8 Financial expenses

In CHF million	2012	2011 Restated ¹
Interest	19	22
Net interest employee benefits	17	17
Increase in the present value of provisions	7	10
Net gains/losses on foreign exchange	4	–
Net income from securities at fair value through profit or loss	–	13
Other financial expenses	14	16
Total financial expenses	61	78

¹ See note 2.1.1

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

9 Income from associates

In CHF million	2012	2011
Share of profit or loss of associated companies	21	2
Reclassification Hyundai Elevator Co. Ltd. (net)	–	–1
Amortization of intangible assets	–6	–2
Total income from associates	15	–1

The investment in Hyundai Elevator Co. Ltd. was reclassified as a long-term financial asset in the previous year. The result from reclassification includes the gain on the revaluation to fair value of CHF 37 million as well as realized negative cumulative exchange differences of CHF 38 million. See note 20 and 21.

10 Income taxes

In CHF million	2012	2011 Restated ¹
Current income taxes for the reporting period	252	243
Current income taxes for previous periods	3	1
Deferred income taxes	–2	–33
Total income taxes	253	211

¹ See note 2.1.1

Reconciliation of income taxes

In CHF million	2012	%	2011 Restated ¹	%
Profit before taxes from continuing operations	983		777	
Profit before taxes of the disposal group ALSO	–		36	
Total profit before taxes	983		813	
Weighted average income tax rate as % of profit before taxes		25.5		26.6
Expected income tax expenses	251		216	
Tax effects of:				
Recognition/utilization of unrecognized tax loss carryforwards	3		–1	
Non-taxable income / non-deductible expenses	–12		–9	
Non-deductible withholding taxes	13		11	
Other effects	–2		–5	
Income tax expenses	253	25.7	212	26.1
Income tax expenses from continuing operations	253		211	
Income tax expenses of the disposal group ALSO	–		1	

¹ See note 2.1.1

The weighted average tax rate is calculated using the anticipated income tax rates of the individual Group companies in each jurisdiction.

11 Earnings per share and per participation certificate

		2012	2011 Restated ¹
Net profit (owners of Schindler Holding Ltd.)	in CHF million	702	576
Profit from continuing operations (owners of Schindler Holding Ltd.)	in CHF million	702	541
Shares and participation certificates	Number	118 334 856	120 386 100
Less treasury shares (weighted average)	Number	–2 495 385	–2 610 614
Outstanding shares and participation certificates (weighted average)	Number	115 839 471	117 775 486
Basic earnings per share and participation certificate	in CHF	6.06	4.89
Basic earnings per share and participation certificate from continuing operations	in CHF	6.06	4.59
Diluted net profit	in CHF million	702	576
Diluted earnings from continuing operations (owners of Schindler Holding Ltd.)	in CHF million	702	541
Diluted shares and participation certificates	Number	116 433 138	118 540 061
Diluted earnings per share and participation certificate	in CHF	6.03	4.86
Diluted earnings per share and participation certificate from continuing operations	in CHF	6.03	4.57

¹ See note 2.1.1

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.

The dilution takes account of the possible effect of the employee participation programs at Schindler Holding Ltd.

12 Non-current assets held for sale and disposal group ALSO

12.1 Non-current assets held for sale

Real estate with a value of CHF 14 million (previous year: CHF 9 million) is classified as held for sale.

12.2 Disposal group ALSO 2011

At the beginning of February 2011, the merger of ALSO Holding AG with Actebis GmbH was completed by means of an increase in the share capital of ALSO Holding AG in return for the integration of Actebis' business activities into ALSO. The increase in share capital was approved at the extraordinary general meeting of shareholders of ALSO Holding AG on February 8, 2011, and became legally binding when it was entered in the Commercial Register on February 9, 2011. Schindler Holding Ltd. held a 30% stake in ALSO-Actebis Holding AG, while the Droege Group held 51% at the time of the transaction. Schindler therefore no longer has control over the ALSO Group, which is consequently excluded from the scope of consolidation from this date.

In the course of the transaction, assets (CHF 826 million) and liabilities (CHF 626 million) that were classified as held for sale were derecognized in the consolidated financial statements. They mainly comprised the following assets: cash and cash equivalents of CHF 14 million, accounts receivable of CHF 265 million, inventories of CHF 343 million, property, plant, and equipment of CHF 61 million, and intangible assets of CHF 106 million.

Liabilities mainly comprised current financial debts of CHF 114 million, liabilities of CHF 308 million, and non-current financial debts of CHF 81 million.

12.2.1 Profit from the disposal group ALSO

In CHF million	2011
Share of profit before deconsolidation	1
Revaluation of interests to fair value	55
Realized cumulative exchange differences	-21
Profit attributable to the disposal group ALSO	35

12.2.2 Income statement of the disposal group ALSO

In CHF million	2011 ¹
Revenue	291
Operating profit	4
Profit before taxes	2
Profit	1
Revaluation of interests to fair value (net)	34
Profit of the disposal group ALSO	35
of which non-controlling interests	–
Profit of the disposal group ALSO	
per share and participation certificate of Schindler Holding Ltd. in CHF	
Undiluted	0.30
Diluted	0.29

¹ January 1 to February 8, 2011

12.2.3 Cash flow (net) of the disposal group ALSO

In CHF million	2011 ¹
Cash flow from operating activities	6
Cash flow from investing activities	–
Cash flow from financing activities	–2
Exchange differences	–
Change in cash and cash equivalents	4
Cash flow from operating activities includes:	
Income taxes paid	–
Interest paid	2
Interest received	–

¹ January 1 to February 8, 2011

13 Marketable securities

In CHF million	2012	2011
Securities	202	226
Time deposits	246	33
Total marketable securities	448	259

14 Accounts receivable

In CHF million	2012	2011
Trade accounts receivable	1 297	1 237
Associated companies and other related parties	9	12
Other accounts receivable	138	127
Total accounts receivable	1 444	1 376

14.1 Value adjustments of receivables

In CHF million	2012	2011
January 1	-124	-137
Setup	-14	-9
Usage	11	19
Exchange differences	2	3
December 31	-125	-124
Expenses for the complete derecognition of trade accounts receivable ¹	11	19
Income from the inclusion of derecognized trade accounts receivable	-	1

¹ No expenses for associated companies were incurred in the reporting period or previous year

14.2 Aging analysis of receivables

2012							
In CHF million	Total carrying amounts 31.12.2012	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 and other related parties	9	4	2	3	-	-	-
Other receivables	138	120	8	2	1	1	6
Total receivables	1 444	534	370	267	144	80	49

2011							
In CHF million	Total carrying amounts 31.12.2011	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	1 361	398	346	276	128	95	118
Allowance	-124	-1	-3	-6	-7	-22	-85
Associated companies and other related parties	12	3	2	5	1	1	-
Other receivables	127	98	11	4	2	4	8
Total receivables	1 376	498	356	279	124	78	41

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.

15 Construction contracts

In CHF million	2012	2011
Work in progress	1 029	975
Progress payments from customers	-550	-507
Net assets from construction contracts	479	468
Work in progress	910	882
Progress payments from customers	-1 886	-1 776
Net liabilities from construction contracts	-976	-894

16 Inventories

In CHF million	2012	2011
Raw materials and trading materials	317	327
Semi-finished and finished goods	53	63
Advance payments to suppliers	25	17
Total inventories	395	407

Inventories include write-downs and write-offs of CHF 111 million (previous year: CHF 124 million) related to items with a slow rate of turnover and technically obsolete items. The decrease in write-downs and write-offs is caused by the scrapping of technically obsolete items.

17 Property, plant, and equipment (PPE)

2012					
In CHF million	Land	Buildings	Equipment and machinery	Other PPE	Total
Net book values 2012					
January 1, 2012	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, 2012	58	195	118	151	522
Of which finance leases	-	5	-	6	11
Fire insurance values					2 030
Overview as of January 1, 2012					
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, 2012					
Cost	68	436	496	424	1 424
Cumulative depreciation and impairment	-10	-241	-378	-273	-902
Net book values	58	195	118	151	522

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 43 million as of December 31, 2012 (previous year: CHF 39 million).

Gains from the sale of property amounted CHF 9 million in the reporting year (previous year: CHF 0 million).

Contractual obligations in the amount of CHF 34 million for investments in property, plant, and equipment were recorded (previous year: CHF 18 million).

Land and buildings include investment properties with a net book value of CHF 16 million (previous year: CHF 18 million). Their market value was CHF 19 million (previous year: CHF 22 million). Of this sum, CHF 0 million was calculated on the basis of external expert opinions (previous year: CHF 2 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).

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

2011					
In CHF million	Land	Buildings	Equipment and machinery	Other PPE	Total
Net book values 2011					
January 1, 2011	52	174	111	119	456
Additions	10	22	27	70	129
Disposals	-1	-7	-2	-2	-12
Depreciation	-	-14	-24	-37	-75
Impairment	-	-	-6	-2	-8
Reclassifications	-1	-	9	-10	-2
Additions from business acquisition	-	-	2	1	3
Exchange differences	-1	-2	-2	-3	-8
December 31, 2011	59	173	115	136	483
Of which finance leases	1	3	-	5	9
Fire insurance values					2 015
Overview as of January 1, 2011					
Cost	62	425	494	399	1 380
Cumulative depreciation and impairment	-10	-251	-383	-280	-924
Net book values	52	174	111	119	456
Overview as of December 31, 2011					
Cost	69	421	494	412	1 396
Cumulative depreciation and impairment	-10	-248	-379	-276	-913
Net book values	59	173	115	136	483

The impairment of property, plant, and equipment was recorded in connection with the LEAP (Leading in Execution and Accelerating Performance) package of measures.

18 Intangible assets

In CHF million	Goodwill	Other intangible assets	Total
Net book values 2012			
January 1, 2012	586	256	842
Additions	–	32	32
Amortization	–	–37	–37
Additions from business acquisitions	9	–	9
Exchange differences	–34	–8	–42
December 31, 2012	561	243	804
Net book values 2011			
January 1, 2011	547	221	768
Additions	–	20	20
Disposals	–	–1	–1
Amortization	–	–30	–30
Impairment	–	–6	–6
Reclassifications	1	–1	–
Additions from business acquisitions	68	54	122
Exchange differences	–30	–1	–31
December 31, 2011	586	256	842
Overview as of January 1, 2011			
Cost	560	496	1 056
Cumulative amortization and impairment	–13	–275	–288
Net book values	547	221	768
Overview as of December 31, 2011			
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

Other intangible assets include service portfolios, licenses, patents, and software. The impairment of other intangible assets in 2011 was recorded in connection with the LEAP (Leading in Execution and Accelerating Performance) package of measures.

19 Impairment test

19.1 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 basis for the test is the forecast for the reporting year and the medium-term plan for the following five years. Factors such as sales volumes, sales prices, revenue, cost of materials, personnel expenses, and operating expenses, as well as capital expenditure, market conditions, and other economic factors, are based on assumptions that management regards as reasonable.

19.2 Annual impairment test

In the reporting year, a comprehensive impairment test was conducted for Saudi Arabia, Columbia and Switzerland. For the remaining cash-generating units, the recoverable amount determined on the basis of the detailed calculation for 2010 was used. The parameters disclosed below therefore relate to this year. 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)
- The assets and liabilities have not changed significantly
- The likelihood that the recoverable amount would be less than the carrying amount is remote.

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

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

The forecast scenarios do not require any adjustment of goodwill. The recoverable amount of the cash-generating unit in Saudi Arabia was slightly lower than in the previous year and was CHF 23 million higher than the carrying amount (previous year: CHF 34 million). If operating profit were to be 2.5 percentage points lower than anticipated, or if the discount rate were to increase by 1.6 percentage points, the recoverable amount would correspond to the carrying amount (previous year: 2.5% and 2.2%).

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.

Goodwill 2011

In CHF million	Book values at 31.12.2011	Assumption used		
		Pre-tax discount rate	Growth rate	Inflation rate
Brazil	279	25.7%	4.5%	4.5%
Germany	133	9.0%	2.0%	2.0%
Switzerland	50			
Saudi Arabia	40	11.1%	4.0%	4.0%
Japan	22	9.7%	1.0%	1.0%
Columbia	22			
USA	18	10.4%	1.9%	1.9%
Czech Republic	11	11.0%	2.0%	2.0%
China	11	12.9%	3.0%	3.0%
Total	586			

20 Associated companies

2012				
In CHF million	Share in equity	Goodwill	Other intangible assets	Total
Net book values 2012				
January 1, 2012	150	118	10	278
Additions/capital increase	17	–	–	17
Amortization	–	–	–6	–6
Share of net profit	21	–	–	21
Share of other comprehensive income	–	–	–	–
Dividends received	–8	–	–	–8
Exchange differences	3	–1	–1	1
December 31, 2012	183	117	3	303

The values of the associated companies mainly comprise the investments in ALSO-Actebis Holding AG, Switzerland, and XJ-Schindler (Xuchang) Elevator Co. Ltd., China. The values are based on the most recent quarterly financial results of these companies for the reporting year. This means that the corresponding income from associates is taken into account one quarter after it is generated. If any material differences arise from accounting policies as applied by the Schindler Group, the values in the local financial statements are adjusted.

ALSO-Actebis 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 45.75 (previous year: CHF 42.00), was CHF 166 million (previous year: CHF 152 million). The carrying amount at December 31, 2012, was CHF 176 million (previous year: CHF 166 million).

2011				
In CHF million	Share in equity	Goodwill	Other intangible assets	Total
Net book values 2011				
January 1, 2011	158	41	14	213
Additions/capital increase	212	124	6	342
Disposals	–8	–3	–	–11
Amortization	–	–	–2	–2
Share of net profit	2	–	–	2
Share of other comprehensive income	–	–	–	–
Dividends received	–3	–	–	–3
Reclassification	–196	–40	–7	–243
Exchange differences	–15	–4	–1	–20
December 31, 2011	150	118	10	278

Additions/capital increase in the previous year mainly comprised the capital increase of Hyundai Elevator Co. Ltd., the investment in ALSO-Actebis Holding AG (see note 12) and the 46% investment in XJ-Schindler (Xuchang) Elevator Co. Ltd., China, which was acquired on August 3, 2011.

The investment in Hyundai Elevator Co. Ltd. has no longer been classified as an associated company since August 15, 2011; instead, it is treated as a long-term financial asset. The participation as of the reclassification date was 34.3% (see note 21).

The recognition of ALSO-Actebis AG and XJ-Schindler (Xuchang) Elevator Co. Ltd. as associated companies had the following financial impacts in the previous year:

2011

In CHF million	ALSO- XJ-Schindler Actebis (Xuchang)	
	Holding AG	Elevators
Increase in investments in associated companies	181	78
of which proportionate share of equity	126	19
of which goodwill	55	59
Interest in %	28.2	46.0

Cumulative values of associated companies

In CHF million	2012	2011
Share of income statement values:		
Revenue	1 655	1 635
Net profit	21	2
Share of balance sheet values:		
Current assets	517	433
Non-current assets	119	123
Current liabilities	423	367
Non-current liabilities	30	39
Equity	183	150

21 Long-term financial assets

		2011
In CHF million	2012	Restated ¹
Loans to associated companies and other related parties	10	16
Marketable securities	248	211
Investment in Hyundai Elevator Co. Ltd.	409	403
Other long-term financial assets	138	46
Total long-term financial assets	805	676

¹ See note 2.1.1

The investment in Hyundai Elevator Co. Ltd. has no longer been classified as an associated company since August 15, 2011; instead, it is classified as available-for-sale within the long-term financial assets. At December 31, 2012, the interest held was 35.0% (previous year: 35.0%).

22 Deferred taxes

22.1 Net book values

		2011
In CHF million	2012	Restated ¹
Deferred taxes based on temporary differences:		
Current assets	72	84
Property, plant, and equipment	-7	-5
Provisions	74	74
Employee benefits	118	82
Intangible assets	-102	-114
Tax loss carryforwards	1	2
Others	-62	-77
Total net book value	94	46
of which recognized in the balance sheet as deferred tax liabilities	-124	-146
of which recognized in the balance sheet as deferred tax assets	218	192

¹ See note 2.1.1

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

22.2 Statement of changes in deferred taxes

In CHF million	2012	2011 Restated ¹
January 1	46	4
Formation and reversal of temporary differences:		
through the income statement	2	33
through other comprehensive income	43	3
Additions from business acquisitions	–	–3
Exchange differences	3	9
December 31	94	46

¹ See note 2.1.1

22.3 Unrecognized deferred tax assets

In CHF million	2012	2011
Temporary differences	267	318
Tax loss carryforwards	181	162
Total basis	448	480
Unrecognized deferred tax assets	115	125

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 the assets can be offset for tax purposes.

22.4 Tax loss carryforwards

In CHF million	2012		2011	
	Loss carry- forwards	Tax effects	Loss carry- forwards	Tax effects
Total	183	52	169	49
Recognized as deferred tax assets	–2	–1	–7	–2
Total unrecognized	181	51	162	47
of which expiring:				
within one year	1	–	1	–
in two to five years	2	–	1	–
in more than five years	178	51	160	47

23 Employee benefits

The Schindler Group has a number of defined benefit plans. Individual defined benefit 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. In the case of funded plans, they are also responsible for the investment strategy. The largest plans are in Switzerland and the USA. Together, they account for 80% (previous year: 79%) of the Group's total defined benefit obligation and 91% (previous year: 91%) of its plan assets.

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

23.1 Employee benefits

In CHF million	2012			2011		
	Funded	Un-funded	Total	Funded	Un-funded	Total
Switzerland						
Fair value of plan assets	1 615		1 615	1 526		1 526
Present value of defined benefit obligation	-1 749	-	-1 749	-1 560	-	-1 560
Financial deficit	-134	-	-134	-34	-	-34
USA						
Fair value of plan assets	188		188	180		180
Present value of defined benefit obligation	-242	-52	-294	-213	-47	-260
Financial deficit	-54	-52	-106	-33	-47	-80
Other plans						
Fair value of plan assets	189		189	178		178
Present value of defined benefit obligation	-213	-291	-504	-198	-272	-470
Financial deficit	-24	-291	-315	-20	-272	-292
Total						
Fair value of plan assets	1 992		1 992	1 884		1 884
Present value of defined benefit obligation	-2 204	-343	-2 547	-1 971	-319	-2 290
Total financial deficit	-212	-343	-555	-87	-319	-406
Present value of other employee benefits		-22	-22		-21	-21
Total net book value employee benefits	-212	-365	-577	-87	-340	-427

¹ See note 2.1.1

Pension plans in Switzerland

Pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are overseen by a regulator as well as by a state supervisory body. 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 various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. In case of an underfunding, various measures can be taken such as the adjustment of the pension commitment by altering the conversion rates or increasing current contributions. The employer can also make additional restructuring contributions. The BVG prescribes how employees and employer 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. These risks 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 annual actuarial report is drawn up in accordance with the requirements of the BVG. The report is not produced using the projected unit credit method, as required by the IFRS. The definitive funded status according to the BVG is determined in the first quarter of the following year. According to estimates, the funded status at December 31, 2012, was 108% (previous year: 103%, definitive). In addition, a report is prepared annually in accordance with IFRS requirements.

The Board of Trustees is responsible for the investment of the 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 Board of Trustees delegates the implementation of the investment policy – in accordance with the investment strategy as well as various principles and objectives – to an Investment Committee, which also consists of members of the Board of Trustees, a Director and a Controller. The Controller oversees the entire investment process. The plan assets are managed by at least three external asset managers in accordance with the investment strategy.

The funded plans also include the 'Schindler Foundation' (an extra-mandatory, semi-autonomous management pension plan). The purpose of this pension plan for employees in management functions is to extend 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 'Post Retirement 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 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 degree of cover at December 31, 2012, was 104% (previous year: 115%, definitive).

Plan participants are insured against the financial consequences of old age, disability and death. The various insurance benefits are governed by regulations. The 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 separately in a foundation with an independent asset manager (trustee) that also executes the investments transactions. The Benefits Investment Committee (BIC), which is appointed by the BAC, is responsible for the investment of the assets. The BIC also consists of qualified employees of Schindler Elevator Corporation. The members of the BIC define the investment strategy, taking account of the plan's objectives, benefit obligations and risk capacity. The BIC holds monthly meetings with an external specialist and analyzes the current status of the plan. If necessary, the investment strategy is adapted in line with the plan's requirements as well as market developments.

The plan was frozen on December 31, 2002. No new plan participants have been accepted since this date. As of December 31, 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.

Post Retirement Health Care Plan

In addition to the pension plan, Schindler Elevator Corporation has a post retirement health care plan. It is not covered by separately held assets, and the pension liability determined on the basis of the actuarial report is recognized in the balance sheet. The benefits paid are partly funded by plan participants through salary contributions.

Like the Retirement Plan, the Post Retirement Health Care Plan was frozen on December 31, 2002.

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

23.2 Cost of defined benefit plans

In CHF million	2012	2011 Restated ¹
Service costs:		
Current service costs	56	53
Past service costs	-12	-
Gains/losses from plan amendments/curtailments	-4	-
Total current service costs	40	53
Net interest employee benefits	17	17
Total pension expenses recorded in income statement	57	70

¹ See note 2.1.1

Service costs for the current financial year totaled CHF 29 million (previous year: CHF 38 million) for pension plans in Switzerland and CHF 5 million (previous year: CHF 5 million) for pension plans in the USA. Net interest expense for the current financial year totaled CHF 1 million (previous year: CHF 0 million) for pension plans in Switzerland and CHF 4 million (previous year: CHF 3 million) for pension plans in the USA.

Settlements and plan amendments were made in various countries with effect from 2012 in order to reduce actuarial risks. They mainly resulted from changes in conversion rates.

23.3 Remeasurements employee benefits

In CHF million	2012	2011 Restated ¹
Actuarial gains/losses:		
Changes in demographic assumptions	-99	21
Changes in financial assumptions	-181	-117
Return on plan assets (excluding interest based on discount rate)	89	-44
Change effect asset ceiling	-	30
Total remeasurements recorded in other comprehensive income	-191	-110

¹ See note 2.1.1

Remeasurements recorded in other comprehensive income for the current financial year totaled CHF -117 million (previous year: CHF -88 million) for pension plans in Switzerland and CHF -27 million (previous year: CHF -36 million) for pension plans in the USA.

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

In view of the low level of interest rates, a lower discount rate was used in the measurement of the defined benefit obligation in 2012 and in 2011 in the case of many pension plans. The negative result from the changes in financial assumptions is largely due to the reduction in the discount rate.

23.4 Change in fair value of plan assets

In CHF million	2012	2011 Restated ¹
January 1	1 884	1 880
Interest income	55	63
Return on plan assets (excluding interest based on discount rate)	89	-44
Employee contributions	27	27
Employer contributions	51	46
Benefits paid	-110	-95
Settlements	-3	-
Exchange differences	-1	7
December 31	1 992	1 884

¹ See note 2.1.1

23.5 Change in present value of defined benefit obligation

In CHF million	2012			2011 Restated ¹		
	Funded	Un-funded	Total	Funded	Un-funded	Total
January 1	-1 971	-319	-2 290	-1 853	-301	-2 154
Current service costs	-35	-5	-40	-42	-11	-53
Interest costs	-59	-13	-72	-66	-14	-80
Actuarial gains/losses	-227	-53	-280	-80	-16	-96
Employee contributions	-27	-	-27	-27	-	-27
Benefits paid	110	19	129	95	17	112
Settlements	3	23	26	-	-	-
Exchange differences	2	5	7	2	6	8
December 31	-2 204	-343	-2 547	-1 971	-319	-2 290

¹ See note 2.1.1

23.6 Asset allocation of investments as of December 31

In CHF million	2012	%	2011 ¹	%
Equity instruments	514	25.8	507	26.9
Bonds	544	27.3	545	28.9
Real estate	515	25.9	472	25.1
Cash and cash equivalents	74	3.7	42	2.2
Hedge funds/Private equity	187	9.4	120	6.4
Others	158	7.9	198	10.5
Total	1 992	100.0	1 884	100.0

¹ The previous year was adjusted to the change in disclosure of the asset allocation.

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 respective 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 allocation to equities of the pension plan in Switzerland is 25% (previous year: 25%) and that of the pension plan in the USA is 20% (previous year: 22%). 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 fair value classification). They may also comprise investments in funds and direct investments. The allocation to bonds of the pension plan in Switzerland is 22% (previous year: 24%) and that of the pension plan in the USA is 56% (previous year: 59%).

Real estate is divided into residential and commercial properties. They may comprise investments in listed real estate funds or direct investments. Real estate that is held directly is valued annually by an independent expert. The allocation to real estate of the pension plan in Switzerland is 32% (previous year: 31%) and that of the pension plan in the USA is 0% (previous year: 0%).

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 fair value classification). The allocation to hedge funds and private equity investments amount to 9% (previous year: 6%) in the case of the pension plan in Switzerland and 19% (previous year: 18%) in the case of the pension plan in the USA.

Cash and cash equivalents are invested with financial institutions that have at least an “A” rating. The allocation to cash and cash equivalents of the pension plan in Switzerland is 4% (previous year: 2%) and that of the pension plan in the USA is 5% (previous year: 1%).

The position Other includes commodities, insurance-linked securities, and derivative financial instruments, among others. 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 prohibited.

The actual return for 2012 was:

- Switzerland: 7% (previous year: 1%)
- USA: 11% (previous year: 9%)

23.7 Plan participants

	2012	Active 2011	2012	Deferred 2011	2012	Retired 2011	2012	Total 2011
Number	14 822	15 477	2 047	2 105	5 016	5 112	21 885	22 694
Present value of defined benefit obligation								
in CHF million	1 346	1 259	156	132	1 045	899	2 547	2 290
Share in %	52.9	55.0	6.1	5.8	41.0	39.2	100.0	100.0
Duration in years	15.2	15.4	12.7	18.1	9.6	8.3	13.2	13.1

Duration in years corresponds to the average weighted period.

The following employer contributions are expected for the financial year 2013:

- Switzerland: CHF 42 million
- USA: CHF 7 million
- Other plans: CHF 3 million

23.8 Actuarial assumptions

	2012	Switzerland 2011	2012	USA 2011
In %				
Discount rate	2.00	2.50	4.26	5.40
Increase in salaries/wages	2.00	2.00	4.00	4.00
Mortality table	BVG GT 2010	BVG PT 2005	RP-2000 GT	RP-2000 GT

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.

All mortality tables take account of expected changes in mortality.

Sensitivities of significant actuarial assumptions

The discount rate and the future increase in salaries/wages were identified as significant actuarial 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 0.25% increase/decrease in the expected increase in salaries/wages would lead to an increase/decrease of less than 1% in the defined benefit obligation.

The sensitivity analysis is based on realistically 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.

24 Accounts payable

In CHF million	2012	2011
Supplies and services	511	525
Associated companies and other related parties	15	12
Social security	52	52
Indirect taxes and capital taxes	132	135
Other accounts payable	59	70
Total accounts payable	769	794

25 Accrued expenses and deferred income

In CHF million	2012	2011
Personnel expenses	391	400
Late cost	172	132
Invoiced service contracts	327	318
Other accrued expenses and deferred income	284	327
Total accrued expenses and deferred income	1 174	1 177

26 Financial debts

26.1 Current financial debts

In CHF million	2012	2011
Overdrafts	41	59
Liabilities to related parties	76	69
Current portion of non-current financial debts:		
of bank loans	14	39
of financial leases	2	2
Total current financial debts	133	169

26.2 Non-current financial debts

In CHF million	2012	2011
0.625% bond 2011–2014, nominal value CHF 200 million	199	198
1.250% bond 2011–2016, nominal value CHF 400 million	397	396
Finance leases	7	6
Other non-current financial debts	18	19
Total non-current financial debts	621	619
of which CHF portion	96%	96%

The individual Group companies complied with all debt covenants.

26.3 Maturity and average interest rate on financial debts

In CHF million	2012		2011	
	Book value	Effective interest rate in %	Book value	Effective interest rate in %
Within one year	133	2.4	169	2.0
In two to five years	619	1.2	609	1.1
More than five years	2	3.9	10	4.9
Total financial debts	754	1.5	788	1.4

27 Provisions

In CHF million	Loss-making jobs	Restructuring costs	Product liabilities and warranties	Self-insurance	Others	Total
Current provisions	17	46	73	10	10	156
Non-current provisions	5	8	200	74	72	359
Total provisions	22	54	273	84	82	515

Statement of changes

January 1, 2012	34	79	295	96	72	576
Formation	19	17	44	9	24	113
Increase in present value	–	–	4	3	–	7
Usage	–32	–40	–66	–14	–13	–165
Reversal	–	–2	–2	–3	–2	–9
Exchange differences	1	–	–2	–7	1	–7
December 31, 2012	22	54	273	84	82	515

Provisions for loss-making jobs are recorded to cover losses contained in the order backlog. The provisions are calculated based on past experience. Orders are usually completed within 9 to 24 months. The provisions are reversed in line with the progress of each order.

Provisions for restructuring costs mainly comprise costs from the LEAP (Leading in Execution and Accelerating Performance) package of measures. These measures include the adaptation of the structures of various Group companies in line with lower levels of demand as well as the enhancement of productivity. The implementation of these measures was completed in 2012 with the exception of two restructuring projects. These projects are related to the construction of new factories in Europe and Asia. It is planned that these restructurings will be completed in 2013.

Warranty provisions cover the risk of expenses that are expected to occur before the warranty period expires. The provisions are calculated based on past experience. Provisions for product liability cases are based on actuarial calculations by independent experts for cases that have occurred, or are expected to occur, 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 certain degree of uncertainty with regard to timing as well as the amount to be paid.

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 corresponding actuarial reports. The provisions are also used in parallel to payments being made.

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

28 Equity

28.1 Share capital

	31.12.2012	31.12.2011
Number of shares	71 440 056	71 776 700
Nominal value in CHF	0.10	0.10
Share capital in CHF	7 144 006	7 177 670

28.2 Participation capital

	31.12.2012	31.12.2011
Number of participation certificates	46 894 800	48 609 400
Nominal value in CHF	0.10	0.10
Participation capital in CHF	4 689 480	4 860 940

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

28.3 Own shares and participation certificates

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2011	1 327 102	99	404 831	39
Purchase	350 443	36	2 261 575	223
Sale	-1 066	0	-	-
Share-based payments:				
Disposal shares and PC	-	-	-76 100	-9
Exercise of options and Performance Share Units	-287 508	-23	-47 087	-2
Difference in value due to disposal		2		0
December 31, 2011	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 shares and PC	-	-	-46 248	-5
Exercise 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
Number of reserved shares and participation certificates				
for participation plans	585 870		832 912	
Already designated for allocation on December 31, 2012	585 870		761 513	

28.4 Other reserves

In CHF million	Exchange differences	Hedging transactions	Available-for-sale financial assets	Share of other comprehensive income of associated companies	Premium	Treasury shares	Total
January 1, 2011	-675	13	3	–	311	-138	-486
Unrealized changes in fair value		12	73	–			85
Taxes on unrealized changes in fair value		1	-26				-25
Realized changes in fair value		-26	–	–			-26
Taxes on realized changes in fair value		–	–				–
Change in translation of foreign currency realized	59						59
Change in translation of foreign currency unrealized	-43						-43
Additions/Disposals treasury shares						-227	-227
December 31, 2011	-659	–	50	–	311	-365	-663
Unrealized changes in fair value		-4	-16	–			-20
Taxes on unrealized changes in fair value			22				22
Realized changes in fair value		2	–	–			2
Taxes on realized changes in fair value		–	–				–
Change in translation of foreign currency unrealized	-42						-42
Cancellation of own shares and participation certificates						204	204
Additions/Disposals treasury shares						-108	-108
December 31, 2012	-701	-2	56	–	311	-269	-605

29 Business combinations

29.1 Business combinations 2012

In 2012, Schindler acquired the business activities or all the shares of various smaller companies that are active in the sale, installation, modernization and maintenance of elevators and escalators. Even viewed collectively, these acquisitions are not significant. In total, CHF 21 million was used for business combinations and payments of deferred purchase considerations related to business combinations of previous years.

29.2 Business combinations in 2011

Ascensores Andino SAS

The acquisition of Ascensores Andino SAS, Colombia, was completed on August 10, 2011. The new Group company is active in the sale, installation, modernization, and maintenance of elevators and escalators. The purchase strengthens Schindler's position in Colombia, one of Latin America's emerging markets. The acquisition will increase efficiency and enhance the competitiveness of Schindler's high-quality services.

Goodwill mainly reflects the expected synergy effects from market activities and the introduction of Group products and processes. It is assumed that goodwill represents a deductible expense for income tax purposes.

H. Henseler AG

The acquisition of H. Henseler AG, Switzerland, was completed on December 20, 2011. The determination of the acquired assets and liabilities as of December 31, 2011, was of a provisional nature since the transaction was concluded shortly before the end of the reporting year and the determination process was not completed by the date on which the annual financial statements were approved.

The purchase price allocation was completed in the second half of 2012. The provisional values were adjusted on the basis of new information obtained. Classification changes led to a decrease in cash and cash equivalents and in current liabilities (progress payments) of CHF 7 million. This resulted in an increase in cash used of CHF 7 million. The remaining positions were largely unchanged.

In total, the adjustments resulted in a CHF 1 million increase in goodwill. Goodwill mainly reflects the expected synergy effects from market activities and the introduction of Group products and processes. It is assumed that goodwill does not represent a deductible expense for income tax purposes. The consideration paid remained unchanged.

Other

In addition, the business activities or shares of various smaller companies that are active in the sale, installation, modernization, and maintenance of elevators and escalators were acquired. Even viewed collectively, these acquisitions are not significant (cash used: CHF 13 million).

30 Off-balance sheet transactions

30.1 Contingent liabilities

In CHF million	2012	2011
Total value of guarantees, pledges, and guarantee obligations in favor of third parties	51	16

Financial and other 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 multitude of legal risks. In particular, they may include risks associated with employment law, product liability, patent law, tax law, and competition law. Several of the Group companies are involved in legal proceedings. The results of pending or future proceedings cannot be accurately forecast, which means that decisions by courts or other authorities can give rise to expenses that are not covered fully, or at all, by insurance policies, and can therefore have significant consequences for the business and for future results.

The Schindler companies that were affected by the decision of the European Commission of February 21, 2007, regarding fines under competition law filed an action for annulment with the General Court of the European Union. On July 13, 2011, the Court rejected the action for annulment. The Schindler companies affected have submitted an appeal against this decision to the Court of Justice of the European Union. The court is not expected to reach a decision before 2013. The fine was paid in 2007.

The aforementioned decision of the EU Commission as well as a fining decision by the Higher Regional Court in Vienna on December 14, 2007 have 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 together in the proceedings in which Schindler companies are involved as defendants was EUR 220 million at the end of 2012. The Schindler companies in question consider the claims to be without merit. Consequently, no provisions have been recorded.

30.2 Other unrecognized obligations

In CHF million	2012	2011
Irrevocable payment commitments resulting from		
contracts not recognized in the balance sheet	108	97

30.3 Maturity of rental and lease payments

In CHF million	2012		2011	
	Rental contracts	Operating leases	Rental contracts	Operating leases
Within one year	27	66	21	65
In two to five years	53	129	52	117
More than five years	17	16	22	23
Total payments	97	211	95	205

31 Financial risk management

31.1 Principles for risk management

As a globally active group, Schindler is exposed to a variety of general and industry-specific risks. A comprehensive analysis to identify risks that potentially exist – and an assessment of those risks – is therefore a vital prerequisite to enable important business decisions to be reached.

Risk management forms an integral part of the planning and execution of Schindler's business strategy. Consequently, its risk policy is defined by the Board of Directors, the Supervisory and Nomination Committee (VRA), 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 that allow the Group's risk exposures to be anticipated, measured, monitored, and addressed through appropriate actions. The Group Executive Committee and the Audit Committee review the appropriateness of the risk management and internal control systems at regular intervals, as well as on an ad hoc basis, whenever unexpected risks arise, and modifications are made if necessary. The Board of Directors, the VRA, and the Group Executive Committee are informed promptly and fully about material risks.

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

31.2 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 therefore not only encompasses 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 (including derivative financial instruments) and guarantees.

31.2.1 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 term deposits and in high-quality, low-risk liquid securities issued by financial institutions that fulfill certain minimum requirements regarding their credit rating.

The Schindler Group makes various other investments that are classified either as marketable securities or long-term financial assets. In the case of marketable securities, these mainly comprise secure investments in the form of bonds and capital-protected units. 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 that are held there. Credit quality is determined using credit default swaps and the ratings issued by Standard & Poor's, Moody's or Fitch. Creditworthiness is categorized as follows:

- 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

2012									
	AAA		AA		A		Rating <A		Total
	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million
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

2011									
	AAA		AA		A		Rating <A		Total
	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million
Cash and									
cash equivalents	671	28	715	30	606	25	411	17	2 403
Marketable securities ¹	–	–	27	12	70	30	133	58	230
Long-term									
financial assets ^{1,2}	3	1	53	22	89	37	98	40	243
Total	674	23	795	28	765	27	642	22	2 876

¹ Excluding equity instruments

² Restated, see note 2.1.1

31.2.2 Trade accounts receivable

Due to Schindler's large customer base and global presence, the likelihood of cluster risks occurring with regard to trade receivables is limited. The payment terms and outstanding receivables are regularly monitored at a local level by the Group companies. The rendering of progress payments provides additional security.

31.3 Liquidity risks

Liquidity risk denotes the risk that Schindler may not be able to meet its own financial obligations in full.

The centrally controlled liquidity risk management function ensures that the Group is always in a position to promptly fulfill its payment obligations. Its solid financial structure is of key importance in ensuring liquidity.

The Group's aim is to maintain a substantial liquidity reserve in the form of cash and cash equivalents 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.

As at December 31, 2012, and December 31, 2011, respectively, the financial liabilities of the Group comprised the following maturities. This information is based on contractually agreed, i.e. undiscounted, interest and amortization payments.

Financial liabilities 2012: carrying amounts and cash outflows

In CHF million	Carrying amounts		Cash outflows		
	31.12.2012	Total	up to 1 year	2 to 5 years	more than 5 years
Trade accounts payable	-585	-585	-585	-	-
Liabilities to banks/related parties	-745	-772	-142	-622	-8
Finance lease liabilities	-9	-10	-2	-6	-2
Derivatives:					
Cash inflows		2 047	1 852	195	-
Cash outflows		-2 047	-1 852	-195	-
Net	-	-	-	-	-
Other financial liabilities	-657	-657	-657	-	-
Total	-1 996	-2 024	-1 386	-628	-10

Financial liabilities 2011: carrying amounts and cash outflows

In CHF million	Carrying amounts		Cash outflows		
	31.12.2011	Total	up to 1 year	2 to 5 years	more than 5 years
Trade accounts payable	-607	-607	-607	-	-
Liabilities to banks/related parties	-780	-797	-177	-612	-8
Finance lease liabilities	-8	-9	-2	-5	-2
Derivatives:					
Cash inflows		2 741	2 494	243	4
Cash outflows		-2 743	-2 496	-243	-4
Net	-2	-2	-2	-	-
Other financial liabilities	-692	-692	-692	-	-
Total	-2 089	-2 107	-1 480	-617	-10

The cash outflows shown are subject to the following conditions and assumptions:

- All financial instruments that were recognized as at December 31, 2012, and December 31, 2011, respectively, and for which payments were already contractually agreed, are included. Projected figures for future liabilities are not included.
- Foreign currency amounts are translated at the closing rates as at the balance sheet date.
- Variable interest payments from financial instruments are based on the last interest rates set as at December 31, 2012, and December 31, 2011, respectively.
- Repayable financial liabilities are always assigned to the earliest maturity date.
- Derivative financial instruments comprise derivatives with negative and positive fair values. This reflects the fact that all derivative financial instruments, and not only those with a negative fair value, can influence the individual categories of time.

31.4 Market risks

In the course of its normal business activities, the Group is exposed to market risks that arise from changes in interest rates, foreign currency exchange rates, and the share prices of quoted securities. These risks can have a material impact on the Group's financial position, results of operations and cash flows. Furthermore, these risks can be supplemented or replaced by further risks that are regarded as immaterial at present or are not yet known.

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

31.4.1 Risk measurement and management

The Group-wide management of market risks is one of the main responsibilities of Group Treasury and is monitored at the level of the VRA as well as the Finance Committee. The Finance Committee is composed of various internal experts who are not members of the Board of Directors. If necessary, the 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 and provide an approximate measurement of the risk that can arise based on specific assumptions in the event of isolated changes in individual parameters by a defined amount. The effects on the statement of comprehensive income may differ substantially depending on how the market develops.

31.4.2 Interest rate risks

Interest rate risks result from changes in interest rates that could 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 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.

Finance companies within the Group and – to a limited extent – operating companies have the possibility of investing in interest-bearing financial instruments.

The VRA defines the target mix of fixed and variable interest-bearing financial liabilities. Local, short-term interest rate risks are usually not 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 stipulated by the VRA. Depending on whether the Group has a financial surplus of fixed or variable interest-bearing instruments, interest rate risks can result from a rise in market interest rates as well as a fall in these rates.

Risks from changes in interest rates are modeled using sensitivity analyses, which demonstrate the effects of changes in market interest rates on interest expense and interest income.

If the level of market interest rates on December 31, 2012, had been 100 basis points higher (lower), net financial income would have been CHF 22 million higher (lower) (previous year: CHF 27 million higher/lower).

31.4.3 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 that are presented in Swiss Francs.

The majority of expenses and income from operating activities are incurred in local currencies. Expenses and income that occur 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. All operating units are required to hedge their transaction risks. The 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, as far as possible, hedged by Group Treasury using currency derivatives from counterparties with good international risk ratings. Schindler thus continuously reduces its transaction-related foreign currency risks from operational business units to a minimum so that the Group is not exposed to any material exchange rate risks. Further, foreign currency positions can be assumed to optimize the financial results. These transactions are subject to limits that are defined by the Board of Directors. The VRA receives monthly updates on risk exposures with the Treasury Report.

Translation risks arise in connection with the translation of income statements, 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 companies are not permitted to speculatively obtain or invest cash in foreign currencies. The Group's internal financing, as well as investments by Group companies, are executed in the relevant local currency.

The following table shows the Group's unhedged net exposures in Swiss Francs in its Euro and US Dollar positions as at December 31, 2012, and December 31, 2011, respectively. The unhedged net positions at the end of the year are also representative of the main risks during the year.

In CHF million	EUR	USD
31.12.2012	–	–2
31.12.2011	1	11

The following sensitivity analysis calculates the foreign currency risks of the most important currencies (transaction risks only; translation risks are not considered). The forward contracts of the finance companies entail currency risks that are included in the calculations.

If the underlying currency had been 5% stronger/weaker as at December 31, and if all other parameters had remained unchanged, the effect on comprehensive income would have been as follows (converted to Swiss francs at the closing rate for the reporting period):

In CHF million	2012		2011	
	Financial result +/-5%	Other comprehensive income +/-5%	Financial result +/-5%	Other comprehensive income +/-5%
CHF / EUR	+/-13	–	+/-6	–
CHF / USD	+/-5	–	+/-4	–
EUR / USD	+/-1	–	-/+3	–
EUR / AUD	+/-2	–	+/-4	–
CHF / KRW	–	-/+20	–	-/+20

31.4.4 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 VRA, the Finance Committee, or Group Treasury.

Investments in equity instruments are undertaken exclusively by internal finance companies. The operating companies are generally prohibited from undertaking this type of transaction.

Schindler has investments in equity instruments totaling CHF 452 million (previous year: CHF 460 million). The investment in Hyundai Elevator Co. Ltd. accounts for the major proportion of these investments (CHF 409 million, previous year: CHF 403 million). They also include derivatives, shares, units in commodity funds, and alternative investments. The corresponding price risks relate to price changes, which can have negative effects on the Group's financial position, financial performance, and cash flows.

If the prices of the various equity instruments as at December 31, 2012, had been 10% higher/lower, net financial income would have been CHF 1 million higher/lower (previous year: CHF 3 million higher/lower). Other comprehensive income would have been CHF 44 million higher/lower (previous year: CHF 43 million higher/lower).

31.5 Capital management

The main aim of the Group's capital management activities is to maintain its strong credit rating and robust key performance indicators in order to support its operational business activities and increase shareholder value. The capital structure is adapted in line with changing requirements. Possible measures that can be taken in the field of capital management include changes to dividend payments, the repayment of capital to the 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.

		2011
In CHF million	2012	Restated ¹
Financial debts	754	788
Liabilities	769	794
Cash and cash equivalents	-2 178	-2 403
Net liabilities/assets	-655	-821
Total equity	2 813	2 651
Total capital	2 158	1 830
Gearing ratio (net liabilities as percentage of total capital)	<0%	<0%

¹ See note 2.1.1

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

32 Financial instruments

32.1 Financial instruments 2012

	Financial assets			Financial liabilities		Total	Total fair values
	at fair value through profit or loss			at fair value through profit or loss	Other financial liabilities		
In CHF million	held for trading	Loans and receivables	available for sale	held for trading			
Cash and cash equivalents		2 178				2 178	2 178
Marketable securities	23	246	179			448	448
Accounts receivable	19	1 425				1 444	1 444
Prepaid expenses and accrued income	22	94				116	116
Long-term financial assets	46	148	611			805	805
Financial debts					754	754	754
Accounts payable				–	585	585	585
Accrued expenses and deferred income				18	657	675	675
Total	110	4 091	790	18	1 996		
Interest income/expense	–	20	15		–19	16	
Net income from securities	4		–	–		4	
Change in value adjustments and losses on trade accounts receivable		–3				–3	
Total net gain/loss in the income statement	4	17	15	–	–19	17	
Changes recognized in other comprehensive income:							
unrealized			–16			–16	
realized through the income statement			–			–	
Total	4	17	–1	–	–19	1	

32.2 Financial instruments 2011

	Financial assets			Financial liabilities		Total	Total fair values
	at fair value through profit or loss	held for trading	Loans and receivables	at fair value through profit or loss	held for trading		
In CHF million			available for sale		Other financial liabilities		
Cash and cash equivalents			2 403			2 403	2 403
Marketable securities	68		38	153		259	259
Accounts receivable	–		1 376			1 376	1 376
Prepaid expenses and accrued income	37		72			109	109
Long-term financial assets	44 ¹		62	570		676 ¹	676 ¹
Financial debts					788	788	788
Accounts payable					1	607	607
Accrued expenses and deferred income					35	727	727
Total	149		3 951	723	36	2 086	
Interest income/expense	1 ¹		28	13		–22	20 ¹
Net income from securities	–13			–	–		–13
Change in value adjustments and losses on trade accounts receivable			10				10
Total net gain/loss in the income statement	–12		38	13	–	–22	17
Changes recognized in other comprehensive income:							
unrealized				73			73
realized through the income statement				–			–
Total	–12		38	86	–	–22	90

¹ Restated, see note 2.1.1

32.3 Fair value 2012 by levels¹

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

¹ There were no transfers of fair values between level 1 and level 2, and no transfers into and out of level 3

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 not determined on the basis of observable market data.

32.4 Fair value 2011 by levels¹

In CHF million	Level 1	Level 2	Level 3	Total fair values
Financial assets				
at fair value through profit or loss:				
Marketable securities	33	35	–	68
Accounts receivable	–	–	–	–
Prepaid expenses and accrued income	–	37	–	37
Long-term financial assets	44 ²	–	–	44 ²
available-for-sale:				
Marketable securities	50	103	–	153
Long-term financial assets	555	–	15	570
Financial liabilities				
at fair value through profit or loss:				
Accounts payable	–	1	–	1
Accrued expenses and deferred income	–	35	–	35

¹ There were no transfers of fair values between level 1 and level 2, and no transfers into and out of level 3

² Restated, see note 2.1.1

32.5 Reconciliation of the fair values of level 3 financial instruments

The fair value of level 3 financial instruments changed in the reporting year by significantly less than CHF 1 million due to lower valuations (previous year: lower valuation of CHF 1 million). These changes were recognized in other comprehensive income.

32.6 Derivative assets and liabilities

In CHF million	2012			2011		
	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	–	4	61	–	–	9
Currency instruments	22	18	1 781	37	36	2 439
Others	–	–	16	–	2	12
Total held for trading	22	22	1 858	37	38	2 460
Fair value hedges						
Interest instruments	–	–	–	–	–	–
Currency instruments	–	–	31	–	–	17
Others	–	–	–	–	–	–
Total fair value hedges	–	–	31	–	–	17
Cash flow hedges						
Interest instruments	–	–	–	–	–	–
Currency instruments	1	1	136	1	2	150
Others	–	–	–	–	–	–
Total cash flow hedges	1	1	136	1	2	150
Net investment hedges						
Interest instruments	–	–	–	–	–	–
Currency instruments	–	–	–	–	–	76
Others	–	–	–	–	–	–
Total net investment hedges	–	–	–	–	–	76

33 Encumbered assets (assets pledged or assigned as security for the Group's own liabilities)

In CHF million	2012	2011
Marketable securities	10	29
Accounts receivable	12	10
Inventories	2	3
Property, plant, and equipment	6	12
Total encumbered assets	30	54

34 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 are based on the same valuation 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.

34.1 Segment information 2012

In CHF million	Group	Finance	Elevators & Escalators (E & E)	Additional information to the E & E 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	–	–	–	–	–	–	–
Share in profits of associated companies	15	–	15				
Assets	7 822	2 804	5 018	2 213	1 316	1 489	–
Associated companies	303	–	303				
Liabilities	5 009	708	4 301	2 206	1 097	998	–

34.2 Segment information 2011

In CHF million	Group	Finance	Elevators & Escalators (E & E)	Additional information to the E&E segment			
				Europe	North, Central, and South America	Asia, Australia, Africa	Eliminations
Revenue from third parties	7 854	–	7 854	3 902	2 233	1 719	–
Revenue from other regions		–	–	306	10	97	–413
Total revenue	7 854	–	7 854	4 208	2 243	1 816	–413
Operating profit ¹	793	–38	831				
Additions of property, plant, and equipment, and intangible assets	149	–	149	75	38	36	–
Total depreciation and amortization	119	–	119	61	33	25	–
of which impairment	14	–	14	4	4	6	–
Share in profits of associated companies	–1	–	–1				
Assets ¹	7 569	2 697	4 872	2 139	1 400	1 333	–
Associated companies	278	–	278				
Liabilities ¹	4 918	777	4 141	2 213	1 070	858	–

¹ Restated, see note 2.1.1

34.3 Geographical information

In CHF million	2012			2011		
	Switzerland	Other countries	Group	Switzerland	Other countries	Group
Revenue from third parties	888	7 370	8 258	830	7 024	7 854
Non-current assets ¹	450	1 179	1 629	439	1 164	1 603

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

35 Share-based payments

35.1 Structure

35.1.1 Capital Participation Plans

The Capital Participation Plans 2000/2003 are offered to the management and other employees of the Group. They comprise a share plan and an option plan. The specific features of each plan and the relevant eligibility criteria are determined annually by the Board of Directors. The present Capital Participation Plan currently applies to about 500 employees of the Group.

The shares and participation certificates that are awarded under this plan are transferred to the ownership of the employees at grant date. All associated rights also immediately pass to the employees. However, the shares and participation certificates are blocked for a period of three years, during which they may not be disposed of by the recipients.

After three years, the granted options pass into the unrestricted ownership of the beneficiaries, provided they have remained with the company throughout the designated period. An exercise period of six years subsequently applies.

35.1.2 Deferred Share Plan (replaces Long Term Incentive Plan)

The Deferred Share Plan replaced the Long Term Incentive Plan in the year 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 (VRA).

Under the Deferred Share Plan, the Board of Directors determines the allocation of performance share units 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 VRA 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. At the end of the financial year (performance period), the Chairman of the Board of Directors or the CEO – depending on the group of beneficiaries concerned – determines the extent to which the objectives have been met. The achievement of objectives can be between 0% and 150%.

The shares or participation certificates for the performance share units are allocated 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 beneficiary, who is free to dispose of them from that date.

No options are allocated under the Deferred Share Plan.

35.1.3 Long Term Incentive Plan

The Performance Share Units 2011, which were granted under the Long Term Incentive Plan 2011 in the previous year, give the beneficiaries the right to receive participation certificates of Schindler Holding Ltd. The allocation of the participation certificates for the performance share units 2011 will only 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 violated the regulations set out in the Schindler Code of Conduct.

Under the Long Term Incentive Plan – Options Plan, the beneficiaries received options on participation certificates of Schindler Holding Ltd. in the previous year, the number of which was determined by the Board of Directors or the Compensation Committee, respectively, at its own discretion. The period until the definitive transfer of the options into the ownership of the beneficiaries (vesting period) is three years, and the subsequent exercise period is six years. The exercise price for the options was determined by the Board of Directors in the respective reporting period.

35.2 Measurement and recording

35.2.1 Capital Participation Plans

The expense relating to the registered shares that will be allocated in April 2013 for the reporting year 2012 as part of the Capital Participation Plans is included in personnel expenses. An adjustment to reflect the number of registered shares actually allocated will be made in April 2013.

An adjustment was recorded in personnel expenses for the participation certificates allocated in April 2012 to reflect the definitive number (46 248) of securities (fair value per security: CHF 117.40).

35.2.2 Deferred Share Plan (replaces Long Term Incentive Plan)

Under the Deferred Share Plan, performance share units are awarded based on the extent to which individual objectives have been achieved. The personnel expenses that have to be recorded – based on the same calculation criteria as for the Long Term Incentive Plan (see note 35.2.3) – result in a value of CHF 102.92 per performance share unit.

35.2.3 Long Term Incentive Plan

Performance share units were granted under the Long Term Incentive Plan in the previous year. The resulting personnel expenses are recorded over the performance period of three years. The personnel expenses recognized are based on the price of the participation certificate at the grant date less the present value of the expected dividends over the performance period (CHF 103.86). This amount is multiplied by the number of participation certificates that is expected to be allocated to the recipients of the performance share units. The applied conversion rate is reviewed annually.

35.2.4 Valuation of options

	2012	2011
Price in CHF (participation certificate)	117.40	111.50
Exercise price in CHF (Capital Participation Plan 2000/2003)	108.20	85.10
Exercise price in CHF (Long Term Incentive Plan)	–	124.80
Volatility	25.9%	24.9%
Risk-free interest rate	0.3%	2.0%
Dividend rate	2.4%	2.3%
Exit rate	5.0%	5.0%
Conversion rate for exercising of options	1.25	2
Duration	9 years	9 years
Vesting period	3 years	3 years
Fair value in CHF (Capital Participation Plan 2000/2003)	24.95	36.62
Fair value in CHF (Long Term Incentive Plan)	–	22.05

Options are valued using the Hull-White model, which allows the reduction in value resulting from specific characteristics of employee options to be taken into consideration. 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 time horizon of one year prior to the date of valuation.

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

35.3.1 Capital Participation Plans

	2012	2011	2010	2009	2008	2007	2006
Options granted		222 621	207 896	464 175	357 092	160 711	138 376
Exercised/expired in the previous years		-2 648	-10 219	-30 189	-146 416	-107 693	-106 707
Outstanding as at January 1, 2012		219 973	197 677	433 986	210 676	53 018	31 669
Options granted	162 002	–	–	–	–	–	–
Options exercised	-487	-10 957	-10 324	-229 900	-93 137	-16 730	-11 883
Options redeemed	–	-88	–	–	–	–	–
Balance on December 31, 2012	161 515	208 928	187 353	204 086	117 539	36 288	19 786
Exercisable	–	–	–	204 086	117 539	36 288	19 786
Entitles holder to purchase of	Participation certificates	Participation certificates	Participation certificates	Shares	Shares	Shares	Shares
Exercise price	108.20	85.10	53.60	56.40	80.90	56.20	48.80
Vesting period ends	30.04.2015	30.04.2014	30.04.2013	30.04.2012	30.04.2011	30.04.2010	30.04.2009
Exercise period ends	30.04.2021	30.04.2020	30.04.2019	30.04.2018	30.04.2017	30.04.2016	30.04.2015
Allocation ratio options : shares/participation certificates	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Weighted stock exchange price on exercise in 2011		103.10	105.55	107.30	105.65	105.15	106.25
Weighted stock exchange price on exercise in 2012	125.25	111.75	111.50	117.15	115.60	115.75	114.60

35.3.2 Long Term Incentive Plan

	2011	2010	2009	2008
Options granted	104 854 ¹	107 739	314 783	155 311
Exercised/expired in the previous years	–	–8 876	–27 490	–37 675
Outstanding as at January 1, 2012	104 854	98 863	287 293	117 636
Options exercised	–	–	–99 377	–93 199
Balance on December 31, 2012	104 854	98 863	187 916	24 437
Exercisable	–	–	187 916	24 437
Entitles holder to purchase of	Participation certificates	Participation certificates	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 options : shares/participation certificates	1:1	1:1	1:1	1:1
Weighted stock exchange price on exercise in 2011		103.65	107.05	105.15
Weighted stock exchange price on exercise in 2012			119.35	115.80

¹ Retrospectively adjusted, see Financial Statements Schindler Holding Ltd., note 18.2.4

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

35.4 Allocation to the Board of Directors and Group Executive Committee

	2012	2011
Participation certificates Schindler Holding Ltd.	3 465	5 817
Performance Share Units		23 568 ¹
Entitlements to registered shares	58 495	
Options on participation certificates (Capital Participation Plan 2000)	12 129	13 569
Options on participation certificates (Long Term Incentive Plan)		81 456 ¹

¹ Retrospectively adjusted, see Financial Statements Schindler Holding Ltd., note 18.2.4. The amount of the adjustment has no impact on the consolidated Financial Statements.

36 Related parties

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

At December 31, 2012, the Schindler and Bonnard families, together with parties related to these families, had a shareholders' agreement under which they held 50 077 828 registered shares (previous year: 50 073 638) of Schindler Holding Ltd., corresponding to 70.1% (previous year: 69.8%) 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 (at normal market conditions). The prices of goods and services are based on lists 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.

The Schindler Group has unused refinancing obligations towards ALSO-Actebis Holding AG of CHF 100 million, which will expire on February 9, 2014, on February 9, 2012 additional CHF 25 million ceased.

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

Associated companies		
In CHF million	2012	2011
Billings	45	66
Material and operating expenses	24	48
Receivables and loans	19	28
Liabilities	15	12

Other related parties		
In CHF million	2012	2011
Liabilities	76	69
Interest cost	–	–

37 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 2.1 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 salary plus performance-related compensation that is in line with market rates.

In CHF million	2012	2011
Salary payments (incl. cash bonuses and lump-sum expenses), fees	24	27
Contributions to pension plans	4	4
Long-service awards and other contributions	–	–
Share-based payments	8	5
Total	36	36

The disclosure of compensation and participation plans in accordance with statutory requirements is provided in the financial statements of Schindler Holding Ltd., note 18.

38 Dividends paid and proposal by the Board of Directors

In 2012, CHF 232 million was paid in dividends (previous year: CHF 355 million). This corresponds to an ordinary dividend of CHF 2.00 per registered share and per participation certificate (previous year: ordinary dividend of CHF 2.00 and additional dividend of CHF 1.00).

The Board of Directors proposes to the General Meeting that a dividend of CHF 2.20 per registered share and per participation certificate be distributed for the financial year 2012. This represents a total dividend payment of CHF 260 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 11, 2013, and will be presented to the General Meeting of Shareholders for approval on March 26, 2013.

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 85) for the year ended December 31, 2012.

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, 2012, 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 11, 2013

ERNST & YOUNG Ltd

Chris Schibler
Licensed audit expert
(Auditor in charge)

Ralf Noffke
Licensed audit expert

Financial Statements Schindler Holding Ltd.

Income statement

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Financial Statements
Schindler Holding Ltd.

In CHF 1 000	Notes	2012	2011
Revenue			
Income from Group companies	1	590 075	683 256
Extraordinary income	11	23 819	5 195
Financial income	2	14 931	54 634
Total revenue		628 825	743 085
Expenses			
Financial expenses	3	9 555	13 707
Write-downs, value adjustments, and change in provisions	4	36 152	26 801
Administration expenses and taxes		32 509	31 112
Total expenses		78 216	71 620
Net profit for the year		550 609	671 465

Balance sheet

Financial Statements
Schindler Holding Ltd.

Assets

In CHF 1 000	Notes	31.12.2012	%	31.12.2011	%
Current assets					
Cash and cash equivalents	5	1 625 907		1 657 230	
Marketable securities	6	481 466		456 048	
Accounts receivable from Group companies		150 292		244 286	
Accounts receivable from third parties		1 264		215	
Prepaid expenses and accrued income		2 097		1 260	
Total current assets		2 261 026	54.7	2 359 039	59.4
Non-current assets					
Investments in Group companies	7	1 863 243		1 576 100	
Loans to Group companies	8	–		30 000	
Long-term financial assets		7 760		7 176	
Total non-current assets		1 871 003	45.3	1 613 276	40.6
Total assets		4 132 029	100.0	3 972 315	100.0

Liabilities

In CHF 1 000	Notes	31.12.2012	%	31.12.2011	%
Liabilities					
Accounts payable to Group companies	9	405 369		309 823	
Accounts payable to third parties		3 879		6 893	
Bonds	10	600 000		600 000	
Provisions	11	66 598		113 467	
Accrued expenses and deferred income		8 467		8 495	
Total liabilities		1 084 313	26.2	1 038 678	26.1

Equity

Share capital	12, 13	7 144		7 178	
Participation capital	12, 13	4 690		4 861	
Statutory reserves	13	317 121		317 121	
Reserves for treasury shares	13, 16	268 968		365 427	
Other reserves	13	1 884 138		1 551 706	
Brought forward from previous year	13	15 046		15 879	
Net profit for the year	13	550 609		671 465	
Total equity		3 047 716	73.8	2 933 637	73.9
Total liabilities and equity		4 132 029	100.0	3 972 315	100.0

Notes to the financial statements

1 2 3
4 5 6
7 **8** 9
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Financial Statements
Schindler Holding Ltd.

Basis of preparation

The financial statements as at December 31, 2012, comply with Swiss company law. Regarding the inclusion of Schindler Holding Ltd. in the consolidated financial statements, the accounting policies described in the notes to the consolidated financial statements apply.

1 Income from Group companies

Income from Group companies comprises dividends from Group companies and associated companies as well as contractually agreed payments for services rendered.

2 Financial income

In CHF 1 000	2012	2011
Interest	2 188	1 993
Exchange rate gains	–	37 405
Income and gains on financial instruments	11 180	14 050
Other income	1 563	1 186
Total income from financial operations	14 931	54 634

3 Financial expenses

In CHF 1 000	2012	2011
Interest	6 496	1 086
Exchange rate losses	3 059	–
Losses and value adjustments on financial instruments	–	6 631
Costs of bonds (net)	–	5 990
Total financial expenses	9 555	13 707

4 Write-downs, value adjustments, and change in provisions

In CHF 1 000	2012	2011
Value adjustments participations	4 888	29 752
Write-downs and value adjustments loans	30 044	134
Change of provisions	1 220	–3 085
Total	36 152	26 801

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 almost exclusively of cash and cash equivalents in Swiss francs.

6 Marketable securities

In CHF 1 000	2012	2011
Treasury shares	240 779	328 539
Other investments	240 687	127 509
Total marketable securities	481 466	456 048

All treasury shares are valued at the lower of cost or fair value or the exercise price of the capital participation plans.

The holdings of treasury shares and any corresponding changes, as well as information on repurchases, are shown in note 16.1.

7 Investments in Group companies

In CHF 1 000	2012	2011
January 1	1 576 100	1 600 000
Capital increases/repayments	34 664	–66 239
Additions	257 367	74 646
Disposals	–	–2 555
Depreciation	–4 888	–29 752
December 31	1 863 243	1 576 100

The companies in which Schindler Holding Ltd. has a direct or indirect interest are listed on pages 106 to 109.

8 Loans to Group companies

A subordinated loan to a Group company (previous year: CHF 30.0 million) was fully impaired during the reporting year.

9 Accounts payable to Group companies

In addition to accounts payable to Group companies, this item of the balance sheet also contains current accounts of shareholders of Schindler Holding Ltd. of CHF 77.1 million (previous year: CHF 69.3 million). These credit balances bear interest at normal market rates.

10 Bonds

In CHF 1 000	2012	2011
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

11 Provisions

The existing provisions to cover financial risks amount to CHF 66.6 million (previous year: CHF 113.5 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 extra-ordinary income after deducting charges incurred in the reporting year.

12 Share capital / participation capital

12.1 Share capital

	Number	in CHF	
		Nominal value	Share capital
December 31, 2009	71 776 700	0.10	7 177 670
December 31, 2010	71 776 700	0.10	7 177 670
December 31, 2011	71 776 700	0.10	7 177 670
Legally binding reduction (as of May 29, 2012)	-336 644		-33 664
December 31, 2012	71 440 056	0.10	7 144 006

12.2 Participation capital

	Number	in CHF	
		Nominal value	Participation capital
December 31, 2009	48 609 400	0.10	4 860 940
December 31, 2010	48 609 400	0.10	4 860 940
December 31, 2011	48 609 400	0.10	4 860 940
Legally binding reduction (as of May 29, 2012)	-1 714 600		-171 460
December 31, 2012	46 894 800	0.10	4 689 480

13 Equity

In CHF 1 000	Share capital	Participation capital	Statutory reserves	Reserves for treasury shares	Other reserves	Profits as per balance sheet	Total equity
December 31, 2009	7 178	4 861	317 121	91 012	1 256 121	509 174	2 185 467
Dividend						-238 268	-238 268
Appropriation to other reserves					260 000	-260 000	-
Change in reserves for treasury shares				46 888	-46 888		-
Net profit 2010						669 627	669 627
December 31, 2010	7 178	4 861	317 121	137 900	1 469 233	680 533	2 616 826
Dividend						-354 654	-354 654
Appropriation 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
Appropriation to other reserves					440 000	-440 000	-
Change in reserves for treasury shares				107 773	-107 773		-
Legally binding 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
Of which share premiums (unchanged)			311 321				

14 Contingent liabilities

The contingent liabilities of Schindler Holding Ltd. amount to a total of CHF 739.1 million (previous year: CHF 720.6 million) and cover conditional obligations for bank guarantees, loans, and supply contracts in favor of Group companies. Utilized credits and incurred obligations are reported in the consolidated balance sheet as accounts payable or, if necessary, covered by provisions.

There are also guarantees and letters of comfort for unspecified amounts in favor of Group companies. As a result of the group value-added tax system for Swiss companies introduced on January 1, 2003, there is a joint liability for the tax owed by the value-added tax group in favor of the Swiss Federal Tax Authority.

Contingent liabilities in favor of third parties amount to CHF 49.8 million (previous year: CHF 16.3 million).

15 Liabilities to pension plans

In CHF 1 000	2012	2011
Total liabilities	2 506	2 090

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

16 Treasury shares

16.1 Changes in number and value

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2011	1 327 102	99	404 831	39
Purchase	350 443	36	2 261 575	223
Sale	-1 066	0	-	-
Share-based payments:				
Disposal shares and participation certificates	-	-	-76 100	-9
Exercise of options and Performance Share Units	-287 508	-23	-47 087	-2
Difference in value due to disposal		2		0
December 31, 2011	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 shares and participation certificates	-	-	-46 248	-5
Exercise 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
Number of reserved shares and participation certificates				
for participation plans	585 870		832 912	
Already designated for allocation on December 31, 2012	585 870		761 513	

16.2 Repurchase program

In September 2012, the Board of Directors of Schindler Holding Ltd. decided to launch a new repurchase program that will run for a maximum of three years (2013–2015). Under the program, a maximum of 4 273 284 registered shares – corresponding to 3.6% of the capital stock and 6.0% of voting rights – and a maximum of 9 378 960 participation certificates – corresponding to 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 repurchase program 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 buy its own registered shares and participation certificates. Schindler Holding Ltd. is under no obligation to purchase its own registered shares and participation certificates via the separate trading lines but will participate in the market as a purchaser depending on market conditions.

In the reporting year, 552 411 registered shares and 722 891 participation certificates were repurchased via the separate trading lines for the purpose of reducing capital. The Board of Directors will propose to the forthcoming General Meeting of Shareholders on March 26, 2013, that the capital stock be reduced by this number of registered shares and participation certificates.

In accordance with the decision of the General Meeting of Shareholders as of March 19, 2012, 99 744 registered shares and 109 000 participation certificates also repurchased during the reporting period – together with the registered shares and participation certificates repurchased in prior periods – were cancelled on May 29, 2012, by means of a capital reduction.

17 Significant shareholders

Regarding the existence of a shareholders' agreement, see note 36 to the Consolidated Financial Statements.

18 Compensation

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 of the Group Executive Committee. The company has not waived any liabilities due from members 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 the previous year, no members of the Board of Directors or the Group Executive Committee received fees or compensation for additional services.

The composition of the fixed and variable compensation awarded to the members of the Board of Directors and of the Group Executive Committee is explained in detail in the Corporate Governance Report, note 5.

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

18.1.1 Total Compensation 2012 – Board of Directors

In CHF 1 000	Fixed compensation	Variable compensation				Expenses for postemployment benefits	Total 2012
	Cash (gross)	Cash bonus (gross)	Registered shares	Entitlements to registered shares ⁹	Options		
Alfred N. Schindler, Chairman ^{1,2}	2 110	1 448	112 ⁸	–	112 ¹⁰	453	4 235 ¹¹
Luc Bonnard, Vice Chairman ^{3,4}	819	427	112 ⁸	–	112 ¹⁰	121	1 591
Prof. Dr. Peter Athanas ^{1,2}	1 188	1 448	112 ⁸	–	112 ¹⁰	435	3 295
Dr. Rudolf W. Fischer ^{1,2,5}	1 155	1 526	112 ⁸	–	112 ¹⁰	447	3 352
Prof. Dr. Karl Hofstetter ²	785	630	–	1 078 ⁸	–	429	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	5 479	448	1 078	448	1 935	16 447

¹ Member of the Supervisory and Nomination Committee (VRA)

² Executive member

³ Non-executive member, member of the VRA and executive member until the General Meeting of Shareholders 2012

⁴ Including fee for consulting services (TCHF 236)

⁵ Executive member and member of the VRA 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 (until the General Meeting of Shareholders 2012)

⁸ The registered shares were valued at the weighted average price as of December 2012, less a discount of 10% (CHF 116.15). The discount of 10% reflects the fact that the registered shares are blocked for a period of three years under the Capital Participation Plan 2000 or will not be allocated until 2015 under the Deferred Share Plan.

⁹ The irrevocable allocation of these registered shares will take place on April 30, 2015

¹⁰ Assumption that the compensation value of the options is equal to the compensation value of the registered shares

¹¹ In the reporting year, Alfred N. Schindler made a donation of over CHF 1 million to a charitable foundation under Swiss law

The total compensation includes the following Board of Directors' fees (including reimbursement of flat-rate expenses): Chairman CHF 370 000 (previous year: CHF 370 000), Vice Chairman CHF 278 000 (previous year: CHF 278 000), other members CHF 185 000 (previous year: CHF 185 000).

In the reporting year 2012, the variable component of the compensation awarded to the executive members of the Board of Directors averaged 56% (previous year: 52%) of total compensation: 42% cash (previous year: 44%), 11% in the form of participation rights/entitlements to participation rights (previous year: 4%) and 3% in the form of options (previous year: 4%).

18.1.2 Number of participation rights and options granted/ allocated 2012 – Board of Directors

The following registered shares, entitlements to registered shares as well as options on registered shares were granted or allocated:

	Registered shares ³	Entitlements to registered shares	Options ⁴
Alfred N. Schindler, Chairman ¹	968		3 388
Luc Bonnard, Vice Chairman ²	968		3 388
Prof. Dr. Peter Athanas ¹	968		3 388
Dr. Rudolf W. Fischer ¹	968		3 388
Prof. Dr. Karl Hofstetter ¹	–	9 281	–

¹ Executive member

² Non-executive member, member of the VRA and executive member until the General Meeting of Shareholders 2012

³ This number was calculated using a value of CHF 116.15, which equals the weighted average price of the participation certificate for December 2012, less a discount of 10%. This number is only provisional. The exact number will only become known in April 2013 and be based on the weighted average price for March 2013, less a discount of 10%.

⁴ Options from the Capital Participation Plan 2000 on registered shares. The number specified is only provisional (provisional number of registered shares multiplied by 3.5). The exact number will only be known in April 2013. No options will be allocated under the Deferred Share Plan.

18.1.3 Total compensation 2011 – Board of Directors

In CHF 1000	Fixed compensation	Variable compensation				Expenses for postemploy- ment benefits	Total 2011
	Cash (gross)	Cash bonus (gross)	Participation certificates ⁵	Performance Share Units ⁶	Options		
Alfred N. Schindler, Chairman ^{1,2}	3 010	2 798	112	–	112 ⁷	525	6 557 ⁹
Luc Bonnard, Vice Chairman ^{1,2}	1 523	1 932	112	–	112 ⁷	428	4 107 ¹⁰
Prof. Dr. Peter Athanas ^{1,2}	1 195	2 204	112	–	112 ⁷	366	3 989
Prof. Dr. Karl Hofstetter ²	805	630	–	400	400 ⁸	358	2 593
Prof. Dr. Pius Baschera ³	185	–	–	–	–	11	196
Dr. Hubertus von Grünberg ³	185	–	–	–	–	8	193
Lord Charles Powell ³	185	–	–	–	–	8	193
Dr. Alexander Schaub ^{3,4}	350	–	–	–	–	17	367
Rolf Schweiger ³	185	–	–	–	–	8	193
Prof. Dr. Klaus W. Wellershoff ³	185	–	–	–	–	11	196
Total compensation 2011	7 808	7 564	336	400	736	1 740	18 584

¹ Member of the VRA

² Executive member

³ Non-executive member

⁴ Including compensation as Chairman of the Audit Committee

⁵ Actual bonus amount allocated to the beneficiary in the form of participation certificates

⁶ The performance share units were included in total compensation at CHF 102.10 (average price of participation certificate in December 2010, less a discount of 10%, conversion rate of 1)

⁷ Assumption that the compensation value of the options equals the compensation value of the participations certificates

⁸ The options awarded under the Long Term Incentive Plan are included at a value of 2/3 of the awarded value of the performance share units

⁹ After voluntarily waiving CHF 1 090 000 of the contractually agreed compensation

¹⁰ After voluntarily waiving CHF 272 000 of the contractually agreed compensation

18.1.4 Number of participation rights and options granted/allocated 2011 – Board of Directors

The following participation certificates, performance share units on participation certificates as well as options on participation certificates were granted or allocated:

	Participation certificates ²	Performance Share Units	Options
Alfred N. Schindler, Chairman ¹	1 155 ³	–	4 043 ^{4,5}
Luc Bonnard, Vice Chairman ¹	1 155 ³	–	4 043 ^{4,5}
Prof. Dr. Peter Athanas ¹	1 155 ³	–	4 043 ^{4,5}
Prof. Dr. Karl Hofstetter ¹	–	3 918	13 712 ⁶

¹ Executive member

² To calculate this (definitive) figure, an allocation value of CHF 97.38 was used, which equals the weighted average price of the participation certificate in March 2012, less a discount of 10%.

³ The figure of 1 163 reported in the previous year was based on a provisional figure (weighted average price of the participation certificate in December 2011, less a discount of 10%, which resulted in a provisional allocation value of CHF 96.73)

⁴ Options from the Capital Participation Plan 2000 (participation certificates). Number according to the definitive allocation in April 2012 (number of participation certificates multiplied by 3.5).

⁵ Number provisionally reported in the previous year: 4 071

⁶ Options from the Long Term Incentive Plan (participation certificates)

18.2 Members of the Group Executive Committee

18.2.1 Total Compensation 2012 – Group Executive Committee

In CHF 1 000	Fixed compensation	Variable compensation ¹			Expenses for	Total 2012
	Cash (gross)	Cash bonus (gross)	Entitlements to registered shares ²	Fringe benefits	postemploy- ment benefits	
Total Group Executive Committee ³	5 546	4 704	5 716	868	2 496	19 330
Highest individual compensation: Jürgen Tinggren	1 122	1 400	1 684	–	521	4 727

¹ No options are awarded under the Deferred Share Plan

² The irrevocable allocation of these registered shares will take place on April 30, 2015. The registered shares were valued at the weighted average price as of December 2012, less a discount of 10% (CHF 116.15). The discount of 10% reflects the fact that the registered shares will not be allocated until 2015 under the Deferred Share Plan.

³ The compensation awarded to executive members of the Board of Directors is only reported in the compensation of the members of the Board of Directors and is not shown in the compensation of the Group Executive Committee. Dr. Rudolf W. Fischer (member of the Group Executive Committee until December 31, 2011) was elected to the Board of Directors at the General Meeting of Shareholders of March 19, 2012. The benefits awarded to him in the period from January 1, 2012, until the General Meeting of Shareholders 2012 are included in full in the Board of Directors' compensation for 2012.

In the reporting year 2012, the variable component of the compensation awarded to members of the Group Executive Committee averaged 62% (previous year: 52%) of total compensation: 28% cash (previous year: 29%), 34% in the form of entitlements to registered shares (previous year: 11.5% performance share units) and 0% in the form of options (previous year: 11.5%).

18.2.2 Number of participation rights allocated 2012 – Group Executive Committee

The following entitlements to registered shares were allocated:

	Entitlements to registered shares
Total Group Executive Committee	49 214
Jürgen Tinggren	14 501

18.2.3 Total Compensation 2011 – Group Executive Committee

In CHF 1 000	Fixed compensation	Variable compensation				Expenses for postemploy- ment benefits	Total 2011
	Cash (gross)	Cash bonus (gross)	Performance Share Units ¹	Options ²	Fringe benefits		
Total Group Executive Committee ³	5 673	5 091	2 006 ⁴	2 006 ⁴	453	2 191	17 420 ⁴
Highest individual compensation: Jürgen Tinggren	925	1 450	531 ⁴	531 ⁴	–	386	3 823 ⁴

¹ The performance share units were included in total compensation at CHF 102.10 (average price of participation certificate in December 2010, less a discount of 10%, conversion rate of 1)

² The options awarded under the Long Term Incentive Plan are included at a value of ⅔ of the awarded value of the performance share units

³ The compensation awarded to executive members of the Board of Directors is only reported in the compensation of the members of the Board of Directors and is not shown in the compensation of the Group Executive Committee.

⁴ The contractual compensation paid to the CEO was adjusted in the fourth quarter of 2011 due to a change of function. The adjustment only had an impact on internal financial reporting following the publication of the Annual Report 2011. Since this concerns a compensation that was already recognized in the previous year, the disclosure of the previous year's figure has been adjusted: performance share units TCHF +31, options TCHF +31, total TCHF +62.

18.2.4 Number of participation rights allocated 2011 – Group Executive Committee

The following performance share units on participation certificates and options on participation certificates were allocated:

	Performance Share Units	Options
Total Group Executive Committee	19 650 ¹	68 774 ¹
Jürgen Tinggren	5 203 ¹	18 211 ¹

¹ The contractual compensation paid to the CEO was adjusted in the fourth quarter of 2011 due to a change of function. The adjustment only had an impact on internal financial reporting following the publication of the Annual Report 2011. Since this concerns a compensation that was already recognized in the previous year, the disclosure of the previous year's figure has been adjusted: performance share units +306, options +1 071

19 Former members of governing bodies

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

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

Roland W. Hess, until July 31, 2007, President of the Group Executive Committee, Elevators & Escalators: CHF 0.4 million (previous year: CHF 1.1 million).

20 Related parties

In the reporting year, Schindler Holding Ltd. paid pensions amounting to CHF 172 800 to two widows of former executive members of the Board of Directors. The actuarially determined present value of these regular payments is recalculated annually, and as at December 31, 2012, amounted to CHF 1.3 million. This amount is reported by Schindler Holding Ltd. as a provision.

21 Loans

21.1 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, 2012.

The Chairman of the Board of Directors has been granted borrowing rights. As at December 31, 2012, the unutilized credit limit was CHF 25 million, which was secured by shares of Schindler Holding Ltd. owned by the Chairman with a value of more than CHF 200 million.

21.2 Related parties

Schindler Holding Ltd. has not made any loans to related parties of present or former members of governing bodies.

22 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):

22.1 Participations, option rights, and conversion rights 2012 – Board of Directors

	Number		
	Registered shares	Participation certificates	Options
as at 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 VRA

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 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

22.2 Participations, option rights, and conversion rights 2011 – Board of Directors

	Number		
	Registered shares	Participation certificates	Options
as at 31.12.2011			
Alfred N. Schindler, Chairman ^{1,2}	⁴	29 251	6 902 ⁵
Luc Bonnard, Vice Chairman ^{1,2}	⁴	4 711	–
Prof. Dr. Peter Athanas ^{1,2}	3 000	–	–
Prof. Dr. Karl Hofstetter ²	20 911	–	30 018 ⁶
Prof. Dr. Pius Baschera ³	3 000	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Lord Charles Powell ³	5 000	–	–
Dr. Alexander Schaub ³	3 000	–	–
Rolf Schweiger ³	3 375	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the VRA

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. As at December 31, 2011, these comprised 50 073 638 registered shares, corresponding to 69,8% 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 2008)

⁶ Fully vested options on registered shares granted under the:

- Capital Participation Plan 2000 (option plan allocation 2008): 6 626

- Long Term Incentive Plan 2008: 23 392

22.3 Participations, option rights, and conversion rights 2012 – Group Executive Committee

	Number		Number of vested options on				
	Registered shares	Participation certificates	Registered shares allocated under the option plan 2006 ¹	Registered shares allocated under the option plan 2007 ¹	Registered shares allocated under the option plan 2008 ¹	Registered shares allocated under the option plan 2008 ²	Registered shares allocated under the option plan 2009 ³
as at 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

22.4 Participations, option rights, and conversion rights 2011 – Group Executive Committee

	Number		Number of vested options on			
	Registered shares	Participation certificates	Registered shares allocated under the option plan 2006 ¹	Registered shares allocated under the option plan 2007 ¹	Registered shares allocated under the option plan 2008 ¹	Registered shares allocated under the option plan 2008 ²
as at 31.12.2011						
Jürgen Tinggren, CEO	29 772	8 410	–	2 081	5 890	29 240
Miguel A. Rodríguez, Deputy CEO	23 227	–	2 565	1 915	4 279	10 234
Erich Ammann	9 632	–	–	–	–	–
Dr. Rudolf W. Fischer	15 515	–	–	–	5 706	10 234
Didier Gaudoux	–	–	–	–	–	–
Albert Haffert	1 451	–	1 662	1 728	3 773	4 386
Silvio Napoli	4 632	725	325	992	3 018	8 528
Thomas Oetterli	3 375	450	350	705	3 298	4 386
Jakob Züger	16 698	4 030	–	–	5 844	6 696

¹ Options from Capital Participation Plan 2000

² Options from Long Term Incentive Plan 2008

Regarding option conditions, see note 35 to the Consolidated Financial Statements.

23 Risk assessment

The Board of Directors of Schindler Holding Ltd. assesses the corporate risks within the framework of a systematic risk identification and analysis. Based on this assessment, measures for risk management in the company are defined and constantly monitored. The company has a risk management system which is designed for the prompt identification and analysis of risks as well as the initiation of corresponding measures. The organization, principles, and reporting of risk management are described in detail under Corporate Governance, note 3.6.

Appropriation of profits

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Financial Statements
Schindler Holding Ltd.

Proposals to the General Meeting

In CHF 1 000	31.12.2012	31.12.2011
Profits as per balance sheet		
Net profit for the year	550 609	671 465
Brought forward from previous year	15 046	15 879
Total profits as per balance sheet	565 655	687 344

Appropriation of net profit

Dividend (gross):			
per registered share	CHF 2.20 (previous year: CHF 2.00)	157 168 ¹	140 365 ²
per participation certificate	CHF 2.20 (previous year: CHF 2.00)	103 169 ¹	91 933 ²
Total dividend		260 337	232 298
Appropriation to other reserves		290 000	440 000
Total appropriation of net profit		550 337	672 298
Balance carried forward to new account		15 318	15 046

¹ The total dividend amount covers all outstanding registered shares and participation certificates.
This may, as in the previous year, reduce the reported total dividend payment accordingly.

² Payment excludes dividends on treasury shares

Principal investments

Status December 31, 2012

Financial Statements
Schindler Holding Ltd.

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
Europe						
Andorra	Andorra	Ascensors de les Valls	100.0	13	EUR	●
Austria	Vienna	Haushahn Aufzüge GmbH	100.0	290	EUR	●
		Schinac Verwaltungs AG	100.0	70	EUR	○
		Schindler Aufzüge und Fahrtreppen GmbH	100.0	2 000	EUR	●
		Schindler Fahrtreppen International GmbH	100.0	2 000	EUR	●
		Schindler Liegenschaftsverwaltungs GmbH	100.0	4 362	EUR	○
Belgium	Brussels	S.A. Schindler N.V.	100.0	22 000	EUR	●
Bosnia and Herzegovina	Sarajevo	Schindler BH d.o.o.	100.0	685	KM	●
Bulgaria	Sofia	Schindler Bulgaria EOOD	100.0	200	BGN	●
Croatia	Zagreb	Schindler Hrvatska d.o.o.	100.0	9 100	HRK	●
Czech Republic	Prague	Schindler CZ a.s.	100.0	101 000	CZK	●
Denmark	Herlev	Schindler Elevatorer A/S	100.0	3 000	DKK	●
Finland	Helsinki	Schindler Oy	100.0	100	EUR	●
France	Illzach	Elevator Car System	100.0	2 416	EUR	●
	Vélizy-Villacoublay	Schindler S.A.	100.0	8 594	EUR	●
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100.0	9 715	EUR	●
		Schindler Deutschland GmbH	100.0	51 129	EUR	○
	Stuttgart	C. Haushahn GmbH & Co.	100.0	8 997	EUR	●
Great Britain	Sunbury	Schindler Ltd.	100.0	2 005	GBP	●
Greece	Athens	Schindler Hellas S.A.	100.0	2 833	EUR	●
Hungary	Budapest	Schindler Hungária Lift és Mozgólépcső KFT	100.0	460 000	HUF	●
Iceland	Reykjavík	HÉDINN Schindler Lyftur hf.	51.0	10 000	ISK	●
Ireland	Dublin	Schindler Ltd.	100.0	25	EUR	●
Italy	Concorezzo	Schindler S.p.A.	100.0	8 400	EUR	●
Latvia	Riga	A.S. Latvijas Lifts Schindler	100.0	123	LVL	●
Liechtenstein	Vaduz	Reassur AG	100.0	20 000	CHF	○

- Production
- Sales, installation, maintenance
- Other services

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
Lithuania	Vilnius	UAB Schindler Liftas	100.0	1 365	LTL	●
Luxembourg	Luxembourg	Schindler S.à r.l.	100.0	175	EUR	●
Malta	Msida	Schindler Ltd.	70.0	50	MTL	●
Monaco	Fontvieille	Schindler Monaco	98.0	150	EUR	●
Netherlands	The Hague	Schindler Liften B.V.	100.0	567	EUR	●
Norway	Bergen	Schindler Stahl Heiser A/S	100.0	550	NOK	●
	Vennesla	Reber-Schindler Heis A/S	100.0	8 000	NOK	●
Poland	Warsaw	Schindler Polska sp.z o.o.	100.0	5 000	PLN	●
Portugal	Carnaxide	Schindler – Ascensores e escadas rolantes, S.A.	100.0	4 000	EUR	●
Romania	Bucharest	Schindler Romania S.R.L.	100.0	125	RON	●
Russia	Moscow	ZAO Schindler	100.0	21	RUR	●
Serbia	Belgrade	Schindler d.o.o. Beograd	100.0	57 616	RSD	●
Slovakia	Bratislava	Schindler Vytahy a Esalátory a.s.	100.0	963	EUR	●
	Dunajská	Schindler Esalátory s.r.o.	100.0	1 236	EUR	●
Slovenia	Ljubljana	Schindler Slovenija d.o.o.	100.0	305	EUR	●
Spain	Madrid	Schindler S.A.	99.7	27 801	EUR	● ● ○
	Saragossa	Schindler Ibérica Management, S.A.	100.0	4 420	EUR	○
Sweden	Danderyd	Schindler Hiss AB	100.0	9 440	SEK	●
Switzerland	Ebikon	EbiSquare AG	74.0	500	CHF	○
		Schindler Aufzüge AG	100.0	25 000	CHF	● ●
		Schindler Informatik AG	100.0	1 000	CHF	○
		Schindler Management AG	100.0	1 000	CHF	○
	Hergiswil	ALSO-Actebis Holding AG	28.4	12 849	CHF	○
		Inventio AG	100.0	11 000	CHF	○
		Schindler Pars International Ltd.	100.0	5 000	CHF	○
	Locarno	Schindler Elettronica S.A.	100.0	2 000	CHF	●
	Wettswil	AS Aufzüge AG	100.0	7 000	CHF	●
Turkey	Istanbul	Schindler Turkeli Asansor Sanayi A.S.	100.0	14 459	TRY	●
Ukraine	Kiev	Schindler Ukraine	100.0	21	UAH	●

● Production
● Sales, installation, maintenance
○ Other services

				Nominal capital (in thousands of local currency)		
Country	Head office	Name of company	Participation in %			
North, Central, and South America						
Argentina	Buenos Aires	Ascensores Schindler S.A.	90.0	1 372	ARS	●
Brazil	São Paulo	Elevadores Atlas Schindler S.A.	100.0	195 479	BRL	● ●
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50.0	100	USD	○
Canada	Toronto	Schindler Elevator Corporation	100.0	25 100	CAD	●
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	100.0	59 200	CLP	●
Colombia	Bogotá	Ascensores Schindler de Colombia S.A.	100.0	40 110 586	COP	●
	Medellin	Ascensores Andino SAS	100.0	172 000	COP	●
Costa Rica	San José	Elevadores Schindler S.A.	60.0	200 000	CRC	●
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100.0	32 073	MXP	●
Peru	Lima	Ascensores Schindler del Perú S.A.	100.0	2 371	PEN	●
Uruguay	Montevideo	Ascensores Schindler S.A.	100.0	563	UYU	●
USA	Gantano	Schindler Corp. of Puerto Rico	100.0	4 039	USD	●
	Morristown	Schindler Elevator Corporation	100.0	506 915	USD	● ● ○
	Mountainside	Slade Industries, Inc.	100.0	5 855	USD	●
	Wilmington	Schindler Enterprises, Inc.	100.0	523 434	USD	○
Venezuela	Caracas	Ascensores Schindler de Venezuela S.A.	100.0	40 000	VEF	●
Africa						
Botswana	Gabarone	Schindler Lifts (Botswana) (PTY) Ltd.	100.0	0,120	BWP	●
Egypt	Cairo	Schindler Ltd.	100.0	24 250	EGP	●
		Schindler for Importation Services Ltd.	100.0	50	EGP	○
Ghana	Accra	Elesca Engineering Ltd.	20.0	28 000	GHC	●
Kenya	Nairobi	Schindler Ltd.	100.0	5 000	KES	●
Morocco	Casablanca	Schindler Maroc S.A.	100.0	10 000	MAD	●
Namibia	Windhoek	Schindler Lifts (Namibia) (PTY) Ltd.	100.0	0,001	NAD	●
South Africa	Johannesburg	Schindler Lifts SA Investments Holding (PTY) Ltd.	100.0	4 250	ZAR	●

- Production
- Sales, installation, maintenance
- Other services

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)	
Asia/Australia					
Australia	Sydney	Schindler Lifts Australia Pty. Ltd.	100.0	8 500 AUD	●
Bahrain	Manama	Jalal Schindler Lifts & Escalators Co. W.L.L.	49.0	20 BD	●
Brunei	Bandar Seri Begawan	Schindler Liftec Sdn. Bhd. ¹	50.0	500 BND	●
Cambodia	Phnom Penh	Jardine Schindler (Cambodia) Ltd. ¹	100.0	21 USD	●
China	Henan	XJ-Schindler (Xuchang) Elevator Co. Ltd.	46.0	100 000 CNY	● ●
		Hongkong SAR			
		Holake Hong Kong Lifts Limited ¹	100.0	700 HKD	●
		Holake (HK) Limited ¹	100.0	3 000 HKD	●
		Schindler Lifts (Hong Kong) Ltd. ¹	100.0	25 000 HKD	●
	Macau SAR	Jardine Schindler Lifts (Macao) Ltd. ¹	100.0	25 MOP	●
	Shanghai	Schindler (China) Elevator Co. Ltd.	100.0	714 602 CNY	● ●
		Schindler Management AP (Shanghai) Co. Ltd.	100.0	100 415 CNY	○
		Shanghai Schindler Trading Co. Ltd.	100.0	1 200 CNY	○
	Suzhou	Suzhou Esca Step Co. Ltd.	100.0	38 914 CNY	●
India	Mumbai	Suzhou Schindler Elevator Co. Ltd.	100.0	226 798 CNY	● ●
		Schindler India PVT Ltd.	100.0	1 841 878 INR	●
Indonesia	Jakarta	PT Berca Schindler Lifts ¹	50.0	6 745 000 IDR	●
Israel	Petah Tikva	Schindler Nechushtan Elevators Ltd.	100.0	7 045 ILS	●
Japan	Kagoshima	Mercury Ascensore Ltd.	100.0	25 000 JPY	●
	Tokio	Schindler Elevator K.K.	99.9	500 000 JPY	●
Lebanon	Antelias/Beirut	Schindler Lebanon S.A.L.	100.0	600 000 LBP	●
Malaysia	Kuala Lumpur	Antah Schindler Sdn. Bhd. ¹	70.0	5 000 MYR	●
Myanmar	Yangon	Myanmar Jardine Schindler Ltd. ¹	100.0	300 MMK	●
New Zealand	Auckland	Schindler Lifts NZ Ltd.	100.0	1 000 NZD	●
Philippines	Manila	Jardine Schindler Elevator Corp. ¹	100.0	277 000 PHP	●
Qatar	Doha	Al Doha Schindler Elevators & Escalators WLL	49.0	200 QAR	●
Saudi Arabia	Jeddah	Schindler Olayan Elevator Company Ltd.	90.0	30 000 SAR	● ●
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd. ¹	100.0	8 500 SGD	●
South Korea	Kyungki-do	Hyundai Elevator Co. Ltd.	35.0	60 200 000 KRW	● ○
	Seoul	Schindler Elevator Company Ltd.	100.0	6 152 000 KRW	●
Taiwan	Taipei	Jardine Schindler Lifts Ltd. ¹	100.0	100 000 TWD	●
Thailand	Bangkok	Jardine Schindler (Thai) Ltd. ¹	100.0	90 268 THB	●
United Arab Emirates	Dubai	Schindler Pars International Ltd. (Dubai and Abu Dhabi branches)	100.0	– –	●
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd. ¹	100.0	20 818 485 VND	● ●

● Production

● Sales, installation, maintenance

○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

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 profit and loss statement, balance sheet, and notes (pages 89 to 109) for the year ended December 31, 2012.

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, 2012, 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 11, 2013

ERNST & YOUNG Ltd.

Chris Schibler
Licensed audit expert
(Auditor in charge)

Ralf Noffke
Licensed audit expert

Corporate Governance

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, 2012, and is structured in accordance with the Directive. The legally required disclosures of the compensation and participations of the highest corporate level are shown on pages 97 to 104 of the Financial Statements.

1 Group structure and shareholders

1.1 Group structure

Board of Directors of Schindler Holding Ltd.

As at 31.12.2012

Alfred N. Schindler	Chairman, executive member ¹
Luc Bonnard	Vice Chairman, non-executive member
Prof. Dr. Peter Athanas	Executive member ¹
Dr. Rudolf W. Fischer	Executive member ¹
Prof. Dr. Karl Hofstetter	Executive member
Prof. Dr. Pius Baschera	Non-executive member
Dr. Hubertus von Grünberg	Non-executive member
Lord Charles Powell	Non-executive member
Rolf Schweiger	Non-executive member
Prof. Dr. Klaus W. Wellershoff	Non-executive member

¹ Member of the Supervisory and Nomination Committee

Group Executive Committee

As at 31.12.2012

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

Principal investments are listed on pages 106 to 109 of the Financial Statements.

1.2 Significant shareholders

As at the end of 2012, the Schindler and Bonnard families held – within the scope of a shareholders' agreement – together with parties related to these families, 50 077 828 registered shares of Schindler Holding Ltd., corresponding to 70.1% of the 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 the voting rights of Schindler Holding Ltd. according to Article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA). The registrations according to Article 20 SESTA that were published during the reporting year can be inspected 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 reporting period

The Board of Directors of Schindler Holding Ltd. announced on December 17, 2012 that the existing zone structures are to be strengthened, resulting in changes in the composition of the Group Executive Committee.

As of April 1, 2013, Thomas Oetterli, currently Head of Europe North, will take the new position as Head of China, with overall responsibility for all the Group's operations in China. Thomas Oetterli will report to Silvio Napoli, Head of Asia Pacific, who will remain in his current position. Oswald Schmid, currently Head of Schindler Germany, will succeed Thomas Oetterli as Head of Europe North.

2 Capital structure

2.1 Capital

As at December 31, 2012, the ordinary share capital of Schindler Holding Ltd. was CHF 7 144 005.60 and the participation capital was CHF 4 689 480.00.

2.2 Authorized and conditional capital

As at December 31, 2012, 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 13 of the Financial Statements of the Schindler Holding Ltd..

2.4 Shares and participation certificates

As at December 31, 2012, the share capital was CHF 7 144 005.60. It is divided into 71 440 056 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 the profits contained in the balance sheet, and to a share of the proceeds of liquidation, corresponding to its nominal value.

As at December 31, 2012, the participation capital was CHF 4 689 480.00, which is divided into 46 894 800 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 the profits contained in the balance sheet, 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 shall be counted together. This does not apply to proxies to representatives of corporate bodies, or deposit 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.

Details and further exceptions are contained in Article 13 of the Articles of Association of Schindler Holding Ltd.

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 2012.

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

						Number as at 31.12.2012		
Allocation year		Options granted (number)	Exercise price in CHF	Blocked period ends	Exercise period ends	Forfeited	Exercised	Outstanding
2006	A	138 376 ¹	48.80	30.04.09	30.04.15	-1 990	-116 600	19 786
2007	A	160 711 ¹	56.20	30.04.10	30.04.16	-3 029	-121 394	36 288
2008	A	357 092 ¹	80.90	30.04.11	30.04.17	-13 862	-225 691	117 539
2008	B	155 311 ¹	78.90	30.04.11	30.04.17	-	-130 874	24 437
2009	A	464 175 ¹	56.40	30.04.12	30.04.18	-420	-259 669	204 086
2009	B	314 783 ¹	56.40	30.04.12	30.04.18	-2 407	-124 460	187 916
2010	A	207 896 ²	53.60	30.04.13	30.04.19	-	-20 543	187 353
2010	B	107 739 ²	85.10	30.04.13	30.04.19	-6 159	-2 717	98 863
2011	A	222 621 ²	85.10	30.04.14	30.04.20	-198	-13 495	208 928
2011	B	104 854 ^{2,3}	124.80	30.04.14	30.04.20	-	-	104 854
2012	A	162 002 ²	108.20	30.04.15	30.04.21	-	-487	161 515

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 Retrospectively adjusted, see Financial Statements Schindler Holding Ltd., note 18.2.4

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 10 members. Four members are executive members of the Board of Directors, three of whom form the Supervisory and Nomination Committee (formerly known as the Executive Committee of the Board). The six remaining members are non-executive members of the Board of Directors.

Members

as at 31.12.2012	Domicile	Nationality	Function	In office since ¹	Term of office expires ¹
Alfred N. Schindler (1949)	Hergiswil, Switzerland	Switzerland	Chairman, executive member ²	1977	2014
Luc Bonnard (1946)	Hergiswil, Switzerland	Switzerland	Vice Chairman, non-executive member	1984	2014
Prof. Dr. Peter Athanas (1954)	Baden, Switzerland	Switzerland	Executive member ²	2010	2013
Dr. Rudolf W. Fischer (1952)	Walchwil, Switzerland	Switzerland	Executive member ²	2012	2015
Prof. Dr. Karl Hofstetter (1956)	Zug, Switzerland	Switzerland	Executive member	2006	2015
Prof. Dr. Pius Baschera (1950)	Zurich, Switzerland	Switzerland, Italy	Non-executive member	2005	2014
Dr. Hubertus von Grünberg (1942)	Hanover, Germany	Germany	Non-executive member	1999	2014
Charles Powell (Lord Powell of Bayswater KCMG) (1941)	London, UK	UK	Non-executive member	2003	2015
Rolf Schweiger (1945)	Baar, Switzerland	Switzerland	Non-executive member	2009	2015
Prof. Dr. Klaus W. Wellershoff (1964)	Zurich, Switzerland	Germany	Non-executive member	2009	2015

¹ Annual General Meeting of Shareholders in the year shown

² Member of the Supervisory and Nomination Committee

3.2 Other activities and vested interests

Alfred N. Schindler

joined the Board of Directors in July 1977 and has been Chairman of the Board of Directors since 1995. From 1985 until September 30, 2011, Alfred N. Schindler was CEO of the Group and Chairman of the Supervisory and Nomination Committee. After handing over the function of CEO, he remains Chairman of the Supervisory and Nomination Committee. Before joining the Schindler Group, he was employed by Neutra Treuhand AG in Berne, later becoming CFO of Notz AG in Biel. In order to focus entirely on Schindler, Alfred N. Schindler resigned from his board memberships at the following companies: Bank Julius Bär, UBS, Jacobs Suchard (all Switzerland), and Deutsche Post AG. He is still a member of the European Advisory Board of the Wharton School. Alfred N. Schindler holds a degree in law from the University of Basel, Switzerland, and an MBA from the Wharton School of Finance, University of Pennsylvania, USA.

Luc Bonnard

has been a member of the Board of Directors since August 1984. From 1991 to March 2012, he served as a member of the Supervisory and Nomination Committee. He has been Vice Chairman of the Board of Directors since 1996. Luc Bonnard joined Schindler in 1972 and, from 1983, was a member of the Group Executive Committee with responsibility for Northern Europe. From 1986 until 1990, he was Head of the Group's Elevators & Escalators business. Luc Bonnard holds a master's degree in electrical engineering from the Swiss Federal Institute of Technology, Zurich.

Prof. Dr. Peter Athanas

was elected to the Board of Directors in March 2010 and took up his position on August 2, 2010. He is also a member of the Supervisory and Nomination Committee. Between 1984 and 2002, Peter Athanas worked for the global firm Arthur Andersen, of which he was made a partner in 1990. In 1994, he was appointed head of tax and legal practice and, in 2001, he was appointed CEO Switzerland and a member of the global board. From 2002 to 2004, he served as chairman of the board of directors and, from 2004 to 2008, as CEO of Ernst & Young Switzerland. During this time he was also a member of the global executive board of Ernst & Young Global, as well as a member of the global management group. Peter Athanas is a member of the management committee of the Institute of Public Finance and Fiscal Law of the University of St. Gallen, a council member of the Foundation for the Promotion of Studies for the Master of Law and Economics of the University of St. Gallen, and a curator of the Werner Siemens Foundation, Zug. Between 1992 and 1999, he was a lecturer at the University of St. Gallen, where he has held the post of professor of national and international tax law since 1999. Peter Athanas graduated from the University of St. Gallen with a master of law and economics in 1979 and gained his doctorate in Economics at the University of St. Gallen in 1988.

Dr. Rudolf W. Fischer

was elected to the Board of Directors on March 19, 2012. He is also a member of the Supervisory and Nomination Committee. From January 1, 1996, to December 31, 2011, Rudolf Fischer was a member of the Group Executive Committee with responsibility for Corporate Human Resources, Management Training, and Corporate Safety & Health. From 1994 to 1995, he was a partner in Dr. Björn Johansson Associates, an executive search company in Zurich. From 1991 to 1994, he was CEO of Jockey/Vollmöller AG in Uster, and subsequently of Hanro AG in Liestal, both in Switzerland. Previously, for almost nine years, he held various management positions in the areas of human resources and trade marketing at Jacobs Suchard in Switzerland and Belgium. From 1980 to 1982, he was a management trainee at Zürcher Kantonalbank and First National Bank of Boston. He is a member of the board of directors of Vetropack Holding AG, Bülach. Rudolf Fischer obtained a doctorate in economics from the University of Zurich in 1979.

Prof. Dr. Karl Hofstetter

was elected to the Board of Directors in March 2006 and has executive responsibility as Group General Counsel. Karl Hofstetter has worked for Schindler since 1990. Until the General Meeting of Shareholders of 2006, he served as a member of the Group Executive Committee. Karl Hofstetter is a member of the Board of Directors of ALSO-Actebis Holding AG, Hergiswil, Switzerland, and of Venture Incubator AG, Zug, Switzerland. He is a member of the university council of the University of Lucerne, Switzerland, of the Commission of Experts on Disclosure of the SIX Swiss Exchange, and of the Arbitration Commission of the Central Swiss Chamber of Commerce, and he is chairman of the advisory board of the Program on Comparative Corporate Law, Governance and Finance at Harvard Law School. Since January 1, 2013, he has also chaired the board of trustees of the Kuoni and Hugentobler Foundation, Switzerland, of which he has been a member since 2010. Karl Hofstetter studied law and economics at the universities of Zurich, Stanford, UCLA, and Harvard. He is a licensed attorney in Zurich and New York, as well as a professor of private and commercial law at the University of Zurich.

Prof. Dr. Pius Baschera

was elected to the Board of Directors in March 2005. He joined Hilti AG, Schaan, Liechtenstein, as head of production controlling in 1979, transferring in 1982 to Hilti Inc., Tulsa, USA, as head of corporate development. In 1985, Pius Baschera became head of Hilti (Switzerland) AG, followed by Hilti Germany GmbH, and in 1989 became responsible for the Europe 1 market region. In 1990, as chief financial officer, he became a member of the executive board of Hilti AG, and served as its chairman from January 1994 until the end of 2006. On January 1, 2007, he became chairman of the board of directors of Hilti AG. He is also a member of the board of directors of F. Hoffmann-La Roche Ltd., Basel, Switzerland, of the advisory board of Vorwerk & Co, Wuppertal, and of Ardex, Witten, both in Germany, as well as chairman of the board of directors of Venture Incubator AG, Zug, Switzerland, and a professor of business administration at the Swiss Federal Institute of Technology, Zurich. On completion of his studies in mechanical engineering and management science at the Swiss Federal Institute of Technology in Zurich, Pius Baschera obtained the degree 'Dr. sc. techn. ETH'.

Dr. Hubertus von Grünberg

has been a member of the Board of Directors since May 1999. On completing his studies, he first worked for Teves GmbH, a subsidiary of ITT, in Frankfurt. In 1989 he became president and CEO of ITT Automotive Inc., Auburn Hills, Michigan, USA, and a senior vice president of ITT Corporation. From 1991 to 1999, he was president of the executive management committee of Continental AG, Hanover, Germany. From June 1999 to March 2009, he served as chairman of the supervisory board of Continental AG. He is also a member of the supervisory boards of Allianz Versicherungs AG, Munich, and Deutsche Telekom AG, Bonn, both in Germany, as well as chairman of the advisory board of Sapinda Holding B.V., Netherlands. He resigned from his board memberships of MAN AG in March 2007 and of Deutsche Post AG in July 2007, as well as from his position as an advisor to BHF Bank AG. Since May 3, 2007, Dr. Hubertus von Grünberg has been chairman of the board of directors of ABB Ltd., Zurich. He holds a doctorate in physics from the University of Cologne, Germany.

Lord Powell of Bayswater

Charles Powell was elected to the Board of Directors in March 2003. From 1963 to 1982, he was a member of the British diplomatic service. From 1983 to 1991, he was private secretary and advisor on foreign affairs and defense to Prime Ministers Margaret Thatcher and John Major. Since 1992, Lord Powell has been an international businessman. He is chairman of the board of directors of Magna Holdings International Ltd., Bermuda, and serves on the boards of Caterpillar Inc., Peoria, Illinois; Textron Corporation, Providence, USA; LVMH (Louis Vuitton Moët Hennessy), Paris; Mandarin Oriental International Ltd., Bermuda; Hong Kong Land Holdings Ltd., Bermuda; Matheson & Co Ltd., London; Financière Agache, Paris; Falgos Investments, London; Northern Trust Global Services, Chicago/London; and Capital Generation Partners Ltd., London. He is a member of several company advisory boards including Rolls-Royce, Derby; Barrick Gold, Toronto; Thales, UK; Bowmark Capital LLP, UK; GEMS, Hong Kong; and ACE, Bermuda. He is also chairman of the board of trustees of the Oxford University Business School Foundation, chairman of the UK Asia Task Force, and Chairman of the Atlantic Partnership, London, as well as a trustee of the British Museum Trust, London, of the Aspen Institute, USA, and of the Council on Foreign Relations, New York. Lord Powell is an independent member of the House of Lords. He gained a master of arts degree with first-class honors in history from Oxford University.

Rolf Schweiger

has been a member of the Board of Directors since March 2009. In 1969, Rolf Schweiger was elected to the parliament of the Canton of Zug, of which he remained a member for 22 years, 14 of them as leader of the Liberal Democratic Party section. From 1999 until 2011, he represented the Canton of Zug in the Swiss Council of States. In 2004, he served as chairman of the Liberal Democratic Party in Switzerland. Rolf Schweiger has been a member of committees of the Swiss Council of States including: the finance committee and chairman of subcommittee 2 (EDA/EVD); the economics and taxes committee; the environment, spatial planning and energy committee (as chairman); and the law committee. Rolf Schweiger is active in various political organizations, including as a member of the governing board of *economiesuisse*, president of Action for a Sensible Energy Policy in Switzerland (AVES), and president of the Federation of Swiss Food Industries (fiel). He is also a member of company boards of directors in the food industry (Hochdorf Holding AG, Hochdorf, Switzerland), and in the pharmaceutical sector (chairman of the board of directors of Roche Diagnostics International AG, Risch, Switzerland). In addition, Rolf Schweiger is involved in various not-for-profit institutions, including as chairman of the Ombudsman for Private Insurance and SUVA foundation, Zurich, and as a member of the management committee of the Schweizer Patenschaft für Berggemeinden. Rolf Schweiger studied law at the University of Zurich, where he completed his studies in 1969, graduating with a licentiate degree. In 1971 he gained his attorney's license in Zug and began his career as an attorney and notary. Since 1976, he has been a partner in the law firm Schweiger Attorney and Notary, Zug, Switzerland.

Prof. Dr. Klaus W. Wellershoff

was elected as a member of the Board of Directors in March 2009. From June 1995 until spring 2009, Klaus Wellershoff worked for UBS. From 1997 to 1998, he was chief economist of the then Swiss Bank Corporation and, until spring 2009, of UBS. From 2003 until fall 2008, he served as global head of wealth management research as well as chairman of the investment committee of the UBS Global Wealth Management & Business Banking Division. From 2003, he held the position of head of research at UBS Investment Bank Switzerland. Since September 1, 2009, he has been CEO of Wellershoff & Partners Ltd., an international independent management consultancy in Zurich. Klaus Wellershoff is president of the management committee of the Institute of Economics at the University of St. Gallen, and a member of the council of the World Demographic Association. On completion of his banking apprenticeship at the private bank Sal. Oppenheim jr. & Cie., Cologne, Klaus Wellershoff studied economics and business administration at the University of St. Gallen. While studying for his doctorate, he was appointed visiting fellow in the department of economics at Harvard University, USA. Klaus Wellershoff is honorary professor of applied economics at the University of St. Gallen, Switzerland.

3.3 Elections and terms of office

The members of the Board of Directors of Schindler Holding Ltd. are elected by the General Meeting of Shareholders for a term of three years, on completion of which they can be reelected for a further period of three years (individual election on first appointment, collective election for renewal). The renewal of the Board of Directors occurs on a staggered basis.

In accordance with the Articles of Association, the Chairman of the Board of Directors is elected by the General Meeting of Shareholders.

The term of office of 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 tasks within the Board of Directors

The Chairman of the Board of Directors convenes the meetings of the Board of Directors, prepares them, and leads them. He decides whether other individuals should participate in meetings of the Board of Directors on a case-by-case basis. The Chairman of the Board of Directors sets the agenda. 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.

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.

One or more Vice Chairman/-men is/are elected by the Board of Directors from among its members. The longest-serving Vice Chairman represents the Chairman.

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 a Chairman and at least one other member of the Board of Directors.

Members			
			Term of office expires
as at 31.12.2012			
Alfred N. Schindler	Chairman, executive member of the Board of Directors	Chairman	2014
Prof. Dr. Peter Athanas	Executive member of the Board of Directors	Member	2013
Dr. Rudolf W. Fischer	Executive member of the Board of Directors	Member	2015

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-term 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).

Further information on the full-time Supervisory and Nomination Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available in English on the company's website at: <http://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.

Members			
As at 31.12.2012			
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 responsibilities of the Compensation Committee are described in note 5.2 as well as in the Organizational Regulations of Schindler Holding Ltd., which are available in English on the company's website at: <http://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 at 31.12.2012

Prof. Dr. Peter Athanas	Executive member of the Board of Directors	Chairman
Luc Bonnard	Vice Chairman, 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 issued by Group Assurance, the Compliance departments and IT Security as well as status reports concerning the implementation of measures
- Issuing new guidelines, instructions, clarifications, or other instructions in connection with the Code of Conduct.

Further information on the 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 in English on the company's website at: <http://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 where necessary. In the reporting year, the Board of Directors held five full-day meetings as well as a two-day meeting with the members of the Group Executive Committee.

The Supervisory and Nomination Committee meets on a regular basis at the invitation of its Chairman. In the reporting year, 21 meetings and three 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 one full-day meeting and two half-day meetings, as well as one telephone conference. The Compensation Committee held three meetings. 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. All 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 Vice Chairman of the Board of Directors and 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 structure of the compensation system.

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 security and quality as well as the Code of Conduct)
 - Issuing guidelines that are binding on the Group.

Further information on the duties of the Board of Directors and the Group Executive Committee is contained in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available in English on the company's website at: <http://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 takes place with the members of the Group Executive Committee.

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.

Internal Audit, 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 at 31.12.2012	Nationality	Function
Jürgen Tinggren (1958)	Sweden	CEO
Miguel A. Rodríguez (1953)	Spain	Deputy CEO, Global Business, India and Gulf
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	Europe North
Jakob Züger (1952)	Switzerland	North, Central, and South America

Jürgen Tinggren

was appointed CEO of the Group on October 1, 2011. He joined the Group Executive Committee on April 1, 1997, initially with responsibility for Europe 1 and, from 1999, for the Asia/Pacific region. On May 1, 2005, Jürgen Tinggren was appointed Deputy President of the Group Executive Committee with responsibility for Technology and Strategic Procurement. On August 1, 2007, he was appointed President of the Group Executive Committee. From 1985 to 1997, he worked for the Sika Group, where his final post was as a member of the Management Committee with responsibility for North America. Jürgen Tinggren holds a joint MBA from the Stockholm School of Economics and New York University Business School.

Miguel A. Rodríguez

has been a member of the Group Executive Committee since December 1, 1998, initially with responsibility for Europe South West and, since November 1, 2001, for all of Europe. On January 1, 2010, Miguel A. Rodríguez was appointed Head of Global Business, which also includes responsibility for the markets of India and the Gulf. In addition, since April 1, 2007, Miguel A. Rodríguez has been Deputy President of the Group Executive Committee, and is now Deputy CEO. From 1991 to 1998, he managed Schindler's subsidiaries in Spain and Portugal. From 1981 to 1991, he was a member of the corporate management of the Armstrong Group, holding the position of general manager at various subsidiaries in Spain. Miguel A. Rodríguez studied at the Advanced School of Industrial Engineering of the University of Bilbao, Spain, where he graduated with a degree in industrial engineering.



Top from left: Erich Ammann, Didier Gaudoux, David Clymo
Center from left: Silvio Napoli, Jürgen Tinggren, Thomas Oetterli
Bottom from left: Albert Haffert, Miguel A. Rodríguez, Jakob Züger

Erich Ammann

has been a member of the Group Executive Committee, and Chief Financial Officer of the Schindler Group, since November 1, 2001. In 1997, he was appointed Head of Group Controlling and from 1992 to 1997, he served as CFO of Schindler USA. Erich Ammann joined the Schindler Group in 1988 as Area Controller for North America. Prior to that, he was treasurer of Intershop Holding, Zurich, Switzerland, and also worked as an auditor at Schweizerische Treuhandgesellschaft (STG) in Geneva. He obtained a degree in economics and business administration from the St. Gallen University of Applied Sciences, Switzerland, and in 1994 an executive MBA from the Wharton School, University of Pennsylvania, USA.

David Clymo

has been a member of the Group Executive Committee since January 1, 2012, and is responsible for Corporate Human Resources, Management Training, Corporate Safety & Health, and Corporate Citizenship. From 2007 to 2009, he was Head of Human Resources for Europe and, from 2010 to 2011, Head of Human Resources for Global Business and Corporate Functions. From 2004 to 2006, David Clymo was Managing Director of Schindler Singapore and was also responsible for several countries in South East Asia. Between 1997 and 2003, he held various management positions at the Jardine Matheson Group in Asia, and from 1992 to 1996, served as CFO of Jardine Schindler in Hong Kong. He is a chartered accountant and worked for Price Waterhouse in London and Hong Kong between 1985 and 1991. From 1982 to 1984, he worked for British Petroleum as an engineer. David Clymo holds a degree in engineering from University College London.

Didier Gaudoux

has been a member of the Group Executive Committee with responsibility for the Europe South region since January 1, 2010. From 2002 to 2009, Didier Gaudoux worked for Air Liquide, where his final post was as vice president South Europe. From 2007 to 2009, he served as chairman of the works council of the Air Liquide Group. He was formerly CEO of Gas and Services France, Metrology Europe, and Air Liquide Welding. From 2000 to 2001, Didier Gaudoux worked at the Suez-GTM Group, where he managed the electricity supply segment in France, GTMH-EI. From 1995 to 1999, he worked for Schindler France and was appointed CEO of the French subsidiary. Prior to that, he held various positions in the energy supply sector. Didier Gaudoux has a degree in engineering from the Ecole Centrale de Lille, France, and a master of management degree from the University of Lille. He also obtained a degree in international finance from Dauphine University, Paris.

Albert Haffert

has been a member of the Group Executive Committee since July 1, 2010, and is responsible for the organizational unit Field Quality & Excellence (FQE). From 2002 to 2010, he was CEO of Schindler Germany and, from 2008, was also responsible for the Nordic and Baltic countries. He previously held various positions at Schindler Germany, including Head of the Haushahn Group, a dual-brand Schindler company in Germany, Field Operations Manager of the Schindler organization, and Manager of the Component Factory in Berlin. Albert Haffert joined the Schindler Group in 1984. He holds a degree in business engineering from the Technical University of Berlin.

Silvio Napoli

has been a member of the Group Executive Committee with responsibility for the Asia/Pacific region since March 1, 2008. For three years prior to that, he was Head of the Jardine Schindler Group. From 2003 to 2005, he was General Manager of Schindler Lifts (Hong Kong) Ltd. From 2001 to 2003, he served as Director of Corporate Development (M&A) of ALSO Holding AG. Silvio Napoli joined the Schindler Group in 1994 and has held various positions, including Vice President South Asia, President and CEO Schindler India, and Head of Corporate Planning. For three years prior to joining Schindler, Silvio Napoli held various positions with The Dow Chemical Company in Germany. He has an MBA from Harvard Graduate School of Business Administration and a degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne.

Thomas Oetterli

has been a member of the Group Executive Committee with responsibility for the Europe North region since January 1, 2010. For three years prior to that, he was CEO of Schindler Elevator Ltd., Switzerland. From 2003 to 2006, he was CFO of Schindler Germany. Thomas Oetterli joined the Schindler Group in 1994 and has held various positions, including COO and CFO of the Haushahn Group, a dual-brand Schindler company in Germany, Project Leader for the introduction of IFRS at the Schindler Group, and Head of Corporate Consolidation and Reporting. Thomas Oetterli completed his studies in managerial economics at the University of Zurich in 1996.

Jakob Züger

has been a member of the Group Executive Committee, with responsibility for North, Central, and South America since July 1, 2006. He joined Schindler Elevator Ltd. in March 1995. In 2003, he became Chief Executive Officer of Schindler Elevator Ltd., Switzerland. From 1990 to 1995, Jakob Züger was CEO of Saurer Embroidery Systems Ltd., a subsidiary of the Saurer Group. Before that, he worked for several tool and textile machinery manufacturers. Jakob Züger studied at the Swiss Federal Institute of Technology (ETH) in Zurich, where he graduated with a master's degree in mechanical engineering with additional studies in management science in 1978.

4.2 Management contracts

Schindler Holding Ltd. has not entered into any management contracts with third parties outside the Group.

5 Compensation Report

5.1 Principles

The success of the Schindler Group depends to a large extent on the quality and commitment of its employees. The aim of the compensation policy is to attract, motivate and retain qualified employees. Performance-related compensation has the additional objective of promoting an entrepreneurial mindset and approach.

The most important principles are:

- Performance-related compensation consistent with the market
- Participation in the company's success
- Fairness and transparency in compensation decisions
- A balance between short-term and long-term compensation.

5.2 Responsibility and determination process

The compensation system and the capital participation plans are developed 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 2012.

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 at 31.12.2012

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, the benefits, 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, the total target compensation, and benefits 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 total target compensation and benefits of the other members of the Group Executive Committee for approval by the Board of Directors, and
- Proposes to the Board of Directors the number of shares, participation certificates, options and performance share units that should be awarded to the management under the capital participation plans.

The Board of Directors

- Approves, at the request of the Compensation Committee, the terms of the employment contracts, the total target compensation, and benefits of the members of the Board of Directors (including the Chairman), 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,
- Determines, at the request of the Compensation Committee, the number of shares, participation certificates, options and performance share units that can be awarded to the management under the capital participation plans,
- Defines the system for the allocation of shares, participation certificates, options and performance share units to the individual beneficiaries under the capital participation plans, and
- Approves the compensation system (including the compensation and bonus regulations).

The Chairman of the Board of Directors

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

The CEO

- Proposes the terms of the employment contract, the total target compensation, and benefits of the members of the Group Executive Committee for review by the Compensation Committee and for approval by the Board of Directors, and
- Determines the annual variable compensation of the 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 member	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	
		Determination/ approval	Determination/ approval	
	Proposal/request		Proposal/request	
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

The entire compensation system for the executive members of the Board of Directors and the Group Executive Committee has been presented to the General Meeting of Shareholders for a consultative vote each year since the reporting year 2007.

5.3 Compensation system

5.3.1 Board of Directors

5.3.1.1 Non-executive members of the Board of Directors

The non-executive members of the Board of Directors receive a fixed fee for their work as well as a flat-rate sum for the reimbursement of expenses but no performance-related compensation. In accordance with their own wishes, they are not included in the capital participation plans.

5.3.1.2 Executive members of the Board of Directors

In addition to their fee as members of the Board of Directors, the executive members of the Board of Directors receive further compensation, which comprises fixed and performance-related (variable) components.

The fixed compensation components comprise a monthly salary, a year-end salary, and a flat-rate sum for the reimbursement of representation and car expenses. In addition, a fixed payment is made to the Schindler Foundation (retirement plan for managers). Their compensation also includes fringe benefits, which are reported if they exceed CHF 500 per case and a total of CHF 20 000 in the reporting year.

The variable compensation components of members of the Supervisory and Nomination Committee comprise a bonus (cash bonus plus shares or participation certificates of Schindler Holding Ltd.) and options on shares or participation certificates of Schindler Holding Ltd. The allocation is made under the Capital Participation Plan 2000 (see note 5.3.3.1).

The variable compensation components of the Chairman of the Board of Directors depend on the consolidated cash flow from operating activities (cash flow from operating activities excluding the change in remaining net working capital). The rate per thousand is determined by the Board of Directors, taking account of the contractually fixed range, of which the upper limit has not changed since 1997. The variable compensation components of the other members of the Supervisory and Nomination Committee also depend on the consolidated operating cash flow, although consideration is also given to the achievement of strategic objectives and individual objectives set by the Chairman of the Board of Directors.

At the level of the Supervisory and Nomination Committee, the cash flow from operating activities is used as the measurement parameter because this promotes long-term growth in the value of the Group rather than short-term profit maximization. This system of compensation ensures that impending restructuring projects are initiated and the associated depreciation/amortization and provisions are recognized as early as possible.

The variable compensation components of the other executive member of the Board of Directors consist of a cash bonus as well as performance share units on shares or participation certificates of Schindler Holding Ltd., which are awarded under the Deferred Share Plan (see note 5.3.3.2). The target bonus (cash) for the relevant reporting year is determined at the beginning of that year. The actual cash bonus can amount to between 0% and 150% of the target bonus. It is paid in April of the following year and is 100% determined by personal qualitative and quantitative objectives. The percentage of total compensation awarded in the form of fixed components and the percentage awarded in the form of variable components is the same as for members of the Group Executive Committee (see note 5.3.2).

5.3.2 Group Executive Committee

The members of the Group Executive Committee receive compensation that consists of fixed and performance-related (variable) components.

The fixed compensation components comprise a monthly salary, a year-end salary, and a flat-rate sum for the reimbursement of representation and car expenses. In addition, a fixed payment is made to the Schindler Foundation (retirement plan for managers). The compensation also includes fringe benefits, which are reported if they exceed CHF 500 per case and a total of CHF 20 000 in the reporting year.

The variable compensation components comprise a cash bonus as well as performance share units on shares or participation certificates of Schindler Holding Ltd. which, on achievement of the objectives, amount to approximately 50% of total compensation.

The target bonus (cash) which, on achievement of the objectives, amounts to approximately 20% of total compensation, is determined for the relevant reporting year at the beginning of that year. The actual cash bonus can amount to between 0% and 150% of the target bonus and is paid out in April of the following year.

For members of the Group Executive Committee with responsibility for results, the actual cash bonus is 50% dependent on the achievement of the budget targets of the business unit for which the member of the Group Executive Committee is responsible, and 50% on personal qualitative and quantitative objectives. For members of the Group Executive Committee who have no responsibility for results (D. Clymo, E. Ammann, and A. Haffert), the personal qualitative and quantitative objectives have a weighting of 100%.

Performance share units on shares or participation certificates of Schindler Holding Ltd. are awarded to the members of the Group Executive Committee under the Deferred Share Plan (see note 5.3.3.2). If the objectives are achieved, variable compensation under the Deferred Share Plan amounts to approximately 30% of total compensation.

5.3.3 Capital participation plans

The capital participation plans help to align the medium-term and long-term interests of the highest levels of management with those of the shareholders.

Capital participation plans – comprising participation and option plans – have been in place for the highest levels of management (including executive members of the Board of Directors, members of the Group Executive Committee, and members of senior levels of management) since 2000.

5.3.3.1 Capital Participation Plan 2000

The Capital Participation Plan 2000 applies to the members of the Supervisory and Nomination Committee and other members of senior levels of management excluding the Group Executive Committee. The Capital Participation Plan 2000 comprises a Share Plan (Deferred Compensation Plan) and an Options Plan. The Share Plan was modified as of January 1, 2011.

- Under the Share Plan (Deferred Compensation Plan), the beneficiaries receive 25% of their actual bonus – up to a maximum of CHF 112 500 – in the form of shares or participation certificates of Schindler Holding Ltd. In accordance with the decision of the Board of Directors of December 2011, the allocation value per share or participation certificate equals the volume-weighted average price in March of the following year, less a discount of 10%. The shares and participation certificates are transferred into the ownership of the beneficiaries in April of the following year. The shares and participation certificates carry all associated rights but are blocked for a period of three years, during which they cannot be disposed of.

- Under the Options Plan, the beneficiaries each year receive options on shares or participation certificates of Schindler Holding Ltd., the number of which is determined at the discretion of the Board of Directors or the Chairman of the Board of Directors in December of the reporting year. The maximum value that can be granted to a beneficiary in the form of options, and the exercise price for the options, are set each year by the Board of Directors. The period until the definitive transfer of the options into the ownership of the beneficiaries (vesting period) is three years, and the subsequent exercise period is six years. The allocation takes place in April of the following year.

Since, according to the decision of the Board of Directors of December 2011, the volume-weighted average price in March 2012 was defined as the exercise price for the options granted under the Capital Participation Plan 2000 for the reporting year 2011, it was not possible to determine the exercise price prior to the publication of the Annual Report 2011. In April 2012, the exercise price was set at CHF 108.20 per participation certificate.

5.3.3.2 Deferred Share Plan (previously: Long Term Incentive 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 CEOs of the largest Group companies, to whom the Long Term Incentive Plan applied until 2011, are once again included in the Capital Participation Plan 2000 as of 2012.

Under the Deferred Share Plan, the Board of Directors determines the allocation of performance share units 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. At the end of the financial year (performance period), the Chairman of the Board of Directors or the CEO – depending on the group of beneficiaries concerned – determines the extent to which the objectives have been met. The achievement of objectives can be between 0% and 150%.

The shares or performance certificates for the performance share units are allocated two years after the completion of the one-year performance period, provided the employees have not previously left the company or violated the regulations set out in the Schindler Code of Conduct. The allocation is always made in April of the relevant year. The shares or participation certificates are then transferred to the ownership of the beneficiary, who is free to dispose of them from that date.

There will be no future allocations of options under the Deferred Share Plan.

5.3.3.3 Long Term Incentive Plan

- The performance share units 2011, which were allocated under the Long Term Incentive Plan 2011, give the beneficiaries the right to receive participation certificates of Schindler Holding Ltd. The allocation of the participation certificates for the performance share units 2011 will only 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 violated the regulations set out in the Schindler Code of Conduct.

The key performance figures defined as relevant for 2011 were:

- a. The attainment of a specified target value for the EBIT margin of the Schindler Elevators & Escalators business in 2013, and
- b. The difference between (1) the growth in revenue of the Schindler Elevators & Escalators business from 2010 to 2013 and (2) the growth in turnover of a group of companies in the elevators and escalators market¹ in the same period.

¹ Principal competitors of the Schindler Group in the global market

Since these performance figures are partly incompatible with the new qualitative Break Through Objectives, in spring 2012 the Board of Directors guaranteed the participants in the plan a conversion rate of 1 irrespective of the extent to which the objectives were actually achieved. A conversion rate of 1 corresponds to the 100% achievement of objectives.

- Under the Long Term Incentive Plan – Options Plan during the period up to and including 2011, the beneficiaries received options on shares or participation certificates of Schindler Holding Ltd., the number of which was determined by the Board of Directors or the Compensation Committee at its own discretion. The allocation for each reporting year took place in April of that year. The period until the definitive transfer of the options into the ownership of the beneficiaries (vesting period) was three years, and the subsequent exercise period was six years.

The exercise price for the options was determined by the Board of Directors in the relevant reporting year.

- In April 2012, participation rights were allocated under the Long Term Incentive Plan 2009. The registered shares for the performance share units 2009 were allocated at a conversion rate of 1, i.e., one registered share was allocated for each performance share unit.

5.3.4 Employment contracts and special agreements

An employment contract that can be renewed for a period of three years exists for Alfred N. Schindler, executive member and Chairman of the Board of Directors. There are no other employment contracts with notice periods exceeding 12 months.

The employment contracts with the executive members of the Board of Directors and members of the Group Executive Committee do not contain clauses entitling them to severance payments.

5.4 Compensation for the reporting year

In accordance with a decision by the Board of Directors, shares and options on shares of Schindler Holding Ltd. will be awarded under the Capital Participation Plan 2000 for the reporting year 2012. At its meeting in December 2012, the Board of Directors defined the following parameters for awards made under the Capital Participation Plan 2000 for the financial year 2012:

- The exercise price for the options on shares equals the volume-weighted average price per share in March 2013.
- The maximum value that can be awarded to a beneficiary in the form of options is CHF 112 500.
- A beneficiary receives three-and-a-half (3.5) options per allocated share up to the maximum value stated above. To calculate the maximum number of options that can be awarded, the value of an option is assumed to be one $\frac{2}{7}$ of the allocation value of the share.

In June 2012, the Board of Directors decided to award performance share units on shares of Schindler Holding Ltd. under the Deferred Share Plan. The allocation of the shares for the performance share units 2012 will take place in April 2015.

The compensation of the Board of Directors and Group Executive Committee comprises the respective compensation for the entire reporting year with the following additions and limitations:

- The reported variable compensation components relate to the completed reporting year. The allocation under the Capital Participation Plan 2000 and the payment of the variable compensation components only take place in April of the following year. The allocations under the Deferred Share Plan will not take place until April 2015.

- 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. For changes between the Board of Directors and the Group Executive Committee (e.g. transfer from the Group Executive Committee to the Board of Directors), the entire 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, the compensation up to the date of resignation, plus any other compensation paid in the reporting year in connection with the member's former activities in a governing body of Schindler Holding Ltd., are reported.
- In individual cases, depending on the country in which the member of the Group Executive Committee lives, a company car is provided, in which case no flat-rate sum for the reimbursement of car expenses is paid. Additional compensation is paid for assignments abroad (expatriates). These payments are reported under fringe benefits.
- All contributions to retirement benefit plans, premiums for management insurance policies or benefits in the form of reduced insurance premiums, are reported under expenses for post-employment benefits.
- Some members of the Board of Directors of Schindler Holding Ltd. and the Group Executive Committee are also members of the Boards of Directors of Group companies. If the respective Group companies pay a Board of Directors' fee for this function, the compensation is not paid to the individual Board members but to the company that normally compensates the members.
- In the reporting year, no collaterals 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 liabilities due from members of the Board of Directors or the Group Executive Committee.
- Since his departure from the Supervisory and Nomination Committee, Luc Bonnard has worked for Schindler as a consultant and receives a fee for his services. In the reporting year, no other members of the Board of Directors or Group Executive Committee received fees or other compensation for additional services rendered to Schindler Holding Ltd. or any other Group company.

5.4.1 Disclosure of the compensation of the highest corporate level

Please refer to note 18, Financial Statements Schindler Holding Ltd. for information on the following points:

- Total compensation 2012 and 2011 for members of the Board of Directors of Schindler Holding Ltd.
- Number of granted/allocated participation rights and options for the reporting years 2012 and 2011 for members of the Board of Directors of Schindler Holding Ltd.
- Total compensation 2012 and 2011 for members of the Group Executive Committee
- Number of granted/allocated participation rights for the reporting years 2012 and 2011 and options 2011 for members of the Group Executive Committee

5.4.2 Former members of governing bodies and related parties

Please refer to note 19, Financial Statements Schindler Holding Ltd for detailed information.

5.5 Loans to present and former members of governing bodies and related parties

Please refer to note 21, Financial Statements Schindler Holding Ltd for detailed information.

5.6 Participations, option rights, and conversion rights

Information on the participations and option rights of the members of the Board of Directors of Schindler Holding Ltd. and the Group Executive Committee, as well as related parties, is available in note 22 of the Financial Statements Schindler Holding Ltd.

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 General Meetings of Shareholders are in accordance with the 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. Representation is also possible by corporate bodies or depositary representatives, or by the independent proxy.

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, Basel, 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, both for the audit of the individual financial statements of Schindler Holding Ltd. and for the consolidated financial statements of the Schindler Group. 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 1 000 CHF		
	2012	2011
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)		
	3 229	3 213
Additional fees:		
Additional audit-related services	77	152
Tax advice	1 007	850
Transaction advice	115	177
Total additional fees	1 199	1 179

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
- Compliance with the deadlines required to allow the annual results media conference to be held on the scheduled date
- The quality of the guidance provided on the effects of changes in the accounting standards on internal guidelines and processes
- 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 in English on the company's website at: <http://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 time when they are communicated to the SIX Swiss Exchange and for two years thereafter at: [www.schindler.com](http://www.schindler.com/com/internet/en/media/press-releases-english.html) (<http://www.schindler.com/com/internet/en/media/press-releases-english.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](http://www.schindler.com/com/internet/en/media/subscription-service.htm) under Media – News Subscription: <http://www.schindler.com/com/internet/en/media/subscription-service.htm>

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 are:

	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 subsequent year can be called up at www.schindler.com – under Investor Relations – Financial Calendar (<http://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 2012 consists of the Group Review and the Financial Statements and Corporate Governance Report.

The original German language version is binding. English, French, Spanish, and Chinese translations of the Group Review are available. The Financial Statements and the Corporate Governance Report 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 129):
E. T. Studhalter,
Schachen, Switzerland





The rapid rise of China has also led to growing security and technology requirements. The headquarters of the **Bank of Guangzhou, Guangzhou**, is the best example of this. Reaching a height of 267 meters, it not only meets the highest building standards but has also set a new benchmark in terms of security. PORT technology makes a decisive contribution towards this: customized access controls and the optimal dispatch of passengers according to their target destination provide a high level of security and ensure they take the most direct route.