



Investing in people and technology.

Group Review 2014



Schindler

Investing in people and technology.

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.



Milestones



Milestones



Let me add one more point. It is safe to assume that some of the growth opportunities described may no longer be available in 5 to 10 years which compels us to invest and push for growth precisely at this point in time. Substantial progress has been made as for the first time in our 140 years of history, the share of Europe now represents less than 50% of our operating revenue.

Having first looked at our global position, I would like to close with some thoughts about Switzerland. Our country is doing very well at least as measured by classical macro-economic standards (2013/14: unemployment is below 3.5%, fiscal budgets are positive or balanced, debt level is at 35% of GDP, inflation is below 1% and Government spending is below 33% of GDP, employment rate 79%, current-account balance +10%).

And yet, "much wants more": our country is subject to an increasing flow of initiatives requesting ever more Government regulation and/or higher taxes. This is a self-defeating development for a country, where SME's – 99% of all companies – employ 70% of our total workforce.

Ladies and Gentlemen

Minimal GNP growth for 7 years in a row or even contraction, close to zero or negative interest rates, fiscal deficits above 3%, sovereign debt levels above 90%, high unemployment often above 10%, very low investment, austerity fatigue, foreign exchange turbulences, political inability to reform, brain drain, regional conflicts, aging, immigration, etc. This is, with very few exceptions, our Mare Nostrum as seen from a "lighthouse" based in Switzerland. A lot is at stake and there are no easy, binary choices.

Is it prudent then to give up some EBIT margin in exchange for growth in more fertile waters? Time will tell, but for now we have to make sure that our value footprint matches our geographical footprint. Top and bottom line growth in absolute terms is our current strategic focus – it is an investment in our long-term future.

Margin is important yet in the long haul, insufficient scale in the largest markets and independence are mutually exclusive. In this context, we are proud to report that without loss of market share in Western markets, more than 60% of our New Installations sales (units) are now originated in Asia.

New factories, R&D hubs and training centers were opened 2014 in China as well as in India and additional ones are in the making. Without much fanfare, Schindler has transformed itself from a Swiss based – yet mainly European centered Corporation – into an Asian centered Group with Headquarters in Switzerland.

2015, Parliament is for re-election and many new bills are in the pipeline. The most damaging proposal is a new Estate Tax aimed at the "rich" or at tax payers with net assets above CHF 2 million. Needless to say, this 20% Estate Tax on top of our existing Wealth Tax will – if approved – overwhelm most entrepreneurs and consequently severely damage the backbone of our economy. However, there is reason to believe, that like so often in the past, Swiss voters will ultimately detect and reject intrinsically damaging proposals no matter how "smart" the packaging may be.

2014 was a very difficult year combining high growth and/or contraction in different parts of the world. Despite unstable markets and volatile foreign currencies, the tireless dedication of our workforce enabled us again to report improved results. On behalf of the Board and our Group Executive Committee, I would like to convey my sincere thanks to all our employees who contributed to this success. Dedication matters more than size and we are proud to see so much commitment – this is what our values are all about.

Alfred N. Schindler

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Schindler in brief

Business activities

The company was founded in 1874 in Lucerne, Switzerland, and is today one of the world's leading providers of elevators, escalators, and moving walks. Schindler is active in the areas of production, installation, maintenance, and modernization. The Group has over 1 000 branch offices in more than 100 countries, as well as production sites and research and development facilities in the USA, Brazil, Europe, China, and India.

Strategic orientation

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

To achieve this, we are strengthening our global presence and expanding our service network in individual markets. This will enable Schindler 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 service offering.

Today, 7 out of 10 elevators are sold in Asia and only 3 in the rest of the world. Schindler is responding to this challenge with targeted investments, the strategic expansion of the business – primarily in the growth markets of China and India – and constant innovation.

Focus on core competencies

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

Our products move one billion people each day

Our offering ranges from cost-effective solutions for low-rise residential buildings to sophisticated access and transport management concepts for multifunctional high-rise buildings.

Schindler is committed to developing leading products featuring the latest technology. Examples include the first patent for elevators without a machine room, the Miconic 10 hall call destination system and its successor, Schindler ID, incorporating personalized access control, as well as PORT Technology – the third-generation system that has revolutionized the traffic and security philosophy in buildings and creates previously inconceivable possibilities for architects. Modern traction belt technology represents a further milestone in the development of elevators.

Today, Schindler has an innovative, state-of-the-art product range featuring three global product lines: the Schindler 3300 elevator (residential segment), the Schindler 5500 elevator (commercial segment), and the Schindler 7000 elevator (high-rise segment).

Our employees

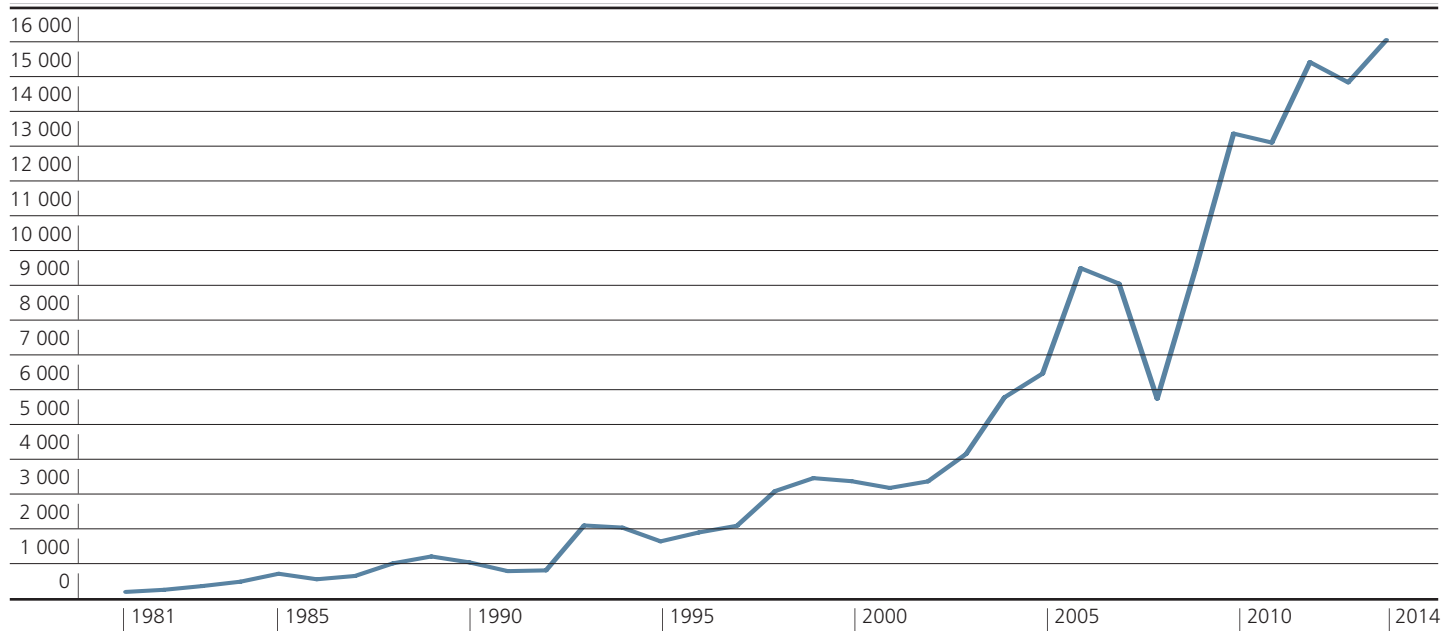
Due to the Group's long-term expansion, the number of people working for Schindler worldwide has grown significantly. In 2014 alone, its global headcount increased by more than 6 000 positions. As a result, the Group had a total of 54 209 employees at year-end. Around 57% worked in the area of installation and maintenance, 8% were employed at production facilities in the USA, Brazil, Europe, China, and India, and 35% worked in engineering, sales, and administration. The company reported revenue of CHF 9 246 million for 2014.

We create value

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

Market capitalization 1981 to 2014

In CHF million



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

Key figures 2014

In CHF million	2014	2013	Δ %	Δ % local currencies
Orders received	9 979	9 456	5.5	7.8
Revenue	9 246	8 813	4.9	7.3
Operating profit (EBIT)	1 138	896	27.0	30.4
in %	12.3	10.2		
Net income from financing and investing activities	51	23		
Hyundai impairment	-40	-219		
Profit before taxes	1 149	700	64.1	
Income taxes	247	237		
Net profit	902	463	94.8	
Before exceptional items				
Operating profit (EBIT)	932 ¹	896	4.0	7.4
in %	10.1	10.2		
Net profit	740	682	8.5	
Cash flow from operating activities	902	808	11.6	
Investments in fixed assets	183	252	-27.4	
As of December 31				
Order backlog	9 263	7 722	20.0	15.4
Headcount at year-end	54 209	48 169	12.5	

¹ XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain: CHF 145 million, gain on sale of Mall of Switzerland project: CHF 82 million, impairment of intangible assets: CHF 21 million

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

In CHF	2014		2013
	ordinary	additional	
Registered share	2.20	1.00	2.20
Participation certificate	2.20	1.00	2.20

Subject to approval by the General Meeting, the dividend will be paid on March 30, 2015.

Organization

Board of Directors Schindler Holding Ltd.

As of December 31, 2014

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

Group Executive Committee

As of December 31, 2014

Silvio Napoli	CEO
Miguel A. Rodríguez	Deputy CEO, Asia-Pacific and Middle East
Erich Ammann	CFO
David Clymo	Corporate Human Resources
Carlos Guembe	Europe South
Albert Haffert	Field Quality & Excellence
Thomas Oetterli	China
Oswald Schmid	Europe North
Jakob Züger	Americas



4 World Trade Center, New York, USA



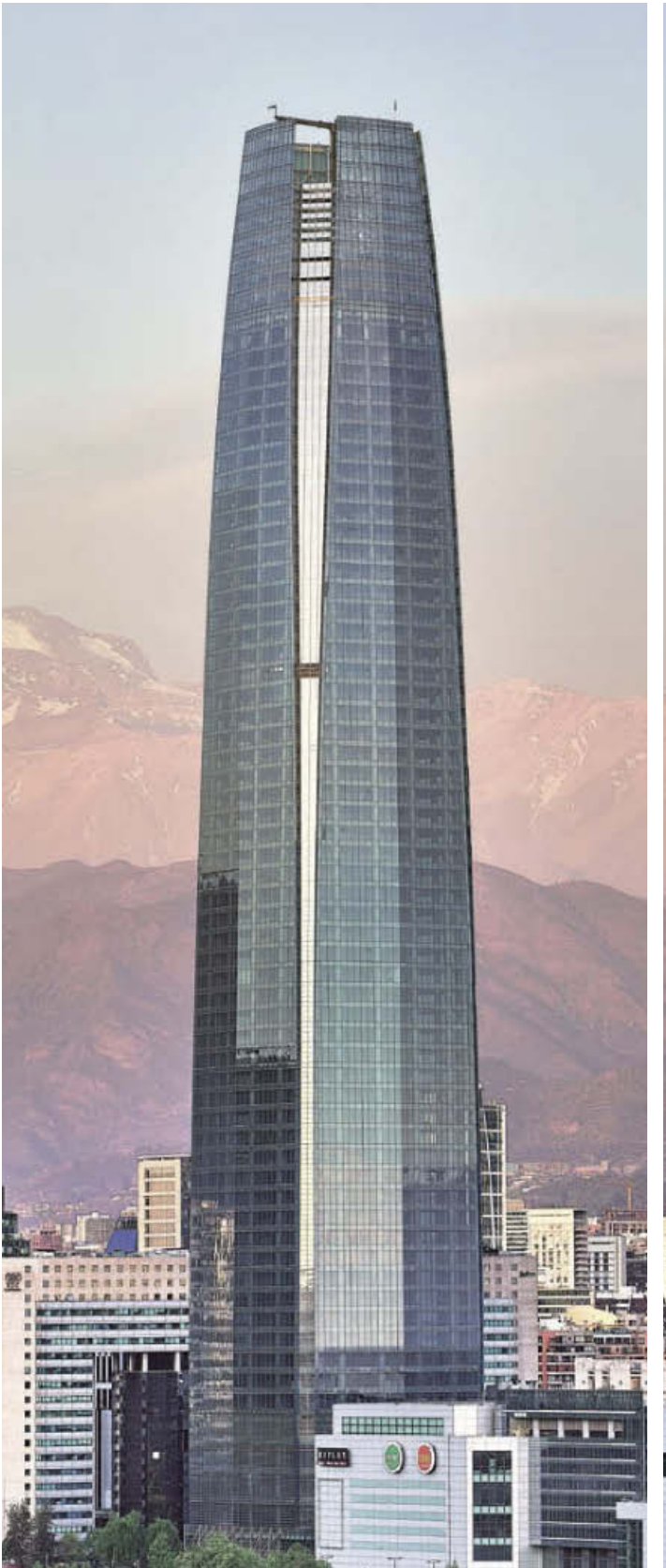
This skyscraper sets new standards! With more natural light than any other building in New York City, an innovative fresh air concept, and spectacular views, 4 World Trade Center – which was designed by star architect Fumihiko Maki – is one of the most advanced buildings of our time. 37 energy-efficient Schindler 7000 elevators, 34 of which are controlled using PORT Technology, as well as 4 other elevators, and 6 Schindler 9300 AE escalators are seamlessly integrated in the sustainable architecture of the building.



Asia Square Tower 2, Singapore



Singapore's financial and business district Marina Bay features one of Asia's most sustainable building complexes, Asia Square, which has received LEED-CS Platinum certification from the US Green Building Council (USGBC) and the Green Mark Platinum Award from the Singapore Building and Construction Authority (BCA). With 10 Schindler 9300 AE escalators, 4 Schindler 9500 moving walks, and 40 elevators from the Schindler 7000 and Schindler 5400 product lines, Tower 2 combines smooth mobility with high efficiency.



Costanera Center,
Santiago, Chile



Each day, around 240 000 people will pass through the Costanera Center that is being constructed in Chilean capital, Santiago, once it is completed. In addition to two hotels, an office building, and the largest shopping mall in South America, the 300-meter-high Gran Torre de Santiago – the tallest building in Latin America, designed by César Pelli – towers above the entire complex. Over 100 Schindler elevators and escalators, as well as PORT Technology, will provide easy access to the building and enable shoppers to enjoy a leisurely stroll around the center.



Zuellig Building, Makati, Philippines



The Zuellig Building is Manila's premier business address in Makati City. Its unique glass façade, which was inspired by bamboo and flowing water, reflects the sustainable architecture of the building, which has been executed to the highest standard. In 2013, it became the first commercial building project in the Philippines to obtain LEED Platinum certification. In addition, 21 elevators from the Schindler 7000 and Schindler 5400 product lines, pioneering PORT Technology, and 4 Schindler 9300 AE escalators form part of this innovative concept.

To the shareholders

15 Statement of the Board of Directors

Statement of the Board of Directors

To the shareholders

Investing in growth

Schindler has set itself the goal of achieving increased organic growth in growth markets, although this does not exclude acquisitions. Today, 7 out of 10 elevators are sold in Asia. This magnitude of sales needs to ultimately be reflected within the Group. Schindler has therefore increased its geographical presence in growth markets, further strengthened its production and research capacity, and introduced new products. As a result of these efforts, the Group was able to sell over 60% of all new installations in Asia for the first time in the second half of 2014.

In China, Schindler increased its number of branch offices to 100. The new escalator plant in Jiading has already reached a good level of capacity utilization thanks to the large volume of sales. In addition, there was a significant increase in sales of the Schindler 3600 elevator line developed for the Chinese market as well as the Schindler 5500 global elevator line. In parallel to its own market expansion, Schindler established a joint venture with XJ-Schindler (Xuchang) Elevator Co. Ltd., a leading Chinese elevator company in Henan Province, in 2011 and acquired a 46% participation in the company. This participation was increased by a further 5% in the reporting year. In addition, Schindler has further rights to acquire 5% of shares in the company in each of the following three years and to thus increase its participation to a total of 66% by 2017.

Schindler reached a further milestone in its growth strategy with the opening of the new elevator plant in Pune, India. The construction of four of its six state-of-the-art and environmentally friendly production sites has therefore now been completed (see also page 21 ff.). In the next stage of its growth strategy, it will open its elevator plant in Jiading as well as the escalator plant in Pune.

Investments are not limited to growth markets, however: Schindler is also investing in Ebikon, Switzerland, where its headquarters are being renovated and extended. In a multistage project, a new international visitor center, an employee restaurant, an auditorium, and other facilities are being built on the campus in Ebikon. The Group's main office building is also undergoing a complete renovation (see also pages 48 and 49).

In the reporting year, the expansion strategy led to a significant increase in global headcount, which grew by more than 6 000 employees. The first-time consolidation of XJ-Schindler accounted for almost 3 000 employees, and more than 3 000 positions were newly created. These developments entail substantial investments in employee training and development.

With its growth strategy, Schindler succeeded in increasing its revenue, operating profit, and net profit in absolute terms in the reporting year despite negative foreign exchange impacts and challenging markets.

Orders received and order backlog

Orders received totaled CHF 9 979 million, exceeding the figure for the previous year by 5.5% (+7.8% in local currencies).

The Asia-Pacific region achieved the strongest growth, led by China, India, and Southeast Asia. Schindler significantly exceeded market growth rates in each of these markets. The recovery in the USA resulted in a pleasing increase in orders received for the entire North, Central, and South America region. Despite a decline in market volumes in some European markets, slight growth was recorded for Europe as a whole.

The order backlog reached a new record level of CHF 9 263 million. This corresponds to an increase of 20.0% compared to the end of 2013 (+15.4% in local currencies).

Revenue

Revenue totaled CHF 9 246 million, representing growth of 7.3% in local currencies. As a result of negative foreign exchange impacts in the amount of CHF 206 million, the increase in Swiss francs was 4.9%.

The Asia-Pacific region generated the highest revenue growth. The growth markets of China, India, and Southeast Asia were characterized by particularly strong developments in the new installations business. In the North, Central, and South America region, the USA emerged as the leader in terms of revenue growth. In Europe, a marginal increase in revenue was recorded for the region as a whole, despite declining market volumes in some markets.

Operating profit

Operating profit (EBIT) rose by 27.0% (+30.4% in local currencies) to CHF 1 138 million (previous year: CHF 896 million). Exceptional items totaling CHF 206 million were recognized due to the sale of the Mall of Switzerland development project, the revaluation gain on the majority participation in XJ-Schindler, and an extraordinary impairment of intangible assets of CHF 21 million. The strong Swiss franc had a negative impact in the amount of CHF 30 million on operating profit compared to the previous year.

The operating profit of CHF 1 138 million corresponds to an EBIT margin of 12.3% (previous year: 10.2%). The adjusted EBIT margin was 10.1%.

Net income from financing and investing activities

Net income from financing and investing activities was CHF 11 million (previous year: CHF –196 million). After two impairments totaling CHF 219 million had to be recorded on the participation in Hyundai Elevator Co. Ltd. in the previous year, a further impairment of CHF 40 million was recognized in the reporting year. Adjusted for this extraordinary impairment, net income from financing and investing activities improved by CHF 28 million. This is mainly attributable to a higher financial result.

Net profit and cash flow from operating activities

Net profit totaled CHF 902 million, significantly exceeding the result for the previous year. Before exceptional items, net profit was CHF 740 million, representing an increase of 8.5% compared to the previous year.

Cash flow from operating activities increased to CHF 902 million (previous year: CHF 808 million). This was due to the improvement in net profit as well as the further optimization of net working capital.

Headcount

Schindler had around 54,200 employees worldwide at the end of 2014, corresponding to growth of 12.5%. New positions were created in all regions, with the largest increases in China, India, and Southeast Asia.

Organizational and management changes

A new organizational structure with two new global business areas – ‘New Installations and Supply Chain’ and ‘Service Business’ – was implemented with effect from January 1, 2015. The Heads of these two business areas report directly to the CEO, Silvio Napoli. Oswald Schmid, a member of the Group Executive Committee, was appointed as the Head of the New Installations and Supply Chain business area. Paolo Compagna, the former CEO of Schindler Germany, was appointed to the Group Executive Committee and is now responsible for the Europe North region. Christian Schulz, the former Head of Schindler Haushahn in Germany, was appointed as the Head of the Service Business. Jakob Züger, who has been a member of the Group Executive Committee since 2006 with responsibility for the North, Central, and South America region, resigned from the Group Executive Committee on December 31, 2014, and will take early retirement from the end of 2015, as planned. Silvio Napoli assumed direct responsibility for the North, Central, and South America region in addition to his role as CEO with effect from January 1, 2015. Didier Gaudoux, the member of the Group Executive Committee with responsibility for Europe South, has left the company. Carlos Guembe, formerly the CEO of Schindler Iberia, was named as his successor and appointed as a member of the Group Executive Committee (see also the Financial Statements, page 120 ff.).

Schindler Holding Ltd.

Profit and dividend

Schindler Holding Ltd. closed the financial year 2014 with a net profit of CHF 761 million (previous year: CHF 765 million).

The payment of an ordinary dividend of CHF 2.20 and an additional dividend of CHF 1.00 per registered share and participation certificate will be proposed to the forthcoming General Meeting of March 20, 2015.

Repurchase program

During the reporting year, Schindler Holding Ltd. repurchased 88 600 registered shares and 294 800 participation certificates as part of the repurchase program that will run until the end of 2015. These securities form part of the total of 2 707 293 registered shares and 1 553 376 participation certificates that were cancelled in accordance with a motion approved by the General Meeting of March 17, 2014.

Outlook

In contrast to other growth markets in Asia, slightly lower growth rates are expected in China than in the previous year. In the North, Central, and South America region, Schindler expects pleasing growth in the USA, while Latin America – particularly Brazil – may experience more subdued growth. With few exceptions, European markets are unlikely to achieve growth.

Schindler will systematically pursue its growth strategy and invest in the further development and expansion of its market position in growth markets. Significant pricing pressure is expected to persist in all markets.

In view of its large order backlog, Schindler expects to generate an increase in revenue of around 7% to 9% in local currencies for 2015. However, the discontinuation of the minimum exchange rate for the Swiss franc against the euro is likely to result in a negative translation impact of approximately 10%. Schindler will issue a forecast concerning its net profit for 2015 when it publishes its half-year results.

Schindler thanks its employees and customers

With their great motivation, skill, and commitment, Schindler's workforce of around 54 200 employees supported and successfully drove forward the Group's numerous projects in 2014. The Board of Directors and the Group Executive Committee wish to express their sincere thanks to all Schindler employees for their hard work and dedication. We also wish to thank our customers and business partners for their valuable support and continued loyalty to Schindler.

Alfred N. Schindler
Chairman of the Board of Directors

Luc Bonnard
Vice Chairman of the Board of Directors

Markets and strategy

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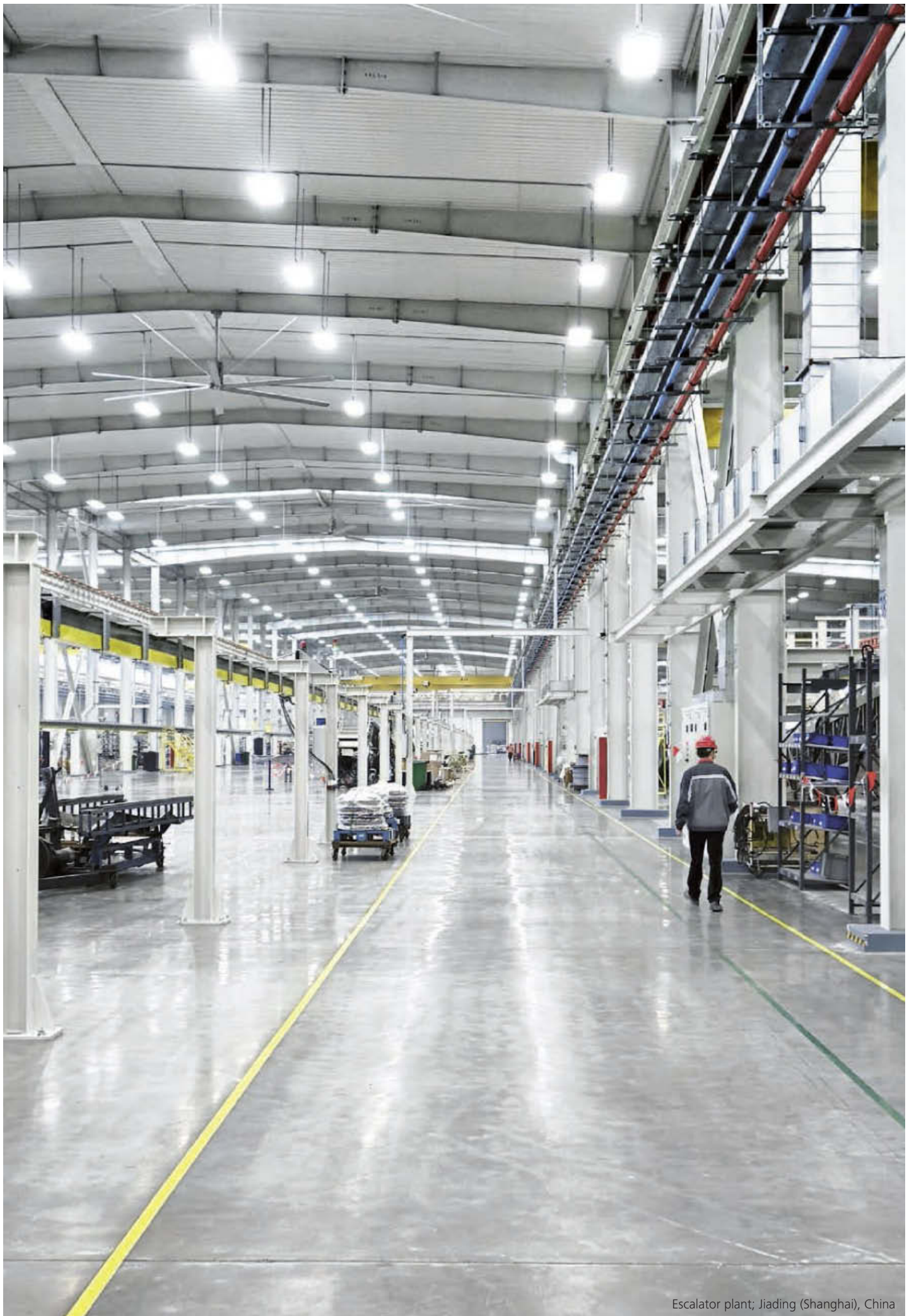
A new, streamlined global supply chain organization

The new installations business continues to be dominated by the Asia-Pacific region, which accounts for over three-quarters of worldwide demand. Managing our global product range efficiently requires a streamlined, global manufacturing – the driving force of our growth strategy. Schindler invests more than CHF 300 million in the construction of state-of-the-art production facilities and training and development centers equipped with the latest technology. The opening of two new factories during 2014 represented a further significant milestone in the supply chain reengineering process. With that, four out of the total of six new plants planned by Schindler are now operational. The new Schindler production facilities in the USA, Slovakia, China, and India have all been certified according to leading international environmental standards.

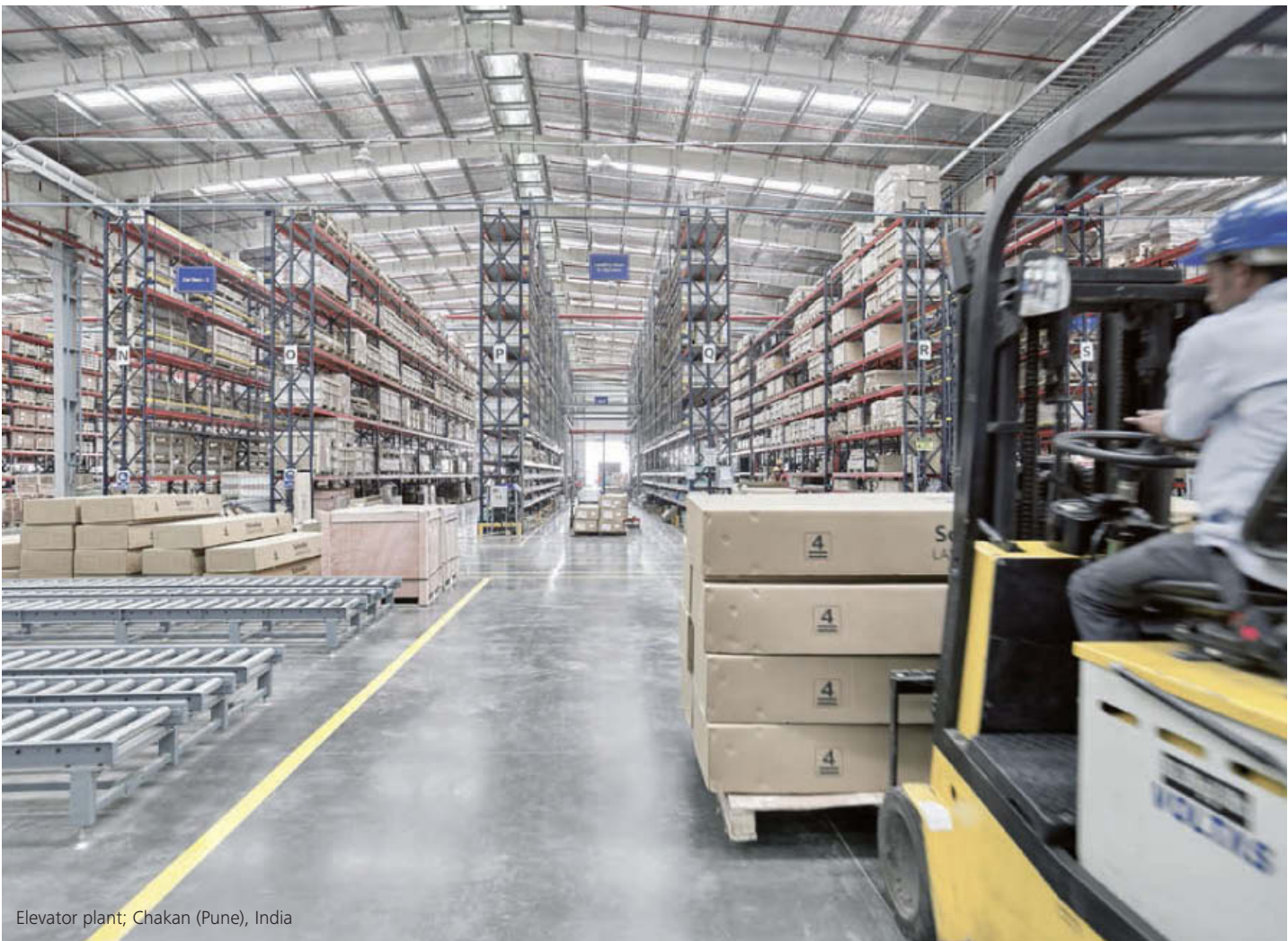
Located on our extensive campus in Jiading (Shanghai), China, the new Schindler escalator factory significantly boosts production to meet the continuing growth in demand forecast for the Chinese domestic and export markets. The new plant has already achieved Silver level certification under the internationally recognized LEED standard. In the next phase of development a new elevator plant, research and training centers, a 200-meter test tower, and Schindler's regional headquarters will all be constructed on the site, which covers approximately 300 000 square meters.

In India, our new elevator plant at Chakan (Pune) is now providing our customers in India and South Asia with locally designed and manufactured products with much faster delivery times. The plant is equipped with the latest environmental technologies and was awarded the IGBC (LEED India) Gold certificate. Following its completion during 2015, the new India campus will consist of the new South Asia Research and Development Center, complete with a test tower. On the India campus, the final phase of expansion will see the construction of a new escalator factory to serve the projected surge in demand for commercial and infrastructure projects.





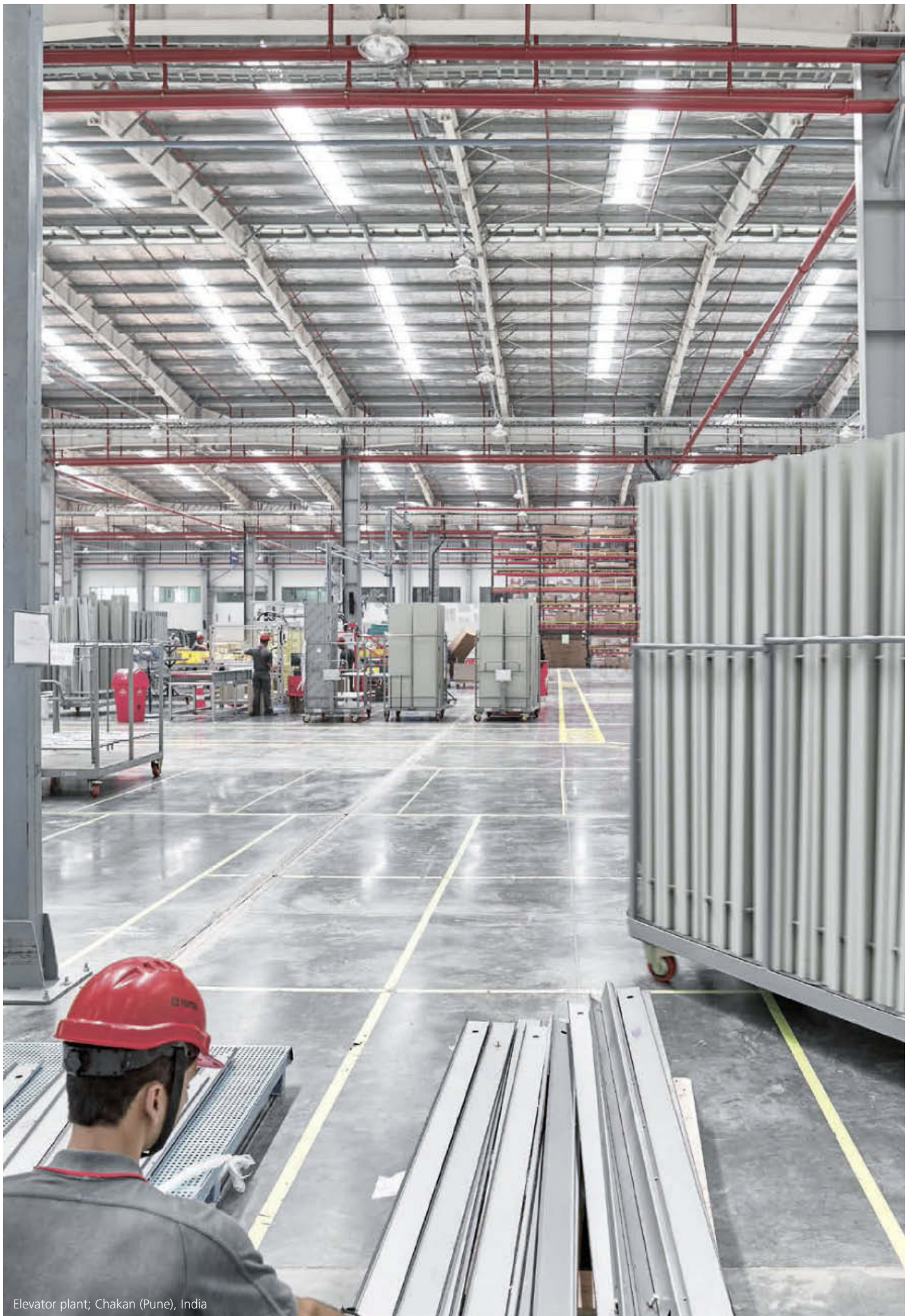
Escalator plant; Jiading (Shanghai), China



Elevator plant; Chakan (Pune), India



Elevator plant; Chakan (Pune), India



Elevator plant; Chakan (Pune), India

Business review

Growing with our customers

The Schindler brand stands for innovation, quality, and safety, and Schindler continues to strengthen its leading market position by opening up new potential for growth in all its target markets. We are committed to providing our customers worldwide with efficient and sustainable solutions that enable them to create buildings, facilities, and infrastructure that live up to their expectations and visions.

Growth through innovation

Innovations are key drivers in the successful implementation of our growth strategy. Schindler elevators and escalators move over one billion people every day. We invest around CHF 130 million annually in the development of green, user-friendly solutions for customers whose requirements are evolving rapidly as a result of increasing urbanization and the growing influence of new technologies. Our state-of-the-art Schindler elevators and escalators, our game-changing PORT Technology, and our customized modernization and service solutions bear witness to our unswerving drive to anticipate our customers' – and our urban environment's – future needs. To keep our finger on the pulse of new developments, we have also invested in the creation of new research and development centers in China and India. These will not only design and develop leading products for their local markets, they will also expand our production and technical capabilities for our export markets.

Growth through investment

The new installations business continues to be dominated by the Asia-Pacific region, which accounts for more than three-quarters of global demand. In the reporting year, Schindler further expanded its position in all main growth markets: especially China, India, and Southeast Asia. In addition to training and research facilities, two new production plants – in China and India – were opened in 2014. This means that four out of the total of six production plants planned by Schindler as part of its global manufacturing strategy have now successfully started operations. The escalator plant, located on our new campus in Jiading (Shanghai), China, has boosted production capacity significantly. Thanks to our new elevator plant in Chakan (Pune), India, our customers in the subcontinent now benefit from both locally manufactured equipment and shorter delivery times. Schindler is also investing in our home base of Switzerland. Some CHF 100 million will be invested in the expansion and modernization of the Ebikon campus over the coming years.

We also invest continuously in the training and development of our more than 54 000 employees worldwide – with the focus on safety and technical skillsets. In China alone, more than 2 500 technicians attended our six training centers during 2014.

Schindler managers have to adapt constantly to the changing international environment, and we support them in this process by encouraging them to complete further training to develop their personal potential and professional competences. For a selected group of young talents, the Schindler Career Development Program offers a unique opportunity to gain experience through exposure to a wide range of functions and cultures across Schindler's global network of operations.

Growth through acquisitions

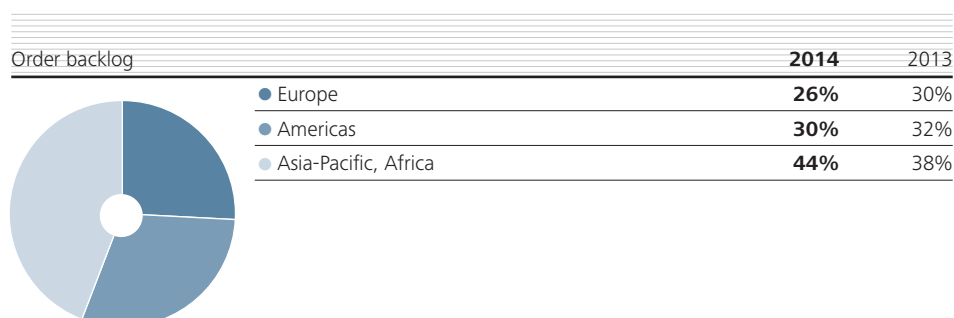
Schindler focuses on organic growth, but we also continuously monitor acquisition opportunities in selected markets. In August 2014, Schindler increased from 46% to 51% its participation in the Chinese elevator and escalator company XJ-Schindler (Xuchang) Elevator Co. Ltd., headquartered in Henan Province. XJ-Schindler has over 60 branch offices in China, as well as its own design, manufacturing, installation, and maintenance operations.

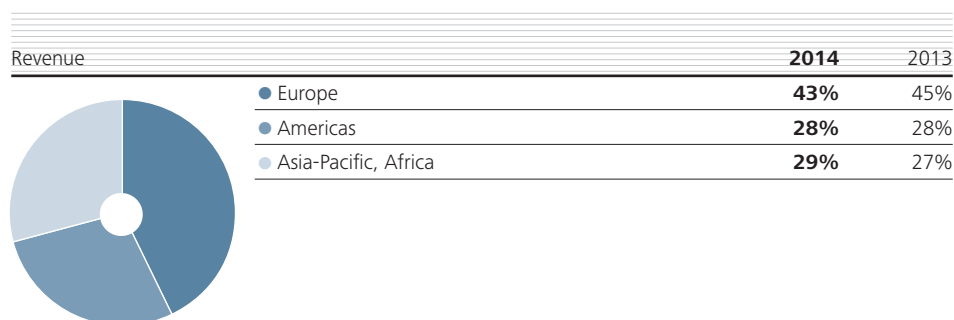
Profitable growth

To drive overall growth and profitability, a new organizational structure made up of two global business areas – 'New Installations and Supply Chain', as well as 'Service Business' – now complements our existing regional arrangement. The new structure focuses on improving quality, efficiency, and customer value in our two key business areas: new installations and existing installations. Its core objective is to concentrate our energies where they matter most – with our customers, and on our products.

Growth strategy on course

Expansion in our growth markets, our extended product range, and global megatrends – especially urbanization – combined to impact positively on demand for our elevators and escalators worldwide. This resulted in a clear increase in the reporting period for both orders received and revenue. Growth was strongest in the Asia-Pacific region, where Schindler significantly exceeded market growth rates in China, India, and Southeast Asia. The recovery in the North American economy led to orders received developing well in North, Central, and South America. Europe also contributed to growth, although Southern Europe experienced a decline.





Asia-Pacific, Africa

Excellent order intake

China, Southeast Asia, and India are today's largest growth markets globally. Schindler has strengthened its market position across the entire region and significantly exceeded market growth in the region.

China

Schindler now has over 100 branch offices across the country and we are present in 80% of Chinese cities with over 2 million inhabitants. The acquisition of majority participation in the Chinese elevator and escalator company XJ-Schindler (Xuchang) Elevator Co. Ltd. contributes both to the efficient implementation of our growth strategy and to increasing our Chinese market coverage substantially. Our new escalator plant, located on Schindler's major campus in the Jiading district of Shanghai, also successfully started operations.

The new installations market in China continued to develop positively – albeit at a slower pace than in recent years. The new Schindler 3600 and Schindler 5500 product lines in particular were very well received.

India

Good levels of investment and a rapidly growing middle class are driving growth in India, and these conditions were the platform for strong orders received for Schindler. The construction of our elevator plant on the Pune campus was completed in the reporting year, and a new research and development center for South Asia will open in 2015.

Southeast Asia and Australia

With the construction industry performing strongly in the high-rise and infrastructure segments particularly, Schindler once more outperformed market growth and generated strong order intake (orders received) in Southeast Asia. The Australian market recorded good growth.

Middle East and Africa

Economic growth in the Middle East remained strong. The United Arab Emirates, Qatar, and Saudi Arabia continue to deploy landmark investments on infrastructure projects and public facilities. Once again we generated an encouraging increase in orders received in these regions, with particular success in the high-rise segment.

	2014	2013	Δ %	In local currencies
Revenue (in CHF million)	2 693	2 336	+15.3	+17.6
Headcount at year-end	21 262	15 491	+37.3	
Countries	29	28		
Production sites	5	4		

Americas

North America: the recovery continues

The construction sector in the USA continued to recover, with indications of sustainable growth. Schindler benefitted from this upturn and secured major orders in a number of regions. The Schindler 3300 elevator line was particularly successful, with double-digit growth confirming its success in the rest of the world. Schindler USA also delivered its first Schindler 5500 custom modular elevators.

Latin America: market stabilizing

The construction sector in Latin America has stabilized satisfactorily, although market conditions have become more difficult – especially in Brazil, where investment in construction declined significantly. Schindler's growth in Latin America stemmed from continuous leadership in the high-rise market. At the same time, the introduction of new products such as Schindler 5500 further boosted our performance in the region.

	2014	2013	Δ %	In local currencies
Revenue (in CHF million)	2 578	2 496	+3.3	+7.8
Headcount at year-end	13 369	13 160	+1.6	
Countries	12	12		
Production sites	3	3		

Europe

Solid order intake

A combination of solid growth in Northern Europe and continued economic challenges in Southern Europe allowed us to achieve moderate growth in the market. The highly successful launch of the Schindler 5500 product line was especially well received by customers in our Northern European markets.

Despite the difficult situation in Southern Europe, the European region as a whole continued to contribute to both growth and overall results of the company.

	2014	2013	Δ %	In local currencies
Revenue (in CHF million)	3 975	3 981	-0.2	+0.8
Headcount at year-end	19 578	19 518	+0.3	
Countries	38	37		
Production sites	5	6		

Schindler Group Review 2014 | Important orders |

Asia-Pacific, Africa

Hong Kong, Macau	New World Centre H2, remodeling, hotel, shopping mall, and commercial buildings, Hong Kong	57 elevators, including 4 Schindler 7000, of which 2 with PORT Technology, 51 Schindler 5500, and 1 Schindler 5400; as well as 55 Schindler 9300 AE escalators
	Nam Cheong Station, residential buildings, Hong Kong	33 elevators, including 32 Schindler 5500 and 1 Schindler 5400; as well as 16 Schindler 9300 AE escalators
	Hong Kong Science and Technology Parks, phase 3, office building, Hong Kong	10 elevators, including 8 Schindler 7000, of which 4 with PORT Technology; as well as 8 Schindler 9300 AE escalators
	Plantation Road 1 and 11, residential buildings, Hong Kong	29 elevators, including 28 Schindler 5500
	Riviera Gardens, residential buildings, Hong Kong	20 Schindler 9300 AE escalators
	Sands Cotai Central, tower 5B, hotel and commercial buildings, Macau	38 elevators, including 26 Schindler 7000 and 9 Schindler 5500
	Nova City, phase 5, residential buildings, Macau	61 elevators, including 26 Schindler 7000 and 35 Schindler 5500; as well as 18 Schindler 9300 AE escalators
India	Omkar Worli 1973, residential buildings, Mumbai	52 elevators, including 36 Schindler 7000 and 16 Schindler 5500
	Omkar Alta Monte, residential buildings, Mumbai	49 elevators, including 39 Schindler 7000 and 10 Schindler 5500
	Empire Tower, commercial building, Navi Mumbai	40 elevators with PORT Technology, including 16 Schindler 7000 and 24 Schindler 5500; as well as 2 Schindler 9300 AE escalators
	Mumbai Monorail, phase I and II, Mumbai	40 Schindler 5300 IN elevators and 66 Schindler 9700 AE escalators
	Runwal Greens, residential buildings, Mumbai	26 Schindler 7000 elevators
	Blue Ridge, commercial and residential buildings, Pune	43 Schindler 5500 elevators
	Marbella, residential buildings, Gurgaon	84 Schindler 3100 IN elevators
Indonesia	St. Regis, hotel and office buildings, Jakarta	42 elevators, including 19 Schindler 7000, of which 16 with PORT Technology, and 23 Schindler 5500, of which 8 with PORT technology; as well as 6 Schindler 9300 AE escalators
	Sudirman Central Business District, Lot 10, office building, Jakarta	29 elevators, including 22 Schindler 7000, of which 20 with PORT Technology, and 7 Schindler 5500, as well as 6 Schindler 9300 AE escalators
	Soekarno-Hatta International Airport, terminal 3 ultimate, Jakarta	38 elevators, including 17 Schindler 3300 and 21 Schindler 5500
	Kota Harapan Indah, office buildings, Greater Jakarta	52 Schindler 3300 elevators
	Ruko Delta Mas, office buildings, Jakarta	50 Schindler 3300 elevators
	GTU Simatupang, office building, Jakarta	15 elevators, including 11 Schindler 7000 with PORT Technology and 4 Schindler 5500
Malaysia	Priced Corridor, commercial building, Kuala Lumpur	13 Schindler 5500 elevators, 57 Schindler 9300 AE escalators, and 4 Schindler 9500 moving walks
	Damansara Uptown 4 and 5, shopping mall, hotel, and office buildings, Kuala Lumpur	18 Schindler 5500 elevators, 38 Schindler 9300 escalators, and 4 Schindler 9500 moving walks
	Dreammont, office building, Petaling Jaya	32 elevators, including 26 Schindler 7000, of which 12 with PORT Technology, and 6 Schindler 5500
	The Astaka Padu, phase 1, residential building, Johor Bahru	10 Schindler 7000 elevators
	Kuala Lumpur City Hall (DBKL), Kuala Lumpur	Modernization of 30 elevators
	Tasek Maju 2, office building, Johor Bahru	7 Schindler 5500 elevators and 34 Schindler 9300 AE escalators
	BRT (Bus Rapid Transit), various stations, Petaling Jaya	13 Schindler 5500 elevators and 21 Schindler 9300 AE escalators
	Paradigm, shopping mall, hotel, apartments, Johor Bahru	30 Schindler 5500 elevators

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Tencent Seafront Tower, office buildings; Shenzhen, China



Omkar Worli 1973, residential buildings; Mumbai, India



Al Rajhi Bank, headquarters, office building; Riyadh, Saudi Arabia



Emporium Melbourne, shopping mall; Melbourne, Australia

Qingdao Center, hotel and office buildings; Qingdao, China



VietinBank Business Centre, office, commercial building, and hotel; Hanoi, Vietnam (photo: Foster + Partners)



Darling Harbour Live, International Convention Centre; Sydney, Australia



Americas

Brazil	Parque da Cidade, shopping mall and office building, São Paulo	25 elevators, of which 24 with Miconic 10 and Schindler ID, including 12 Schindler 7000, 12 Schindler 5500, and 1 Schindler 300 L; as well as 20 Schindler 9300 AE escalators
	Miss Silvia Morizono, office building, São Paulo	12 elevators, including 10 Schindler 5500, 1 Schindler 3300, and 1 Schindler 300 L
	Parque da Lagoa, hotel and press center buildings for the Olympic Games 2016, Rio de Janeiro	27 elevators, including 24 Schindler 5500 and 3 Schindler 5300
	Hemisphere 360°, residential buildings, São Paulo	28 Schindler 5300 elevators
Chile	Casacostanera, shopping mall, Salvador	19 elevators, including 16 Schindler 3300 AP and 3 Schindler 3300 EU; as well as 22 Schindler 9300 AE escalators
	Hospital Dr. Gustavo Fricke, Viña del Mar	17 elevators, including 10 Schindler 5500 and 7 Schindler 3300; as well as 2 Schindler 9300 AE escalators
	Plaza Kennedy, office building, Santiago	7 Schindler 5500 elevators, including 6 with PORT Technology
Colombia	Palmagrande, shopping mall, Medellín	2 Schindler 3300 elevators and 6 Schindler 9300 AE escalators
	Hyatt, hotel, Cartagena	21 elevators, including 9 Schindler 7000, 11 Schindler 5400, and 1 Schindler 3300
	Centro Médico Cardiovascular, hospital, Bucaramanga	25 elevators, including 20 Schindler 5400 and 1 Schindler 3300; as well as 4 Schindler 9300 escalators
	Panamericana, commercial building, Bogota	4 Schindler 5400 elevators and 6 Schindler 9300 escalators
Mexico	Torre Diana, office building, Mexico City	31 elevators, of which 18 Schindler 7000 and 13 Schindler 5400, including 28 with PORT Technology; as well as 2 Schindler 9300 AE escalators
	Torre Américas 1500, hotel and office building, Guadalajara	14 elevators, including 6 Schindler 7000 with PORT Technology, and 8 Schindler 5500, of which 4 with Miconic 10
	Ampliación Mundo E, shopping mall, Tlalnepantla	17 Schindler 5500 elevators and 22 Schindler 9300 AE escalators
	Cosmopol, shopping mall, Mexico City	8 elevators, including 2 Schindler 5400, 4 Schindler 3300, and 2 Schindler 2400; as well as 28 Schindler 9300 AE escalators
	Domninium Tower, office and commercial building, Mexico City	9 elevators with Lobby Vision, including 6 Schindler 7000, of which 4 with PORT Technology, 1 Schindler 5500, and 2 Schindler 5400
	Tlalnepantla Carso, shopping mall, Tlalnepantla	7 Schindler 5500 elevators and 20 Schindler 9300 AE escalators
	Insurgentes Mixcoac Ely Sitt, office and commercial building, Mexico City	10 Schindler 5400 elevators with PORT Technology and Lobby Vision; as well as 2 Schindler 9300 AE escalators
	Metropolitana, office building, Mexico City	11 Schindler 5400 elevators, of which 10 with PORT Technology and Lobby Vision
Panama	Ciudad Hospitalaria, hospital, Panama City	60 elevators, including 10 Schindler 6300 EU, 46 Schindler 5500 AP, 2 Schindler 5400 AP, and 2 Schindler 2500 EU; as well as 6 Schindler 9300 AE escalators
Peru	Banco de la Nación, commercial building, Lima	16 elevators, including 12 Schindler 7000 with PORT Technology and 4 Schindler 5500 AP
	Panorama Plaza, office buildings, Lima	25 elevators with Lobby Vision, including 18 Schindler 5400 AP, of which 16 with PORT Technology, and 7 Schindler 3300 AP; as well as 6 Schindler 9300 AE escalators



Salesforce Tower, office building; San Francisco, USA (photo: Steelblue)



Torre Vistral, office building; Mexico City, Mexico

Europe

Albania	4 Evergreen, office and commercial building, Tirana	7 Schindler 5500 elevators with PORT Technology and 4 Schindler 9300 escalators
Azerbaijan	Convention Center, Baku	14 elevators, including 13 Schindler 5500; as well as 8 Schindler 9300 AE escalators
	Baku White City, hotel, Baku	18 Schindler 5500 EU elevators
	Ganjlik Mall, shopping mall, Baku	9 Schindler 5500 elevators with Lobby Vision and 22 Schindler 9300 AE escalators
	Park Azure, commercial building, Baku	25 elevators, including 20 Schindler 3300 AP and 5 Schindler 3300
	Bulvar Alt Geçit, commercial building, Baku	24 Schindler 9300 AE escalators
Belgium	Elisabeth Centre, concert and congress hall, Antwerp	Modernization of 16 elevators, including 10 Schindler 6500
	Martens, office building, Brussels	12 Schindler 5500 elevators, of which 8 with PORT Technology
Croatia	Mall of Split, shopping mall, Split	14 Schindler 5500 elevators, 27 Schindler 9300 AE escalators, and 4 Schindler 9500 moving walks
Czech Republic	Lego, production facility, Kladno	7 elevators, including 5 Schindler 5500
	Železniční stanice Olomouc, railway station, Olomouc	9 Schindler 9300 AE escalators
	OAC Millennium 2008 Crystal, commercial building, Prague	4 Schindler 5500 elevators
	Urbánková street 3365–3372, residential building, Prague	Modernization of 16 elevators with Schindler 6300
	Slámcová street, residential building, Prague	Modernization of 10 elevators with Schindler 6300
Finland	Matinkylä Metro Centre, metro station, bus terminal, shopping mall, office building, Espoo	13 elevators, including 12 Schindler 5500 and 1 Schindler 3300; as well as 18 Schindler 9300 AE escalators
France	Métro de Rennes Métropole, line b, Rennes	43 Schindler 5500 elevators and 64 Schindler 9300 AE escalators
	Aiguille du Midi, observation platform, Chamonix	2 Schindler 7000 elevators
	Campus Société Générale, office buildings, Fontenay-sous-Bois	40 Schindler 5500 elevators, of which 20 with PORT Technology
	Unicity, office building, Levallois-Perret	22 Schindler 5500 elevators
	Eco Ouest, office building, Levallois-Perret	32 elevators, including 25 Schindler 5500
	Centre Hospitalier Marc Jacquet, hospital, Melun	21 elevators, including 14 Schindler 5500 and 7 Schindler 3300
	Forum IKEA, shopping mall, Bayonne	16 elevators, including 2 Schindler 5500
Germany	Q6 Q7, shopping mall, hotel, office and residential buildings, Mannheim	27 elevators and 16 Schindler 9300 AE escalators
	Schwabinger Tor, shopping mall, hotel, office and residential buildings, Munich	55 elevators
	Universitätsklinikum, hospital, Jena	21 elevators
Hungary	Jósa András, hospital, Nyíregyháza	10 Schindler 5500 elevators
	Nagyterdei Park / Thermal bath, Debrecen	Modernization of 5 elevators, including 2 Schindler 6500 and 3 Schindler 6300, and 1 hydraulic platform
	Kaposvár Sávház, residential building, Kaposvár	Modernization of 6 elevators with Schindler 6300 elevators
Iceland	Stakkholt 2–4, residential buildings, Reykjavik	5 Schindler 3300 elevators

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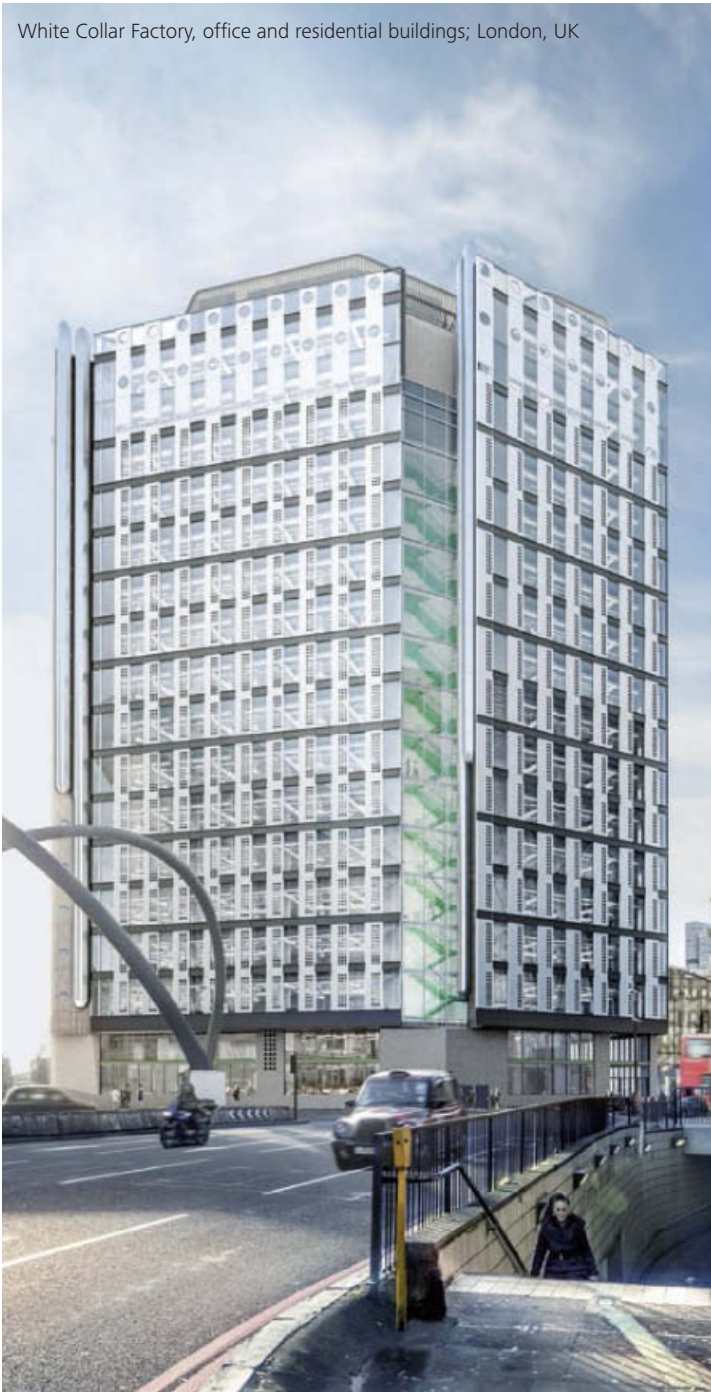
Europe

Spain	Valdecilla, hospital, Santander	28 elevators, including 9 Schindler 5500, 18 Schindler 3300, and 1 Schindler 2400
	Servicio Andaluz de Salud, hospitals, Granada	Maintenance contract for 132 elevators and 2 Schindler 9300 AE escalators
	Torre Europa, office building, Madrid	Modernization of 12 elevators, including PORT Technology
	Megapark, shopping mall, Palma de Mallorca	5 Schindler 9300 AE escalators
	Servicio Andaluz de Salud, hospitals, Malaga	Maintenance contract for 82 elevators
	Instituto Madrileño de la Salud, Ramón y Cajal hospital, Madrid	Modernization of 6 elevators
	New Market in Riveira, shopping mall, La Coruña	2 elevators Schindler 3300 and 6 escalators Schindler 9300 AE
	Osakidetza (public health-care system), hospitals, various cities	Maintenance contract for 30 elevators
	Media Markt, shopping malls, Madrid	6 elevators, including 1 Schindler 5500, 2 Schindler 3300, and 2 Schindler 2400; as well as 4 Schindler 9300 AE escalators
Sweden	Tele2, headquarters, office building, Stockholm	10 Schindler 5500 elevators, of which 6 with PORT Technology
	Hilda, residential buildings, Malmö	Modernization of 24 Schindler 6300 elevators
	Handelsplats, shopping mall, Umeå	14 Schindler 9300 AE escalators
	Balder, residential buildings, Stockholm	Modernization of 26 elevators
Switzerland	Bürgenstock Resort, Obbürgen	42 elevators, including 33 Schindler 5500, 3 Schindler 3400, 2 Schindler 3300, 2 Schindler 2200, and modernization of 2 elevators
	CEVA, SBB railway extension, infrastructure project, Geneva	11 elevators and 36 Schindler 9300 AE escalators
	LoBOS Coop Genossenschaft, office and commercial building, Pratteln	19 elevators, including 8 Schindler 3300 and 5 Schindler 2600
	Bundesamt für Bauten und Logistik BBL, Verwaltungszentrum, office building, Berne	19 elevators, including 15 Schindler 5500
Turkey	Doğuş, office building, Istanbul	9 elevators, including 5 Schindler 7000 and 4 Schindler 3300
	Viaport, shopping mall, commercial and residential buildings, Istanbul	14 elevators, including 2 Schindler 5500, 9 Schindler 5400 AP, and 3 Schindler 3300 AP; as well as 28 Schindler 9300 AE escalators, and 2 Schindler 9500 moving walks
	Bizim Evler 6, residential buildings, Istanbul	45 elevators, including 32 Schindler 5500 AP and 13 Schindler 3300 AP
	Kale Kent, residential buildings, Istanbul	68 Schindler 3100 elevators
	Podium, shopping mall and commercial building, Ankara	13 elevators, including 11 Schindler 5500 AP; as well as 12 Schindler 9300 AE escalators, and 16 Schindler 9500 moving walks
	Demir Romance, shopping mall, office, commercial and residential buildings, Istanbul	22 Schindler 5500 AP elevators
	İbni Sina, hospital, Ankara	Modernization of 8 elevators with Schindler 6500 elevators
UK	London Wall Place, office buildings, London	31 elevators, of which 16 with PORT Technology, including 28 Schindler 5500
	Battersea, phase 1, residential building, London	27 Schindler 5500 elevators
	White Collar Factory, office and residential buildings, London	20 elevators, of which 8 with PORT Technology, including 17 Schindler 5500
	Principal Place, office building, London	24 elevators, of which 12 with PORT Technology, including 17 Schindler 5500 and 2 Schindler 3300
	Gunwharf Quays, shopping mall, London	9 Schindler 9300 AE escalators
	New Street Square, office building, London	13 elevators, of which 8 with PORT Technology, including 11 Schindler 5500
	The Gladys Hotel, London	Modernization of 29 elevators including 9 Schindler 6500
	Scottish Power, headquarters, office building, Glasgow	12 elevators Schindler 5500
	West Ferry Circus Canary Wharf, office building, London	Modernization of 5 elevators with PORT Technology
	New Ludgate, office buildings, London	19 Schindler 5500 elevators, of which 12 with PORT Technology



Ecole polytechnique fédérale de Lausanne (EPFL); Lausanne, Switzerland

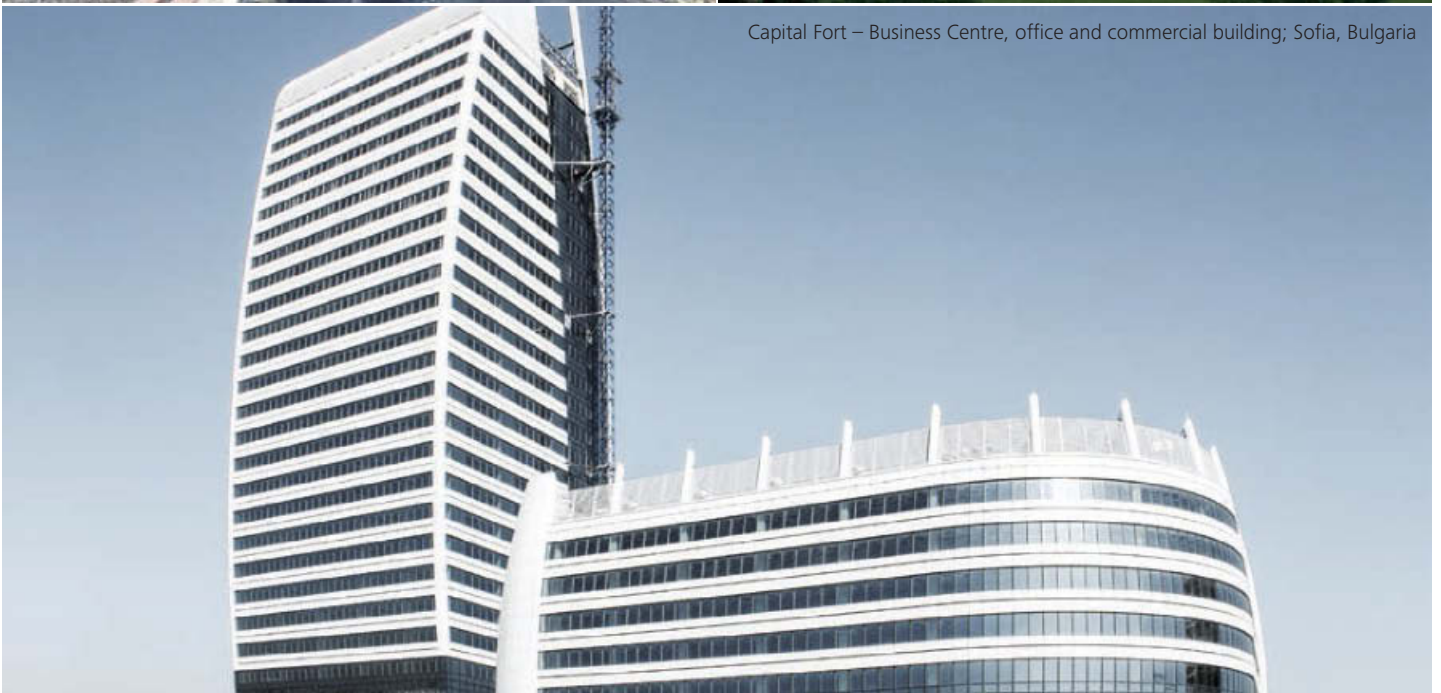
White Collar Factory, office and residential buildings; London, UK



Warsaw Spire, office buildings; Warsaw, Poland



Capital Fort – Business Centre, office and commercial building; Sofia, Bulgaria



Métro de Rennes Métropole; Rennes, France
(photo: Atelier Zündel Cristea, Architrax)



Marmaray, rail connection under the Bosphorus; Istanbul, Turkey

Expansion of headquarters

Schindler was established in Switzerland over 140 years ago and the company is still firmly rooted in Ebikon, Lucerne. To secure its future growth, Schindler now intends to further strengthen the Group's foundations. In addition to investing worldwide in six new production plants – four of which have already been completed – to renew its global manufacturing chain, the company is now in the process of renovating and expanding its headquarters in Switzerland. Work began in October 2014, and around CHF 100 million will be invested in Ebikon by 2018.

The first phase of the development involves the construction of a multistory car park with a useable area of 25 000 square meters and space for 820 vehicles. The Schindler Pavilion in Zugerstrasse, which houses the employee restaurant, will be replaced by a new seven-story building, comprising two basement floors and five upper floors. Work on this building is expected to begin in 2016. A new international visitor center with an employee restaurant and auditorium will be built over an area of 8 000 square meters. In addition to the employee restaurant, which will seat around 500 guests and will be located on the first floor of the visitor center, the building will contain a cafeteria with internal and external seating for 80 guests. An auditorium, with capacity for almost 170 guests, will be located in the basement of the building; it will also be made available to third parties in the future. In order to take account of the company's current needs and today's standards, the existing management building will undergo a complete renovation. Schindler aims to have the planned new building certified according to the LEED Gold international energy standard.



Building project at Group headquarters; Ebikon, Switzerland



Building project at Group headquarters; Ebikon, Switzerland

PORT Technology

Transit Management – the leading edge

Transit Management is a Schindler innovation that focuses on maximising the movement of people through a building while enhancing their comfort and security. In 2009, PORT Technology was launched to implement Transit Management and has provided a unique synthesis of industry-leading destination control technology with personalized security access of all building users. It has rapidly gained an unrivalled status as the global gold standard for internal transportation solutions in large-scale, premium commercial developments. It has also created a new, and increasingly important, field of expertise in the design, planning and integration of contemporary urban developments.

myPORT – a major expansion of PORT Technology into high-volume markets

With its latest product, myPORT, released in December 2014 to great acclaim in Hong Kong, the potential market coverage of PORT Technology is poised to be greatly expanded. The Transit Management philosophy can now be offered to customers in the much larger residential sector with the initial focus being China and the United States.

myPORT is a remapping of the PORT concept into the smartphone environment, offering significant improvements in both the availability of Transit Management systems and their functionality. Building occupants, with the myPORT app installed, can gain entry by simply using their PIN code or fingerprint ID to unlock their phone and then showing it to a reader. What for them appears simple is actually an 'e-banking level' of security, as Schindler, in the background, uses a combination of timing, building topology, and multiple data channels to undertake a 4-step security verification. Once in the building, there is a very high degree of confidence that the owner of the smartphone has the right to be there. This means that doors can be opened, prelearned elevators ordered and life in general made much more convenient, all without removing the smartphone from bag or pocket.

myPORT provides a visitor control system giving access to anyone with a smartphone regardless of whether they have the myPORT app installed or not. Anyone may be authorized to visit by being sent an SMS which the myPORT phone's visitor feature generates using a simple form. When the visitor arrives at the building, they can click on an embedded link in the SMS and they will be sent a special video code which can be shown to the entry PORT to gain admission. The video code used is a Schindler invention which allows very quick access since the phone does not need to be held still, in a specific orientation, or at a specific distance from the PORT camera which reads it.

myPORT can be used in conjunction with a PORT Technology visitor station. Any visitor in the lobby can have their image or voice sent directly to the myPORT phone of the person to be visited, regardless of whether or not they are in the building. So, for example, if an apartment dweller desires to give a visitor admission, a simple button in myPORT allows the outer door to be opened, an elevator to be assigned which is preprogrammed to the correct floor and, if required, the final apartment door to be unlocked.



4 World Trade Center; New York, USA

Sustainability

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- 57 Schindler Award
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Safety

Schindler's commitment to the development of sustainable products using sustainable business practices begins with our non-negotiable commitment to safety. Over one billion passengers globally depend on our products for mobility in the urban environment every day, supported by our more than 54 000 employees worldwide who together form 'Team Schindler'.

Our focus is on prevention. Independent Schindler specialists carry out regular inspections and safety checks beyond any government regulatory requirements. This allows potential defects to be flagged before they can develop into problems undermining either the availability of the installation or the very high safety standards set by Schindler. For the past seven years, Schindler has also run a comprehensive behavior-based safety initiative for all employees worldwide.

Environment

Schindler pursues a two-pronged environmental strategy that on the one hand targets ongoing reductions in the amount of energy consumed by our elevators and escalators, while on the other striving to continuously improve the energy efficiency and carbon footprint of our manufacturing process, our huge worldwide service fleet, and our buildings.

Elevators and escalators generally remain in operation for at least 30 years. This means that their main environmental impact occurs while they are in use. Their entire life cycle is therefore planned with a long-term perspective. Schindler's research and development activities are certified according to the ISO 14001 environmental standard. We require our preferred suppliers to be certified according to ISO 14001 or to provide details of their environmental management system. Schindler recycles materials and avoids the use of substances that are harmful to the environment. Through careful maintenance, we ensure that elevators and escalators have a long service life.

Schindler has, for years, also been committed to sustainability at our production plants and in our office buildings. Our new production plants in the USA, Slovakia, China, and India have obtained globally accepted or country-specific sustainability certifications. Our new campus in China integrates a Ground Energy System that will reduce energy consumption by 25% and save 3 314 m³ of water a year compared to traditional cooling. The new campus in India is also equipped with the latest green technology, including on-site solar energy and water treatment facilities, electric vehicles on campus, and a highly efficient lighting and ventilation system that significantly reduces energy consumption.

Almost two-thirds of Schindler's total environmental impact is generated by our service fleet of over 20 000 vehicles globally. Particular attention is therefore paid to reducing fuel consumption and optimizing journeys; and we select more fuel-efficient or hybrid models when purchasing new vehicles.

Employees

We believe that highly motivated employees are essential if we are to satisfy the needs of our customers. We therefore strive to be the employer of choice in the industry – and we have achieved this goal in Switzerland and Germany: in 2014, Schindler was named the top employer in Switzerland for the seventh year in succession and the top employer in Germany for the fifth time – to name just two of the awards we have received globally. We have developed a number of measures to attract and retain the best employees and to further enhance their skills. These include the provision of a healthy and safe workplace, annual training and development opportunities, and efforts to support the political, cultural, or charitable commitments of staff. As part of these measures, Schindler launched a program in Europe to support the integration of people with disabilities into professional life and to assist them in an everyday context. We strive to associate our commitment to social responsibility to our latest technology. In the USA, Schindler is working with the Independent Living Resource Center San Francisco (ILRCSF), a disability rights advocacy and support organization. Schindler has, for many years, been committed to promoting barrier-free mobility and is now installing the very latest PORT Technology in ILRCSF's headquarters.

Committed to clear rules

Schindler's vision is 'Leadership through Customer Service'. The Schindler name is therefore associated 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 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.

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

Sustainability Brochure

In our Sustainability Brochure and our Sustainability Reports, we provide an overview of sustainability topics that are of importance to the company and we outline the way in which they are addressed.

www.schindler.com/com/internet/en/about-schindler/sustainability.html

Innovative technologies for environmentally friendly buildings

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

Schindler's hall call destination systems optimize travel within buildings and thus lead to a reduction in energy consumption per passenger. With our PORT Technology, we can increase the transport capacity of elevators by up to 40%, thus significantly reducing the amount of energy they consume while operating. This technology centers on the 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.

Schindler's efforts to reduce energy consumption already begin in the production phase. Priority is today assigned to the use of materials that have a lower environmental impact, are as lightweight as possible, and can be disposed of in an ecologically sound manner.

In addition, modern elevator drives with energy recovery systems feed unused energy back into the building's electricity network. Power Factor 1 is a technology used by Schindler in regenerative drives. The recuperated clean energy can either be used by other elevators in a group or fed back to the building's electrical grid – without causing harmonic distortions. This results in a reduction in waste heat, thus also significantly reducing elevator cooling requirements. Schindler combines 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 has increased by up to 50% compared to the previous model due to further development of this product line. 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, customers 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 36%.

Sustainability throughout the life cycle of the product

For more than 10 years, Schindler has been pursuing an approach to product management that takes account of environmental aspects and has been analyzing the environmental footprint of the products it installs. During this period, it has succeeded in achieving the energy efficiency class A under the VDI 4707 standard – i.e. the greenest rating – for all new Schindler elevator models. This is why Schindler products are frequently installed in environmentally friendly buildings that are seeking LEED certification¹.

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

1 500 students want to take part

For over a decade, Schindler has been supporting young talents in the area of urban development through the Schindler Award – an architectural competition that invites participants to design new architectural concepts to enhance the quality of life in urban centers and to promote barrier-free mobility for all members of the community. The new Global Schindler Award is being held in conjunction with the Chair of Professor Kees Christiaanse at the Swiss Federal Institute of Technology (ETH) in Zurich and the Future Cities Laboratory (FCL) in Singapore.

This year, students of architecture, landscape architecture, and urban design and planning from around the world have, for the first time, been invited to develop creative concepts for new urban forms. The response has far exceeded expectations: over 1 500 students – divided into 600 teams – have registered to take part.

A jury of internationally renowned professionals in urban design and architecture will judge the competition entries, with priority being assigned to barrier-free mobility and inclusion.

The Pearl River Delta – with Shenzhen at its center – has been chosen as the competition site for the Global Schindler Award 2015. The region is a prime example of China's economic success, with Shenzhen having exploded in size as it developed from a fishing village into a metropolis of more than ten million inhabitants. The vast speed at which the city has grown means that processes such as the increase in population density and urban expansion as well as the extension and renewal of infrastructures have occurred simultaneously. This creates enormous challenges for urban mobility – and consequently also for the participants in the Schindler Award.

Further information is available at: www.schindleraward.com

Solar Impulse

Schindler as a partner around the globe

Breaking through barriers to open the way for new approaches. This is the vision of Solar Impulse. It is not seeking to conquer new territory: instead its goal is to improve living conditions on our planet. The wings of Solar Impulse, which has the same wingspan as a large passenger aircraft, are fitted with over 17 000 solar cells. The new model, Solar Impulse 2, is fully equipped to circumnavigate the globe in 2015 – powered only by solar energy. With this world record attempt, Solar Impulse wants to demonstrate how clean technologies can be used to reduce the consumption of natural resources and our dependence on fossil fuels. Looking beyond the question of energy, Solar Impulse also wants to encourage people to become pioneers in their own lives and to develop new ways of thinking and acting. This is a philosophy that we share at Schindler and we have therefore been supporting this future-oriented project since 2011.

Committed to innovation

Solar Impulse and Schindler share a pioneering and entrepreneurial spirit as well as the courage to develop groundbreaking new technology. At Schindler, we also pursue new approaches day after day and create innovative products that enable our customers to transform their visions into reality.

In view of the increasing demand for mobility at a time when resources are growing scarcer and more expensive, the use of clean, sustainable energy from renewable sources is key to the future of mankind. Together with the Solar Impulse team, Schindler engineers are developing new, highly robust materials whose lightweight properties are key to Solar Impulse achieving a world-record-breaking flight using solar energy. As a result of this collaboration, Schindler is also able to use this new expertise to significantly reduce energy consumption in modern buildings.

The aircraft, which weighs only 2.3 tons and is also capable of flying at night, will embark on its round-the-world flight in March 2015. The pilots Bertrand Piccard and André Borschberg will take turns in flying the one-seater aircraft. Each of the pilots will have to spend up to five consecutive days and nights in the cockpit, which measures just 3.8 cubic meters, since Solar Impulse travels at a leisurely pace. Its average speed is only around 100 kilometers per hour.



The new solar aircraft HB-SIB



Overview of financial results

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- 66 Key figures registered share/participation certificate

Summary financial statements Group

Overview of
financial results

Consolidated income statement

In CHF million	2014	2013	2012	2011	2010
Revenue	9 246	8 813	8 258	7 854	8 187
Operating profit (EBIT)	1 138	896	990	793	950
in %	12.3	10.2	12.0	10.1	11.6
Financial result	-35	-240	-22	-15	-17
Income from associates	46	44	15	-1	5
Profit before taxes	1 149	700	983	777	938
Income taxes	247	237	253	211	259
Profit from continuing operations	902	463	730	566	679
Profit of the disposal group ALSO	-	-	-	35	32
Net profit	902	463	730	601	711

Consolidated balance sheet December 31

In CHF million	2014	2013	2012	2011	2010
Cash and cash equivalents	2 722	2 228	2 178	2 403	2 310
Other current assets	3 401	3 260	2 992	2 695	3 092
Total current assets	6 123	5 488	5 170	5 098	5 402
Property, plant, and equipment	802	655	522	483	456
Intangible assets	985	742	804	842	768
Other non-current assets	1 011	912	1 326	1 146	804
Total non-current assets	2 798	2 309	2 652	2 471	2 028
Total assets	8 921	7 797	7 822	7 569	7 430
Financial debts	409	594	133	169	145
Other current liabilities	3 917	3 380	3 195	3 176	3 526
Total current liabilities	4 326	3 974	3 328	3 345	3 671
Financial debts	540	413	621	619	132
Other non-current liabilities	1 059	885	1 060	954	808
Total non-current liabilities	1 599	1 298	1 681	1 573	940
Total liabilities	5 925	5 272	5 009	4 918	4 611
Equity	2 996	2 525	2 813	2 651	2 819
Total liabilities and equity	8 921	7 797	7 822	7 569	7 430

Cash flow statement

In CHF million	2014	2013	2012	2011	2010
Cash flow from operating activities	902	808	782	690	1 114
Cash flow from investing activities	111	-164	-532	-464	-361
Cash flow from financing activities	-554	-584	-459	-102	-339
Exchange differences	35	-10	-16	-41	-13
Change in cash and cash equivalents	494	50	-225	83	401

Key figures Group

In CHF million	2014	2013	2012	2011	2010
Orders received	9 979	9 456	8 967	8 249	8 778
Δ %	5.5	5.5	8.7	-6.0	4.3
Δ % in local currencies	7.8	7.2	8.5	4.8	7.7
Revenue	9 246	8 813	8 258	7 854	8 187
Δ %	4.9	6.7	5.1	-4.1	-1.1
Δ % in local currencies	7.3	8.4	5.0	6.9	2.4
Operating profit (EBIT)	1 138	896	990	793	950
in %	12.3	10.2	12.0	10.1	11.6
Operating profit (EBIT) before exceptional items	932³	896	990	928 ¹	950
in %	10.1	10.2	12.0	11.8	11.6
Net profit	902	463	730	601	711
Net profit before exceptional items	740⁴	682 ²	730	699	711
Cash flow from operating activities	902	808	782	690	1 114
Investments in fixed assets	183	252	132	124	147
Research & Development cost	134	127	115	113	109
Total equity	2 996	2 525	2 813	2 651	2 819
Equity ratio in %	33.6	32.4	36.0	35.0	37.9
Order backlog	9 263	7 722	7 083	6 438	6 075
Δ %	20.0	9.0	10.0	6.0	-0.2
Δ % in local currencies	15.4	13.8	12.4	8.3	7.8
Headcount at year-end	54 209	48 169	45 246	44 387	43 010

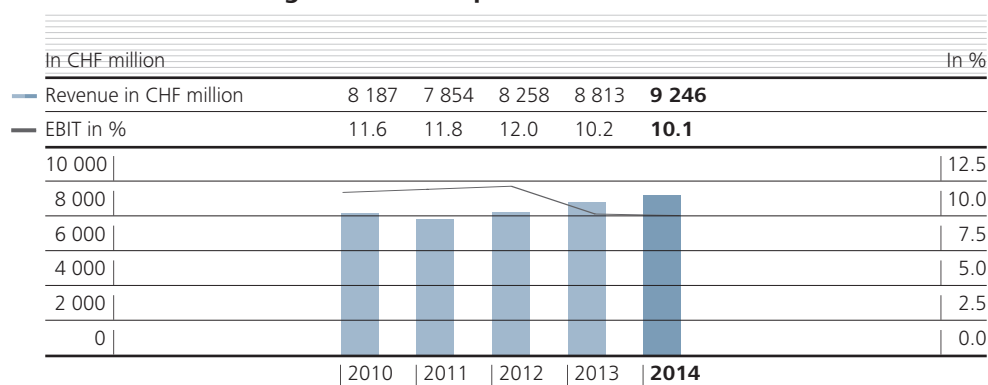
¹ LEAP restructuring costs: CHF 135 million

² Hyundai Elevator Co. Ltd. impairment: CHF 219 million

³ XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain: CHF 145 million, gain on sale of Mall of Switzerland project: CHF 82 million, impairment of intangible assets: CHF 21 million

⁴ Hyundai Elevator Co. Ltd. impairment: CHF 40 million

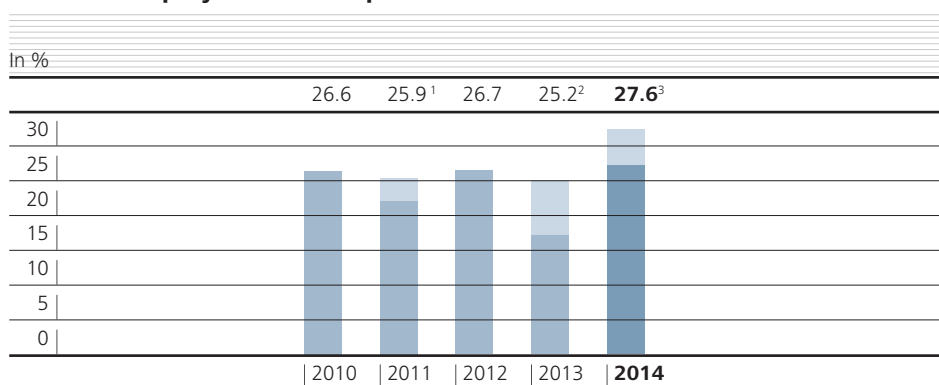
Revenue / EBIT margin before exceptional items



Revenue by market

	2014		2013		2012		2011		2010	
	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %	In CHF million	In %
Europe	3 975	43	3 981	45	3 817	46	3 902	50	4 250	52
Americas	2 578	28	2 496	28	2 400	29	2 233	28	2 352	29
Asia-Pacific, Africa	2 693	29	2 336	27	2 041	25	1 719	22	1 585	19
Total	9 246	100	8 813	100	8 258	100	7 854	100	8 187	100

Return on equity before exceptional items

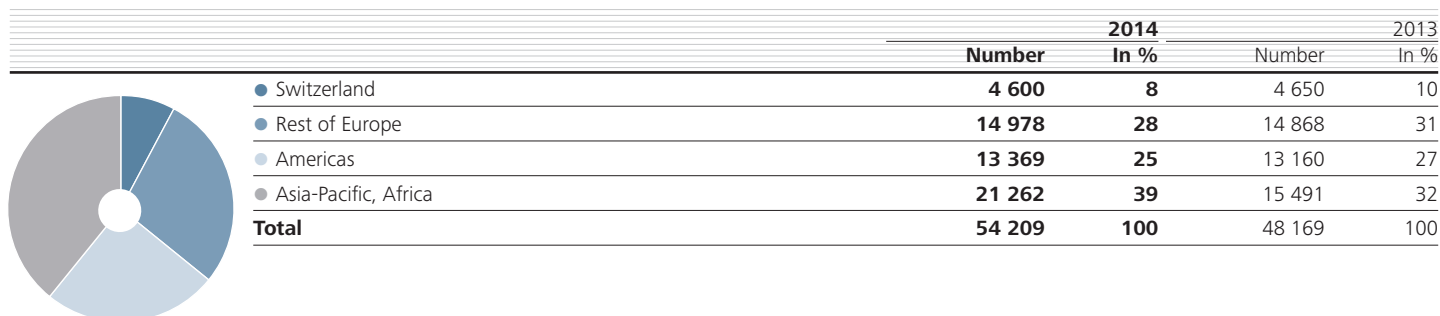


¹ After LEAP restructuring costs: 22.3%

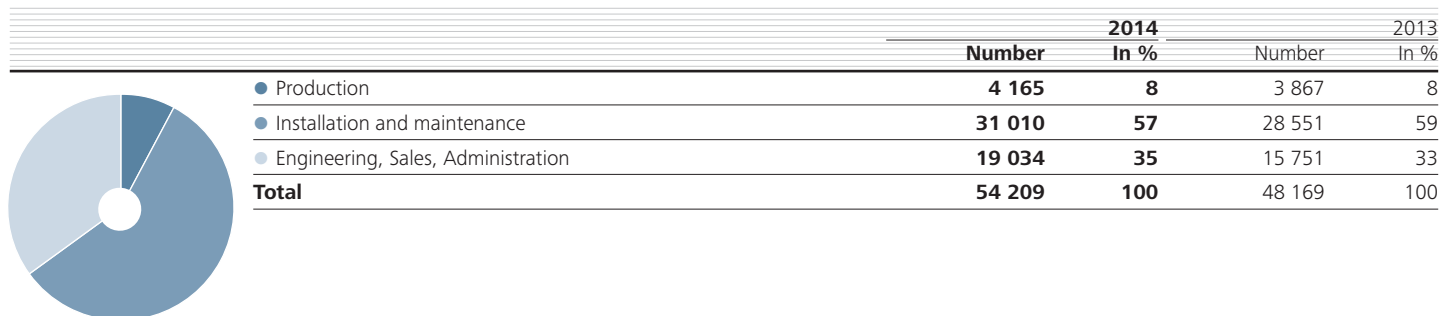
² After Hyundai Elevator Co. Ltd. impairment: 17.3%

³ After exceptional items: 32.7%

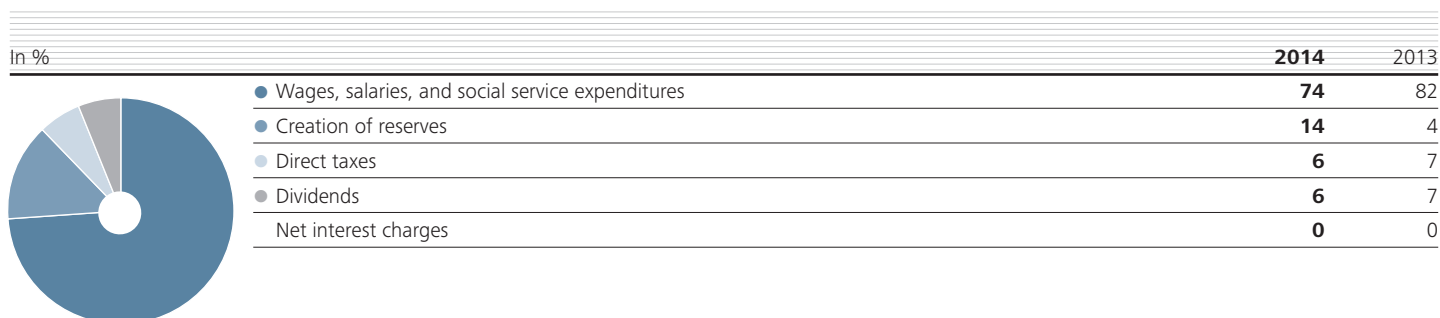
Headcount by market



Headcount by business area



Allocation of the Group's net value added



The Group's total value added is the increase in value achieved by the entire Group within a certain period of time. Net value added is calculated by subtracting the input value of goods and services sourced from other companies, as well as depreciation, amortization, and impairment from revenue. The distribution of the Group's net value added shows the extent to which employees, the state, creditors, the company itself, and its shareholders participate in this economically relevant amount.

Summary financial statements Schindler Holding Ltd.

Overview of
financial results

Income statement

In CHF million	2014	2013	2012	2011	2010
Income from participations	751	1 083	590	683	766
Other income	54	22	39	60	10
Total income	805	1 105	629	743	776
Write-downs, impairments, and change in provisions	–	283	36	27	73
Other expenses	44	57	42	45	33
Total expenses	44	340	78	72	106
Net profit	761	765	551	671	670

Balance sheet December 31

In CHF million	2014	2013	2012	2011	2010
Cash and cash equivalents	1 954	1 583	1 626	1 657	1 291
Other current assets	666	1 161	635	702	192
Participations	1 484	1 503	1 863	1 576	1 600
Other non-current assets	449	463	8	37	37
Total assets	4 553	4 710	4 132	3 972	3 120
Bonds	618	818	600	600	–
Other liabilities	551	472	484	439	503
Total liabilities	1 169	1 290	1 084	1 039	503
Share capital and participation capital	11	12	12	12	12
Other equity	3 373	3 408	3 036	2 921	2 605
Total equity	3 384	3 420	3 048	2 933	2 617
Total liabilities and equity	4 553	4 710	4 132	3 972	3 120

Dividend

In CHF million	2014 ¹	2013	2012	2011	2010
Registered shares	218	149	154	140	211
Participation certificates	143	96	100	92	144
Total dividend	361	245	254	232	355
Gross dividend in CHF	3.20 ²	2.20	2.20	2.00	3.00 ³

¹ Proposal by the Board of Directors

² Ordinary CHF 2.20; additional CHF 1.00

³ Ordinary CHF 2.00; additional CHF 1.00

Dividend policy

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

Key figures registered share/ participation certificate

Registered share

In CHF	2014	2013	2012	2011	2010
Number of registered shares outstanding	68 180 352	70 887 645	71 440 056	71 776 700	71 776 700
thereof treasury shares	545 769	3 285 417	1 138 281	1 388 971	1 327 102
Nominal value	0.10	0.10	0.10	0.10	0.10
High	143.90	142.00	130.50	114.50	118.00
Low	119.80	120.20	104.10	79.25	76.60
Year-end rate	142.60	131.60	129.80	109.10	111.90
P/E ratio December 31 (before exceptional items)	23.0	23.7	21.9	19.5	19.9

Participation certificate

In CHF	2014	2013	2012	2011	2010
Number of certificates outstanding	44 618 533	46 171 909	46 894 800	48 609 400	48 609 400
thereof treasury shares	785 058	1 953 873	1 555 803	2 543 219	404 831
Nominal value	0.10	0.10	0.10	0.10	0.10
High	145.70	146.90	132.90	113.70	118.40
Low	120.50	121.40	102.60	78.10	76.05
Year-end rate	144.00	131.30	132.00	109.40	110.60
P/E ratio December 31 (before exceptional items)	23.2	23.6	22.3	19.5	19.7

Information per registered share and participation certificate

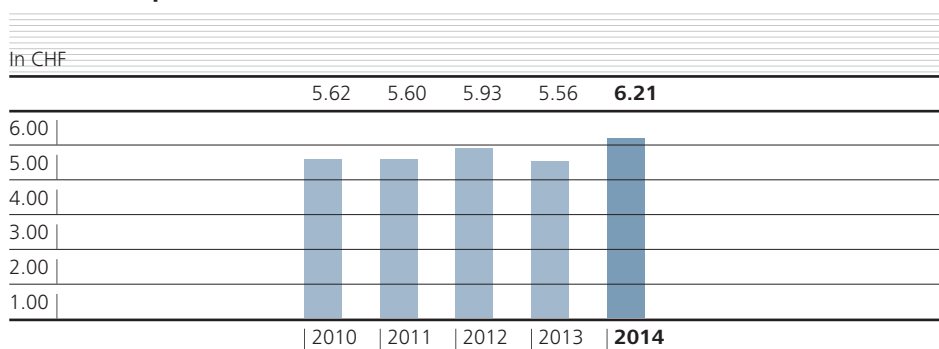
In CHF	2014	2013	2012	2011	2010
Net profit	7.64	3.69	5.93	4.78	5.62
Net profit before exceptional items	6.21	5.56	5.93	5.60	5.62
Cash flow from operating activities	8.00	6.90	6.61	5.73	9.25
Equity at year-end	25.93	22.13	24.04	22.50	22.88
Gross dividend	3.20^{1,2}	2.20	2.20	2.00	3.00 ³
Pay-out ratio (in %)	41.9	59.6	37.1	41.8	53.3
Market capitalization (in CHF million)	16 101	14 881	15 463	13 149	13 408

¹ Proposal by the Board of Directors

² Ordinary CHF 2.20; additional CHF 1.00

³ Ordinary CHF 2.00; additional CHF 1.00

Net profit per registered share and participation certificate before exceptional items



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

Shareholders

At the end of 2014, registered shares of Schindler Holding Ltd. were held by 6 235 shareholders (previous year: 6 304).

On the same date, the Schindler and Bonnard families – within the scope of shareholder agreements – and parties related to these families held 47 639 751 registered shares (previous year: 47 720 376) of Schindler Holding Ltd., corresponding to 69.9% (previous year: 67.3%) of the voting rights of the share capital entered in the Commercial Register.

Financial calendar

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	2015	2016
Annual results media conference	February 13	February 12
Ordinary General Meeting Schindler Holding Ltd.	March 20	March 22
First trading date ex-dividend	March 24 ¹	
Date of Schindler Holding Ltd. dividend payment	March 30 ¹	
Publication of selected key figures as of March 31	April 28	April
Publication of Interim Report as of June 30	August 14	August
Publication of selected key figures as of September 30	October 23	October

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

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The Annual Report of the Schindler Group for 2014 consists of the Group Review and the Financial Statements.

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

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zurich, Switzerland

Premedia

Management Digital Data AG
Lenzburg, Switzerland

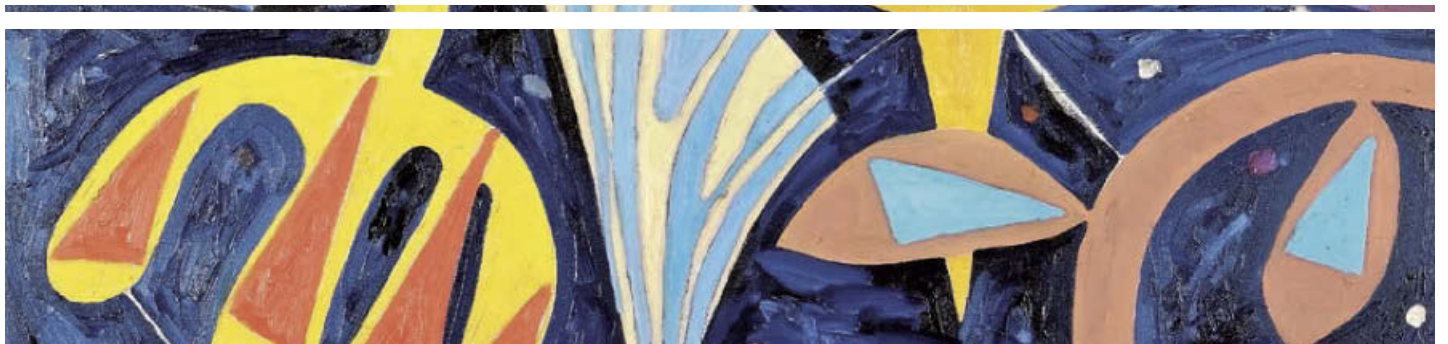
Printing

Multicolor Print AG
Baar, Switzerland

Photography

Michael Reinhard
Zurich, Switzerland



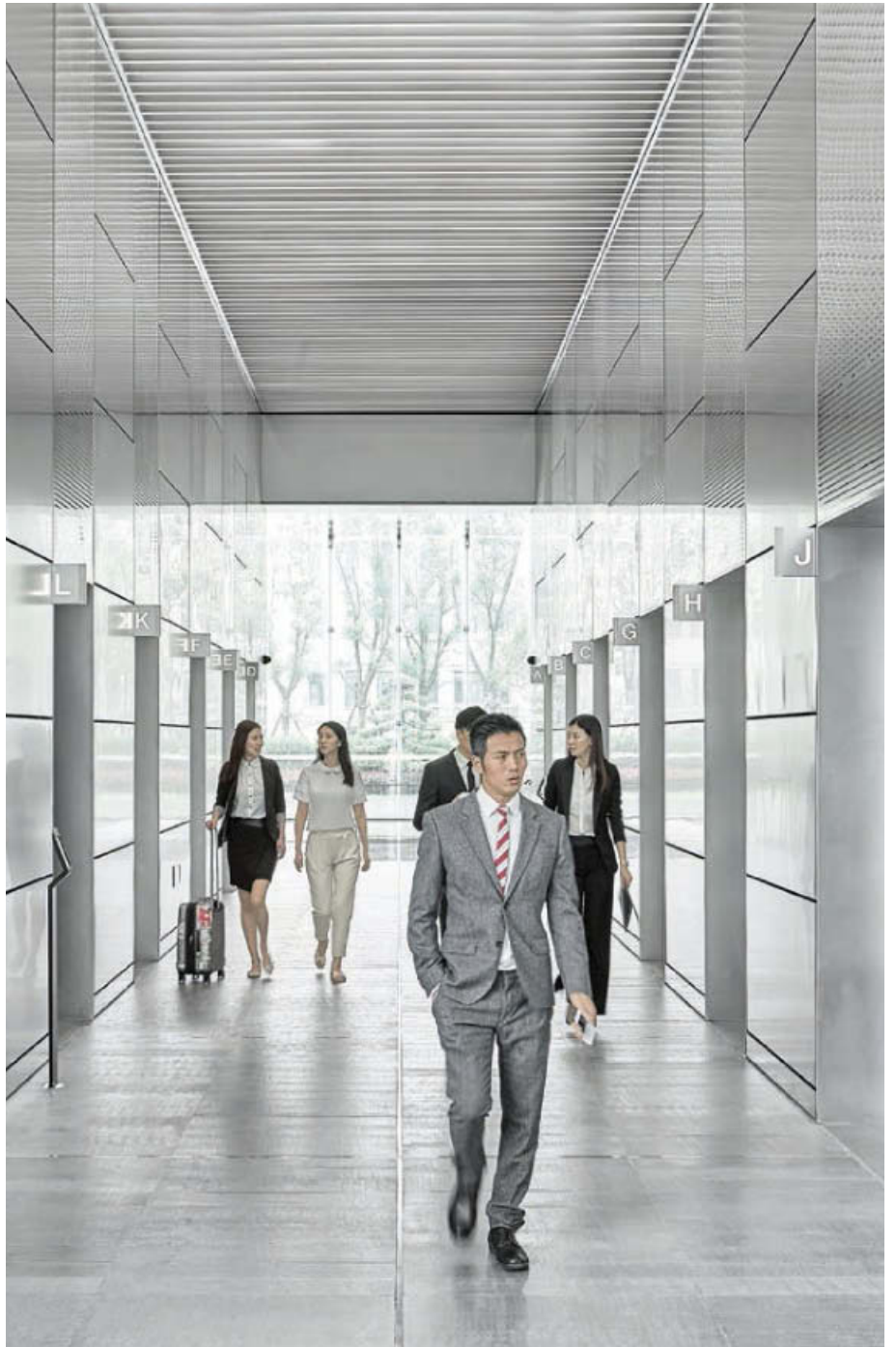


Watch it.

Schindler and Ayres move people – daily.
Focused on the goal ahead. Pioneering.

Gillian Ayres
Jumping Jack Flash, 2009
Oil on canvas, 153 x 153 cm

Alan Cristea Gallery, London, UK



Shanghai Arch,
Shanghai, China



Investing in people
and technology.
Financial Statements 2014

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- 9 Consolidated statement of changes in equity
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Consolidated income statement

In CHF million	Note	2014	%	2013	%
Revenue	4	9 246	100.0	8 813	100.0
Cost of materials		2 901	31.4	2 736	31.0
Personnel expenses	5	3 293	35.6	3 185	36.1
Other operating expenses	6	1 998	21.6	1 929	21.9
Depreciation, amortization and impairment	17, 18	157	1.7	120	1.4
Change in provisions		-14	-0.2	-53	-0.6
Total operating expenses		8 335	90.1	7 917	89.8
Other income	7	227	2.4	–	–
Operating profit		1 138	12.3	896	10.2
Financial income	8	64	0.7	47	0.5
Financial expenses	9	99	1.1	287	3.3
Income from associates	10	46	0.5	44	0.5
Profit before taxes		1 149	12.4	700	7.9
Income taxes	11	247	2.7	237	2.6
Net profit		902	9.7	463	5.3
Net profit attributable to					
Owners of Schindler Holding Ltd.		862	9.3	432	4.9
Non-controlling interests		40	0.4	31	0.4
Earnings per share and participation certificate in CHF					
Basic	12	7.74		3.76	
Diluted	12	7.70		3.74	

Consolidated statement of comprehensive income

In CHF million	Note	2014	2013
Net profit		902	463
Other comprehensive income – reclassifiable to the income statement in future	28		
Exchange differences		62	–52
Hedging transactions		–17	10
Available-for-sale financial assets	33	112	–39
Share of other comprehensive income of associated companies		–1	–
Taxes		–5	–1
Total – reclassifiable to the income statement in future		151	–82
Other comprehensive income – not reclassifiable to the income statement in future			
Remeasurements of employee benefits	23	–212	148
Share of other comprehensive income of associated companies		–1	–2
Taxes		39	–37
Total – not reclassifiable to the income statement in future		–174	109
Total other comprehensive income		–23	27
Comprehensive income		879	490
Attributable to			
Owners of Schindler Holding Ltd.		834	459
Non-controlling interests		45	31

Consolidated balance sheet

Assets

In CHF million	Note	31.12.2014	%	31.12.2013	%
Current assets					
Cash and cash equivalents		2 722	30.5	2 228	28.5
Marketable securities	13	321	3.6	516	6.6
Accounts receivable	14	1 696	19.0	1 511	19.4
Taxes receivable		78	0.9	103	1.3
Net assets from construction contracts	15	662	7.4	551	7.1
Inventories	16	508	5.7	444	5.7
Prepaid expenses and accrued income		130	1.4	123	1.6
Assets held for sale		6	0.1	12	0.2
Total current assets		6 123	68.6	5 488	70.4
Non-current assets					
Property, plant, and equipment	17	802	9.0	655	8.4
Intangible assets	18	985	11.0	742	9.5
Associated companies	20	227	2.6	334	4.3
Long-term financial assets	21	504	5.7	378	4.8
Deferred taxes	22	280	3.1	200	2.6
Total non-current assets		2 798	31.4	2 309	29.6
Total assets		8 921	100.0	7 797	100.0

Liabilities and equity

In CHF million	Note	31.12.2014	%	31.12.2013	%
Liabilities					
Current liabilities					
Accounts payable	24	907	10.2	800	10.3
Financial debts	26	409	4.6	594	7.6
Taxes payable		126	1.4	127	1.6
Net liabilities from construction contracts	15	1 250	14.0	1 115	14.3
Accrued expenses and deferred income	25	1 497	16.8	1 227	15.8
Provisions	27	137	1.5	111	1.4
Total current liabilities		4 326	48.5	3 974	51.0
Non-current liabilities					
Financial debts	26	540	6.0	413	5.3
Provisions	27	330	3.7	340	4.4
Deferred taxes	22	107	1.2	134	1.7
Employee benefits	23	622	7.0	411	5.2
Total non-current liabilities		1 599	17.9	1 298	16.6
Total liabilities		5 925	66.4	5 272	67.6
Equity					
Share capital and participation capital	28	11	0.1	12	0.2
Other reserves	28	-416	-4.6	-1 055	-13.5
Retained earnings		3 295	36.9	3 518	45.1
Equity of the owners of Schindler Holding Ltd.		2 890	32.4	2 475	31.8
Non-controlling interests		106	1.2	50	0.6
Total equity		2 996	33.6	2 525	32.4
Total liabilities and equity		8 921	100.0	7 797	100.0

Consolidated cash flow statement

In CHF million	Note	2014	2013
Net profit		902	463
Depreciation, amortization, and impairment		157	120
Change in provisions		-14	-53
Other non-cash items	30	-136	263
Employee benefits		-51	-54
Change in net working capital		44	69
Cash flow from operating activities		902	808
Additions			
Property, plant, and equipment	17	-183	-252
Intangible assets	18	-8	-7
Associated companies		-3	-9
Marketable securities / Long-term financial assets		-535	-301
Disposals			
Property, plant, and equipment	17	17	36
Marketable securities / Long-term financial assets		690	382
Assets held for sale		37	-
Disposals of Group companies		48	-
Business combinations		48	-13
Cash flow from investing activities		111	-164
Proceeds from increase in financial debts		24	277
Repayments of financial debts		-240	-62
Acquisition of non-controlling interests		-3	-
Purchase of treasury shares	28	-93	-547
Sale of treasury shares	28	17	16
Dividends paid to the owners of Schindler Holding Ltd.	40	-245	-254
Dividends paid to non-controlling interests		-14	-14
Cash flow from financing activities		-554	-584
Exchange differences		35	-10
Change in cash and cash equivalents		494	50
Opening balance cash and cash equivalents		2 228	2 178
Closing balance cash and cash equivalents		2 722	2 228
Cash flow from operating activities includes			
Income taxes paid		266	251
Interest paid		21	21
Interest received		33	25
Dividends received		46	20

Consolidated statement of changes in equity

In CHF million	Share and PC capital	Other reserves	Retained earnings	Total	Non- controlling interests	Total Group
January 1, 2013	12	-605	3 373	2 780	33	2 813
Net profit			432	432	31	463
Other comprehensive income		-80	107	27	-	27
Comprehensive income		-80	539	459	31	490
Dividends			-254	-254	-14	-268
Cancellation of treasury shares	-	138	-138	-		-
Change in treasury shares		-508	-25	-533		-533
Share-based payments			23	23		23
December 31, 2013	12	-1 055	3 518	2 475	50	2 525
Net profit			862	862	40	902
Other comprehensive income		143	-171	-28	5	-23
Comprehensive income		143	691	834	45	879
Dividends			-245	-245	-14	-259
Cancellation of treasury shares	-1	552	-551	-		-
Change in treasury shares		-56	-20	-76		-76
Share-based payments			19	19		19
Change in non-controlling interests			-117	-117	-19	-136
Business combinations					44	44
December 31, 2014	11	-416	3 295	2 890	106	2 996

Notes to the Group financial statements

1 Business activities

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

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

2 Basis of preparation

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

2.1 Main changes in accounting principles

The following new IFRS standards and interpretations were applied with effect from January 1, 2014:

- Investment Entities – Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interest in Other Entities, and IAS 27 – Separate Financial Statements
- IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
- IAS 39 – Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
- IFRIC 21 – Levies

IAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 was early adopted from January 1, 2013.

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

2.2 Published standards, interpretations, and amendments not yet applied

The impact of IFRS 9 – Financial Instruments (effective date: January 1, 2018) and IFRS 15 – Revenue from Contracts with Customers (effective date: January 1, 2017) on accounting practices is currently being analyzed. There are no plans for an early adoption of the two standards prior to the mandatory effective date.

The other published but not yet applied standards are currently not expected to have any material impact on accounting practices or on the Schindler Group's financial position, results of operations, and cash flows.

2.3 Significant estimates and judgments

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

2.3.1 Estimates and assumptions

Taxes

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

Provisions

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

Employee benefits

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

2.3.2 Judgments

Associates

Qualitative factors have to be taken into account when assessing whether the Schindler Group has significant influence over associates. Although it has a 21.5% (previous year: 30.9%) participation in Hyundai Elevator Co. Ltd., Schindler has no significant influence over the company: it is not represented on the Board of Directors and has no access to detailed information. Furthermore, no transactions are executed between Schindler and Hyundai Elevator Co. Ltd. Since August 15, 2011, this participation has therefore no longer been recognized as an associate and is, instead, reported as a long-term available-for-sale financial asset.

3 Summary of main accounting principles

3.1 Consolidation

3.1.1 Scope of consolidation

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).

Apart from the sale of its 74% participation in EbiSquare AG, Ebikon, Switzerland (see note 7), and the first-time consolidation of XJ-Schindler (Xuchang) Elevator Co. Ltd., Henan, China (see note 29), there were no changes to the scope of consolidation.

An overview of material Group companies is provided in note 39.

3.1.2 Consolidation principles

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

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

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

Companies in which Schindler has significant influence but which are not controlled by Schindler are classified as associates and accounted for using the equity method.

3.1.3 Business combinations and goodwill

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

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

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

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

If the Schindler Group gains control of an associate (business combination achieved in stages), the previously held interests are measured at fair value at the acquisition date. Any gain or loss resulting from the remeasurement is recognized in other income. All items previously recognized in other comprehensive income are reclassified to profit or loss or to equity.

In the case of acquisitions, it is common practice for the Schindler Group to acquire call options and to write put options for the remaining interests that were not acquired. Shares of the profits continue to be allocated to the non-controlling interests. Liabilities from written put options are measured at the present value of the redemption amount. These financial liabilities are remeasured annually and the resulting differences are recorded in other reserves without any impact on the income statement.

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

3.1.4 Change in interests held and disposals

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

3.1.5 Associates

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

3.2 Translation of foreign currency

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

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

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

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

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

			2014		2013	
			Closing rate	Average rate	Closing rate	Average rate
Eurozone	EUR	1	1.20	1.22	1.23	1.23
USA	USD	1	0.99	0.92	0.89	0.92
Brazil	BRL	100	37.30	39.08	37.72	42.94
China	CNY	100	15.94	14.89	14.72	15.01

3.3 Segment reporting

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

3.4 Revenue recognition

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

Anticipated losses on construction contracts are recognized as provisions.

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

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts, and time deposits with an original maturity of a maximum of 3 months.

3.6 Marketable securities

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

3.7 Accounts receivable

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

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

3.8 Construction contracts

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

3.9 Inventories

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

3.10 Property, plant, and equipment

Property, plant, and equipment as well as investment properties not used for operational purposes are valued at cost less cumulative depreciation. Borrowing costs related to qualifying assets are capitalized.

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

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

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

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

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

3.11 Leasing

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

Operating leases are recognized as an operating expense.

3.12 Intangible assets

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

All intangible assets with finite useful lives are amortized using the straight-line method. They are also tested for impairment whenever there are indications that impairment may have occurred. Goodwill is not amortized systematically but is, instead, tested for impairment annually, or whenever there are indications that impairment may have occurred. In previous years, an existing impairment test remained valid for several years if specific criteria were met.

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

The estimated useful life of intangible assets is as follows:

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

3.13 Research and development

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

3.14 Financial instruments

3.14.1 Financial assets

Classification and measurement

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

Financial assets are divided into the following categories:

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

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

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

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

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

Impairment

Whenever there is objective evidence of possible impairment (e.g. serious financial difficulties of the debtor, insolvency proceedings, etc.), the carrying amounts of financial assets not measured at fair value through profit or loss are tested to determine whether impairment has actually occurred. Impairment expenses are recognized through profit or loss.

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

3.14.2 Financial liabilities

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

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

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

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

3.14.3 Derivative financial instruments and hedge accounting

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

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

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

3.14.4 Treasury shares

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

3.15 Provisions

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

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

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

3.16 Taxes

3.16.1 Current income taxes

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

3.16.2 Deferred taxes

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

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

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

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

3.17 Employee benefits

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

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

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

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

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

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

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

3.18 Share-based payments

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

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

The fair value of share-based payments is determined at grant date. At the same date, or over the period until the beneficiary is entitled to receive the award, the amount is charged to personnel expenses and recognized as an increase in equity.

4 Revenue

In CHF million	2014	2013
Billings	8 890	8 402
Change in work in progress (PoC)	328	382
Other operating revenue	27	28
Capitalized own production	1	1
Total revenue	9 246	8 813

Billings comprise all goods and services rendered and invoiced in the areas of production, installation, maintenance, and modernization less any price discounts granted. Changes in work in progress that have not yet been invoiced are recognized using the percentage of completion (PoC) method. CHF 5 150 million of total revenue was determined using the PoC method (previous year: CHF 4 731 million).

5 Personnel expenses

In CHF million	Note	2014	2013
Salaries and wages		2 868	2 485
Cost of defined benefit plans	23	56	54
Cost of defined contribution plans		78	73
Share-based payments		19	23
Other personnel expenses		272	550
Total personnel expenses		3 293	3 185

Other personnel expenses primarily consist of social and insurance benefits.

6 Other operating expenses

In CHF million	2014	2013
Production, installation, maintenance, transport, and subcontractors	812	748
Employee-related expenses	303	291
Rent and leasing	159	156
Maintenance and repairs	75	73
Energy supply, consumables, and packing materials	175	163
Insurance, fees, and capital taxes	80	90
Administration and marketing	262	255
Other operating expenses	146	168
Other operating income	-14	-15
Total other operating expenses	1 998	1 929

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

Research and development costs of CHF 134 million were charged to the income statement (previous year: CHF 127 million).

7 Other income

In CHF million	Note	2014
XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain	29	145
Gain on sale of Mall of Switzerland project		82
Total other income		227

In connection with the Mall of Switzerland project, the 74% participation in EbiSquare AG as well as property, plant, and equipment were sold in the reporting year 2014. The resulting gain on the sale of CHF 82 million includes CHF 51 million from deconsolidation as well as CHF 31 million from property, plant, and equipment held for sale.

8 Financial income

In CHF million	2014	2013
Interest	34	32
Net gains/losses on foreign exchange	–	12
Net income from securities	30	3
Total financial income	64	47

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

Net income from securities includes dividend income and realized gains from the sale of shares classified as available for sale.

9 Financial expenses

In CHF million	Note	2014	2013
Hyundai Elevator Co. Ltd. impairment	21	40	219
Interest		23	23
Net interest on employee benefits	23	13	17
Increase in the present value of provisions	27	8	7
0.375% exchangeable bond 2013–2017 revaluation	26	2	6
Other financial expenses		13	15
Total financial expenses		99	287

An impairment of CHF 40 million on the participation in Hyundai Elevator Co. Ltd. was recognized in the reporting year (previous year: CHF 219 million). In the previous year, CHF 155 million of this sum was reclassified from other comprehensive income.

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

10 Income from associates

In CHF million	2014	2013
Share of profit or loss of associated companies	47	45
Amortization of intangible assets	–1	–1
Total income from associates	46	44

11 Income taxes

In CHF million	2014	2013
Current income taxes for the reporting period	287	250
Current income taxes for previous periods	11	2
Deferred income taxes	-51	-15
Total income taxes	247	237

Reconciliation of income taxes

In CHF million	2014	%	2013	%
Profit before taxes	1 149		700	
Weighted average income tax rate as % of profit before taxes		21.9		28.9
Expected income tax expenses	252		202	
Tax effects of				
XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain	-25		-	
Gain on sale of Mall of Switzerland project	2		-	
Recognition/utilization of unrecognized tax loss carryforwards	-3		4	
Other non-taxable income/other non-deductible expenses	-3		19	
Non-reclaimable withholding taxes	16		17	
Other differences	8		-5	
Total income taxes	247	21.5	237	33.9

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

The weighted average tax rate of 21.9% (previous year: 28.9%) as well as the actual tax rate of 21.5% (previous year: 33.9%) were impacted in the reporting year by exceptional items, particularly the gain from the sale of the Mall of Switzerland project and the gain from the revaluation of the participation in XJ -Schindler (Xuchang) Elevator Co. Ltd. (see note 7). In the previous year, they were impacted by the impairment on the participation in Hyundai Elevator Co. Ltd. (see note 9). Excluding these exceptional items, the weighted average tax rate would be 23.4% (previous year: 23.8%) and the actual tax rate would be 24.7% (previous year: 25.8%).

12 Earnings per share and per participation certificate

		2014	2013
Net profit (owners of Schindler Holding Ltd.)	in CHF million	862	432
Shares and participation certificates	Number	112 798 885	117 059 554
Less treasury shares (weighted average)	Number	-1 373 886	-2 109 550
Outstanding shares and participation certificates (weighted average)	Number	111 424 999	114 950 004
Basic earnings per share and participation certificate	in CHF	7.74	3.76
Diluted net profit	in CHF million	862	432
Diluted shares and participation certificates	Number	111 922 971	115 529 163
Diluted earnings per share and participation certificate	in CHF	7.70	3.74

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

13 Marketable securities

In CHF million	2014	2013
Time deposits	305	255
Other marketable securities	16	261
Total marketable securities	321	516

Other marketable securities mainly comprise bonds and shares.

14 Accounts receivable

In CHF million	2014	2013
Trade accounts receivable	1 523	1 342
Associated companies	11	12
Other accounts receivable	162	157
Total accounts receivable	1 696	1 511

14.1 Allowance of receivables

In CHF million	2014	2013
January 1	-132	-125
Setup	-17	-28
Usage	18	18
Additions from business combinations	-24	-
Exchange differences	-2	3
December 31	-157	-132

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

14.2 Aging analysis of receivables

2014

In CHF million	Total carrying amounts	of which not overdue	of which overdue				
			<30 days	30 to 90 days	91 to 180 days	181 to 360 days	>360 days
Trade accounts receivable, gross	1 680	485	361	320	195	132	187
Allowance	-157	-1	-2	-3	-6	-29	-116
Associated companies	11	3	2	2	2	-	2
Other receivables	162	137	12	5	2	1	5
Total receivables	1 696	624	373	324	193	104	78

2013

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

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

15 Construction contracts

In CHF million	2014	2013
Work in progress (PoC)	1 574	1 271
Progress payments from customers	-912	-720
Net assets from construction contracts	662	551
Work in progress (PoC)	1 086	923
Progress payments from customers	-2 336	-2 038
Net liabilities from construction contracts	-1 250	-1 115

16 Inventories

In CHF million	2014	2013
Raw materials, semifinished and finished goods	461	409
Advance payments to suppliers	47	35
Total inventories	508	444

Inventories include write-downs and write-offs of CHF 101 million (previous year: CHF 99 million) related to items with a slow rate of turnover and technically obsolete items.

17 Property, plant, and equipment (PPE)**2014**

In CHF million	Land	Buildings	Equipment and machinery	Other PPE	Total
Net book values					
January 1	63	240	135	217	655
Additions	–	38	57	92	187
Disposals	–3	–2	–1	–	–6
Depreciation	–	–18	–35	–45	–98
Additions from business combinations	–	31	6	4	41
Reclassifications	8	63	9	–80	–
Exchange differences	2	9	1	11	23
December 31	70	361	172	199	802
Of which finance leases	–	3	–	5	8
Fire insurance values					2 285
Cost					
Cost	80	618	557	496	1 751
Cumulative depreciation and impairment	–10	–257	–385	–297	–949
December 31	70	361	172	199	802

Other property, plant, and equipment includes IT equipment, furniture, vehicles, and assets under construction. As of December 31, 2014, assets under construction totaled CHF 72 million (previous year: CHF 105 million). CHF 72 million was reclassified in the reporting year.

Gains from the sale of property, plant, and equipment amounted to CHF 11 million in the reporting year (previous year: CHF 15 million). The gains are recognized in other operating income.

Contractual obligations in the amount of CHF 26 million exist for investments in property, plant, and equipment (previous year: CHF 43 million).

Land and buildings include investment properties with a net book value of CHF 49 million (previous year: CHF 52 million). The market value of investment properties is CHF 66 million (previous year: CHF 62 million). Of this sum, CHF 11 million was calculated on the basis of external expert opinions (previous year: CHF 44 million). Rental income totaled CHF 5 million (previous year: CHF 1 million). This compares to operating expenses of CHF 3 million (previous year: CHF 0 million). The operating expenses relating to investment properties without rental income totaled CHF 2 million (previous year: CHF 1 million).

Investment properties are valued by external experts using the discounted cash flow method. Input factors such as the discount rate, rental income, and increases in rent are used, resulting in a level 3 fair value classification.

2013

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

18 Intangible assets

In CHF million	Goodwill	Service portfolio	Other intangible assets	Total
Net book values 2014				
January 1, 2014	520	178	44	742
Additions	–	–	8	8
Amortization	–	–26	–12	–38
Impairment	–7	–14	–	–21
Additions from business combinations	237	5	25	267
Exchange differences	23	–	4	27
December 31, 2014	773	143	69	985
Cost	793	400	182	1 375
Cumulative amortization and impairment	–20	–257	–113	–390
December 31, 2014	773	143	69	985
Net book values 2013				
January 1, 2013	561	193	50	804
Additions	–	3	4	7
Amortization	–	–25	–10	–35
Additions from business combinations	–	13	–	13
Exchange differences	–41	–6	–	–47
December 31, 2013	520	178	44	742
Cost	533	402	145	1 080
Cumulative amortization and impairment	–13	–224	–101	–338
December 31, 2013	520	178	44	742

The additions from business combinations in goodwill and in other intangible assets result from the first-time consolidation of XJ-Schindler (Xuchung) Elevator Co. Ltd. (see note 29).

Impairment losses in the service portfolio of CHF 14 million result from changes in estimates of future cash flows in the Saudi Arabia service portfolio. The recoverable amount of the service portfolio is CHF 18 million. A pre-tax discount rate of 10.7% was assumed when determining its value.

Other intangible assets comprise licenses, patents, and similar rights, as well as software.

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

19.2 Annual impairment test

Goodwill was tested for impairment in the third quarter based on the value in use. An impairment is recognized if the carrying amount of the cash-generating unit exceeds the recoverable amount.

The calculations were based on the following assumptions:

In CHF million	Goodwill at 31.12.2014	Assumptions used		
		Pre-tax discount rate	Growth rate	Inflation rate
China	270	9.8%	3.0%	3.0%
Brazil	207	18.9%	4.5%	4.5%
Germany	131	7.2%	1.7%	1.7%
Switzerland	51	6.0%	1.0%	1.0%
Saudi Arabia	34	10.7%	3.5%	3.5%
Others	80			
Total	773			

A CHF 7 million impairment was recognized for the cash-generating unit in Saudi Arabia. The correction is based on the latest medium-term plan, which forecasts lower future cash flows. The recoverable amount of the cash-generating unit in Saudi Arabia is CHF 82 million. If the expected operating profit is lower or the discount rate increases, a further impairment would have to be recognized.

For all other cash-generating units, the forecast scenarios do not require an impairment. The item 'Others' comprises five different cash-generating units, which are not significant when viewed individually. A change in the basic data used, e.g. in the event of a sustained deterioration in operating profit while the balance sheet and cost structure remain the same, would not result in an impairment of goodwill. Even if cash flow forecasts were based on zero growth, the carrying amount would not exceed the recoverable amount. An increase of 1 percentage point in the assumed discount rate would not alter the results of the impairment test.

In CHF million	Goodwill at 31.12.2013	Assumptions used			
		Pre-tax discount rate	Growth rate	Inflation rate	Year
China	11	12.9%	3.0%	3.0%	2010
Brazil	209	25.7%	4.5%	4.5%	2010
Germany	134	9.0%	2.0%	2.0%	2010
Switzerland	51	6.9%	1.0%	1.0%	2012
Saudi Arabia	38	12.8%	4.0%	4.0%	2013
Others	77				
Total	520				

In the previous year, a comprehensive impairment test was carried out for the cash-generating unit in Saudi Arabia. In the past, no significant differences between expected and actual profitability were identified in the case of the other cash-generating units. The figures from the detailed calculations for the years 2010 and 2012 were therefore used in the case of these cash-generating units. The parameters disclosed above relate to the years in question.

20 Associates

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

The Schindler Group held a 28.2% participation (previous year: CHF 28.4%) in ALSO Holding AG (previously ALSO-Actebis Holding AG). ALSO Holding AG, which is headquartered in Emmen, Switzerland, distributes products, solutions, and services in the areas of information technology, consumer electronics, and telecommunication products (ICT) throughout Europe.

ALSO Holding AG is listed on the SIX Swiss Exchange. The proportionate share of the market value, calculated on the basis of the year-end closing rate of CHF 51.85 (previous year: CHF 49.50), was CHF 188 million (previous year: CHF 181 million). The carrying amount as of December 31, 2014, was CHF 195 million (previous year: CHF 188 million).

In June 2013, the Schindler Group issued a bond that can be exchanged for shares of ALSO. As at the balance sheet date, no shares had been exchanged. The Schindler Group still has significant influence over ALSO and the participation is classified as an associate. See note 26.1 for further details.

ALSO Holding AG

In CHF million	2014	2013
Revenue	8 521	7 975
Profit from continuing operations	68	58
Other comprehensive income	-8	-2
Comprehensive income	60	56
Dividends received	5	4
Current assets	1 692	1 363
Non-current assets	293	302
Current liabilities	1 199	1 000
Non-current liabilities	265	175
Equity	521	490
Participation	28.2%	28.4%
Share in equity	147	139
Goodwill	48	49
Carrying amount	195	188

Cumulative proportionate values of other associates

In CHF million	2014	2013
Profit from continuing operations	28	28
Comprehensive income	28	28
Carrying amount	32	146

The change in the carrying amount is the result of the first-time consolidation of XJ-Schindler (Xuchang) Elevator Co. Ltd.

21 Long-term financial assets

In CHF million	2014	2013
Loans to associated companies	18	19
Marketable securities	112	94
Investment in Hyundai Elevator Co. Ltd.	223	143
Other long-term financial assets	151	122
Total long-term financial assets	504	378

The participation in Hyundai Elevator Co. Ltd. is treated as a long-term available-for-sale financial asset. The increase in the value of the participation in the amount of CHF 120 million was recognized in other comprehensive income. In February 2014, Hyundai Elevator Co. Ltd. carried out a KRW 178 billion (CHF 148 million) capital increase, which excluded the preemptive rights of existing shareholders. Schindler did not participate in the capital increase. As of December 31, 2014, Schindler held a 21.5% participation in the company (previous year: 30.9%).

22 Deferred taxes

22.1 Deferred taxes by category

In CHF million	2014	2013
Deferred taxes based on temporary differences		
Current assets	111	75
Property, plant, and equipment	-6	-2
Intangible assets	-96	-98
Provisions	82	56
Employee benefits	118	78
Others	-45	-49
Tax loss carryforwards	9	6
Total net book value	173	66
of which recognized in the balance sheet as deferred tax liabilities	-107	-134
of which recognized in the balance sheet as deferred tax assets	280	200

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	2014	2013
January 1	66	94
Setup and reversal of temporary differences		
through the income statement	51	15
through other comprehensive income	34	-38
Additions from business combinations	4	-
Exchange differences	18	-5
December 31	173	66

22.3 Unrecognized deferred tax assets

In CHF million	2014	2013
Temporary differences	129	175
Tax loss carryforwards	208	212
Total basis	337	387
Unrecognized deferred tax assets	103	117

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

22.4 Tax loss carryforwards

In CHF million	Loss carry- forwards	2014 Tax effects	Loss carry- forwards	2013 Tax effects
Total	236	66	232	63
Recognized as deferred tax assets	-28	-9	-20	-6
Total unrecognized	208	57	212	57
of which expiring				
within one year	-	-	-	-
in two to five years	-	-	33	2
in more than five years	208	57	179	55

23 Employee benefits

In CHF million	Funded	Unfunded	2014 Total	Funded	Unfunded	2013 Total
Switzerland						
Fair value of plan assets	1 824		1 824	1 713		1 713
Present value of defined benefit obligation	-1 964		-1 964	-1 737		-1 737
Financial deficit Switzerland	-140		-140	-24		-24
USA						
Fair value of plan assets	202		202	175		175
Present value of defined benefit obligation	-254	-40	-294	-189	-46	-235
Financial deficit USA	-52	-40	-92	-14	-46	-60
Other plans						
Fair value of plan assets	204		204	191		191
Present value of defined benefit obligation	-244	-325	-569	-209	-286	-495
Financial deficit other plans	-40	-325	-365	-18	-286	-304
Total						
Fair value of plan assets	2 230		2 230	2 079		2 079
Present value of defined benefit obligation	-2 462	-365	-2 827	-2 135	-332	-2 467
Total financial deficit	-232	-365	-597	-56	-332	-388
Present value of other employee benefits		-25	-25		-23	-23
Total net book value of employee benefits	-232	-390	-622	-56	-355	-411

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

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

Pension plans in Switzerland

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

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

The Swiss pension plan 'Schindler Pension Fund' has the legal structure of a foundation. All actuarial risks are borne by the foundation. They consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries/wages, and the return on plan assets) and are regularly assessed by the Board of Trustees. In addition, an actuarial report is drawn up annually in accordance with BVG requirements. The definitive funded status according to the BVG is determined in the first quarter of the following year. According to estimates, the funded status as of December 31, 2014, is 116% (previous year: 111%, definitive).

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

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

Pension plans in the USA

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

Schindler Elevator Corporation Retirement Plan

The retirement plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which defines minimum standards such as the plan's statutory minimum funded status. An actuarial report on the plan is prepared annually in accordance with ERISA requirements. The definitive funded status is determined in the second quarter of the following year. According to estimates, the funded status as of December 31, 2014, is 110% (previous year: 116%, definitive).

Plan participants are insured against the financial consequences of old age, disability, and death. 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).

The Benefit Administration Committee (BAC) is responsible for the internal structure and supervision of the plan. The BAC consists of qualified employees of Schindler Elevator Corporation, the majority of whom are members of the Executive Board. The assets are held in a legally autonomous foundation. The Benefits Investment Committee (BIC) is responsible for investing the plan assets. The members of the BIC define the investment strategy, taking the plan's objectives, benefit obligations, and risk capacity into account.

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

Postretirement Health-Care Plan

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

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

23.1 Cost of defined benefit plans

In CHF million	2014	2013
Service costs		
Current service costs	56	56
Past service costs	–	–2
Total service costs	56	54
Net interest on employee benefits	13	17
Total pension expenses recorded in income statement	69	71

Service costs for the current reporting year totaled CHF 38 million (previous year: CHF 39 million) for pension plans in Switzerland and CHF 5 million (previous year: CHF 6 million) for pension plans in the USA. Net interest expenses for the current reporting year totaled CHF 0 million (previous year: CHF 2 million) for pension plans in Switzerland and CHF 3 million (previous year: CHF 4 million) for pension plans in the USA.

23.2 Remeasurements of employee benefits

In CHF million	2014	2013
Actuarial gains/losses		
Changes in demographic assumptions	–35	–7
Changes in financial assumptions	–277	86
Experience adjustments	1	4
Return on plan assets (excluding interest based on discount rate)	99	65
Total remeasurements recorded in other comprehensive income	–212	148

Remeasurements recorded in other comprehensive income for the current reporting year totaled CHF –121 million (previous year: CHF +109 million) for pension plans in Switzerland and CHF –25 million (previous year: CHF +34 million) for pension plans in the USA.

23.3 Change in fair value of plan assets

In CHF million	2014	2013
January 1	2 079	1 992
Interest income (based on discount rate)	54	48
Return on plan assets (excluding interest based on discount rate)	99	65
Employee contributions	44	43
Employer contributions	53	68
Benefits paid	–131	–114
Settlements	–	–14
Exchange differences	32	–9
December 31	2 230	2 079

23.4 Change in present value of defined benefit obligation

In CHF million	2014			2013		
	Funded	Unfunded	Total	Funded	Unfunded	Total
January 1	-2 135	-332	-2 467	-2 204	-343	-2 547
Service costs	-46	-10	-56	-47	-7	-54
Interest costs	-56	-11	-67	-53	-12	-65
Actuarial gains/losses	-275	-36	-311	73	10	83
Employee contributions	-44	-	-44	-43	-	-43
Benefits paid	131	21	152	114	18	132
Settlements	-	-	-	14	-	14
Exchange differences	-37	3	-34	11	2	13
December 31	-2 462	-365	-2 827	-2 135	-332	-2 467

23.5 Asset allocation of investments as of December 31

In CHF million	2014				2013			
	CH	USA	Others	Total	CH	USA	Others	Total
Equity instruments	504	63	61	628	425	54	88	567
Bonds	362	89	21	472	365	77	13	455
Real estate	554	-	-	554	534	-	-	534
Hedge funds/Private equity	157	46	47	250	145	40	3	188
Cash and cash equivalents	108	4	-	112	102	3	2	107
Others	140	-	74	214	143	-	85	228
Total	1 825	202	203	2 230	1 714	174	191	2 079

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

Equity instruments represent investments in equity funds and direct investments. They generally have quoted market prices in an active market (level 1 fair value classification). The pension plan assets do not include any shares or participation certificates of Schindler Holding Ltd.

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

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

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

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

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

The actual return on plan assets for 2014 was:

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

23.6 Plan participants

	Active		Deferred		Retired		Total
	2014	2013	2014	2013	2014	2013	2014
Number	21 446	18 777	2 008	2 645	7 038	6 741	30 492
Present value of defined benefit obligation in CHF million	1 495	1 274	155	134	1 177	1 059	2 827
Share in %	52.9	51.6	5.5	5.4	41.6	43.0	100.0
Duration in years	15.6	15.1	17.4	14.9	9.4	10.0	13.7

Duration in years corresponds to the average weighted period.

The following employer contributions are expected for the reporting year 2015:

- Switzerland: CHF 44 million
- USA: CHF 7 million
- Other plans: CHF 4 million

23.7 Significant actuarial assumptions

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.

	Switzerland		USA
In %	2014	2013	2013
Discount rate	1.10	2.30	4.23
Increase in salaries/wages	1.40	2.00	2.50

Sensitivities of significant actuarial assumptions

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

- A 0.25% increase/decrease in the discount rate would lead to a decrease/increase of 3% (previous year: 3%) in the defined benefit obligation.
- A 1.00% increase/decrease in the expected increase in salaries/wages would lead to an increase/decrease of 2% (previous year: 1%) in the defined benefit obligation.

The sensitivity analysis is based on reasonable possible changes as at 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	2014	2013
Supplies and services	633	562
Associated companies	10	12
Social security	48	48
Indirect taxes and capital taxes	133	114
Other accounts payable	83	64
Total accounts payable	907	800

25 Accrued expenses and deferred income

In CHF million	2014	2013
Personnel expenses	439	392
Follow-up work from construction contracts	300	208
Invoiced service contracts	353	327
Other accrued expenses and deferred income	405	300
Total accrued expenses and deferred income	1 497	1 227

26 Financial debts

26.1 Current financial debts

In CHF million	2014	2013
Overdrafts	31	22
Liabilities to related parties	120	112
Current portion of non-current financial debts		
of bank loans	30	35
of financial leases	2	2
0.375% exchangeable bond 2013–2017, nominal CHF 218 million	226	224
0.625% bond 2011–2014, nominal CHF 200 million	–	199
Total current financial debts	409	594

The 0.375% exchangeable bond issued in June 2013 can be exchanged for shares of ALSO Holding AG at a price of CHF 60.24 per share at any time during the term of the instrument. It is recognized as a current financial liability at fair value through profit or loss. The Schindler Group holds a 28.2% (previous year: 28.4%) participation in ALSO Holding AG. This participation is still recognized as an associate (see note 20).

The exchangeable bond is listed on the SIX Swiss Exchange. Quoted prices in an active market are available at all times. The market price of the bond was 104% (previous year: 103%) at year-end. The cumulative amount of the difference between the carrying amount at year-end and the amount to be repaid at the end of the term is CHF 8 million and therefore had a negative impact of CHF 2 million (previous year: CHF 6 million) on the financial result. In the current reporting year, CHF 0 million (cumulative amount: CHF 0 million) of this amount is attributable to changes in own credit risk.

26.2 Non-current financial debts

In CHF million	2014	2013
1.250% bond 2011–2016, nominal CHF 400 million	398	398
Liabilities towards non-controlling interests	133	–
Finance leases	4	7
Other non-current financial debts	5	8
Total non-current financial debts	540	413

In connection with the acquisition of XJ-Schindler (Xuchang) Elevator Co. Ltd., the Schindler Group has the right to acquire a further 5% of shares in the company in each of the following three years (2015–2017). If these acquisition rights are not exercised, the vendor has the right in each of the subsequent years (2016–2018) to sell the corresponding 5% interest in the company to Schindler. These liabilities towards non-controlling interests were recognized at the present value of the redemption amount and do not affect the cash position of the period. Remeasurements and foreign currency fluctuations are recognized in other reserves without any impact on the income statement.

The individual Group companies complied with all debt covenants.

26.3 Maturity and average interest rate on financial debts

In CHF million	2014		2013	
	Book values	Effective interest rate in %	Book values	Effective interest rate in %
Within one year	409	1.5	594	1.5
In two to five years	540	1.0	413	1.4
Total financial debts	949	1.3	1 007	1.5

27 Provisions

In CHF million	Loss-making jobs	Restructuring costs	Product liabilities and warranties	Self-insurance	Others	Total
Current provisions	20	29	68	11	9	137
Non-current provisions	1	7	187	58	77	330
Total provisions	21	36	255	69	86	467
Statement of changes						
January 1, 2014	24	42	244	65	76	451
Setup	23	25	41	11	17	117
Increase in present value	–	–	4	4	–	8
Usage	–26	–26	–40	–13	–6	–111
Reversal	–	–4	–7	–	–1	–12
Exchange differences	–	–1	13	2	–	14
December 31, 2014	21	36	255	69	86	467

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

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

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

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

28 Equity

28.1 Share capital

	31.12.2014	31.12.2013
Number of shares	68 180 352	70 887 645
Nominal value in CHF	0.10	0.10
Share capital in CHF	6 818 035	7 088 765

28.2 Participation capital

	31.12.2014	31.12.2013
Number of participation certificates	44 618 533	46 171 909
Nominal value in CHF	0.10	0.10
Participation capital in CHF	4 461 853	4 617 191

The share capital and the participation capital were reduced in 2013 and 2014.

28.3 Treasury shares

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2013	1 138 281	108	1 555 803	161
Cancellation	-552 411	-60	-722 891	-78
Purchase	2 876 249	373	1 338 929	174
Sale	-5 560	-1	-	-
Share-based payments				
Disposal of shares and PC	-39 394	-5	-	-
Exercising of options and Performance Share Units	-131 748	-8	-217 968	-19
Difference in value due to disposal and exercise		-2		-4
December 31, 2013	3 285 417	405	1 953 873	234
Cancellation	-2 707 293	-350	-1 553 376	-202
Purchase	162 600	21	544 000	72
Sale	-	-	-	-
Share-based payments				
Disposal of shares and PC	-82 023	-11	-	-
Exercising of options and Performance Share Units	-112 932	-7	-159 439	-13
Difference in value due to disposal and exercise		-3		-3
December 31, 2014	545 769	55	785 058	88
Reserved shares and participation certificates for participation plans	471 769		529 815	

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

28.4 Other reserves

In CHF million	Exchange differences	Hedging transactions	Available-for-sale financial assets	Share of other comprehensive income of associates	Share premium	Treasury shares	Total
January 1, 2013	-701	-2	56	-	311	-269	-605
Unrealized changes in fair value		2	-194	-			-192
Taxes on unrealized changes in fair value			-1				-1
Realized/reclassified changes in fair value		7	155	-			162
Taxes on realized/reclassified changes in fair value		-	-				-
Unrealized changes in translation of foreign currency	-49						-49
Cancellation of treasury shares						138	138
Additions/disposals of treasury shares						-508	-508
December 31, 2013	-750	7	16	-	311	-639	-1 055
Unrealized changes in fair value		-17	119	-1			101
Taxes on unrealized changes in fair value		1	-7				-6
Realized/reclassified changes in fair value		1	-7	-			-6
Taxes on realized/reclassified changes in fair value		-	1				1
Unrealized changes in translation of foreign currency	53						53
Cancellation of treasury shares						552	552
Additions/disposals of treasury shares						-56	-56
December 31, 2014	-697	-8	122	-1	311	-143	-416

29 Business combinations

In early August 2014, the Schindler Group acquired a further 5% of shares in XJ-Schindler (Xuchang) Elevator Co. Ltd. This transaction was approved by the relevant Chinese authorities on August 18, 2014. From that date, the Schindler Group has held a controlling interest of 51% in XJ-Schindler (Xuchang) Elevator Co. Ltd., which has since been included in the scope of consolidation.

The purchase price was paid entirely in cash. As part of this business combination, the value of the previously held 46% participation was increased by CHF 145 million to fair value. The fair value is based on the agreed purchase price and is supported by an external expert opinion. The revaluation gain was recognized in other income (see note 7).

In addition, the Schindler Group holds further rights to acquire 5% of shares in the company in each of the following three years (2015–2017). If these acquisition rights are not exercised, the vendor has the right in each of the subsequent years (2016–2018) to sell the corresponding 5% interest in the company to Schindler. Schindler concluded that it does not have present ownership in the 15% of XJ-Schindler (Xuchang) Elevator Co. Ltd. for which the call and put options exist. The 15% were therefore recognized as part of the non-controlling interests upon the first-time consolidation of XJ-Schindler (Xuchang) Elevator Co. Ltd. and the share of profit or loss is allocated to them.

XJ-Schindler (Xuchang) Elevator Co. Ltd., which is headquartered in Henan Province, is a leading Chinese elevator and escalator company with its own production, installation and maintenance operations. With the acquisition of a majority interest in XJ-Schindler (Xuchang) Elevator Co. Ltd., Schindler is strengthening its position in the residential and affordable housing segment – currently the largest segment of China's elevator market – and is expanding its geographical presence.

The following assets and liabilities were consolidated at fair value as at August 18, 2014:

In CHF million	Fair value at acquisition date
Assets	
Cash and cash equivalents	80
Receivables / deferred income	67
Net assets from construction contracts / inventories	31
Property, plant, and equipment	41
Intangible assets	25
Other non-current assets	6
Liabilities and equity	
Current liabilities	-153
Non-current liabilities	-2
Net assets	95
Fair value of 51% participation	288
Non-controlling interests	44
Total	332
Fair value of net assets	-95
Goodwill	237

Gross trade accounts receivable total CHF 88 million and the related provisions for bad debts total CHF 24 million. The fair value of all acquired receivables is therefore CHF 64 million.

The identified intangible assets mainly comprise the acquired order backlog. Goodwill mainly reflects the value of the acquired market share of the Chinese elevator market, the complementary market coverage and the expected synergy effects from the development of the market. The goodwill is allocated to the cash-generating unit China. It is assumed that goodwill does not represent an income tax deductible expense.

The non-controlling interests were recognized according to their proportionate share of the fair value of the net assets acquired.

The newly consolidated company contributed CHF 127 million to Group revenue in the reporting year. If XJ-Schindler (Xuchang) Elevator Co. Ltd. had been consolidated from January 1, 2014, its contribution to Group revenue would have totaled CHF 297 million. The EBIT margin of XJ-Schindler (Xuchang) Elevator Co. Ltd. exceeds the average of the Schindler Group.

In addition, Schindler acquired the business activities or all the shares of various smaller companies that sell, install, modernize, and maintain elevators and escalators in 2013 and 2014. Viewed individually and collectively, these acquisitions are, however, not significant.

Including XJ-Schindler (Xuchang) Elevator Co. Ltd., a total of CHF 32 million (previous year: CHF 13 million) was used for business combinations and payments of deferred purchase consideration related to business combinations of previous years.

30 Other non-cash items

In CHF million	2014	2013
XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain	-145	-
Mall of Switzerland project	-75	-
Hyundai Elevator Co. Ltd. impairment	40	219
Others	44	44
Total other non-cash items	-136	263

Cash flows related to the Mall of Switzerland project are shown in cash flow from investing activities.

31 Off-balance sheet transactions

31.1 Contingent liabilities

In CHF million	2014	2013
Guarantees in favor of third parties	72	47

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

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

The decision by the European Commission on February 21, 2007, regarding fines under competition law, as well as the decision by the Higher Regional Court in Vienna on December 14, 2007, to impose fines, resulted in civil damage claims against Schindler companies and other elevator companies being lodged with courts in Belgium, the Netherlands, and Austria. The total capital amount claimed jointly and severally from all the defendants involved in the proceedings – in which Schindler companies are involved as defendants – was CHF 286 million at the end of 2014 (previous year: CHF 298 million). The Schindler companies in question consider the claims to be without merit.

31.2 Other unrecognized obligations

In CHF million	2014	2013
Irrevocable payment commitments resulting from contracts not recognized in the balance sheet	34	45

31.3 Maturity of lease payments

In CHF million	2014		2013	
	Real estate	Other operating leases	Real estate	Other operating leases
Within one year	58	49	45	53
In two to five years	114	75	95	98
More than five years	32	2	32	9
Total payments	204	126	172	160

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

32 Financial risk management

32.1 Principles for risk management

As an internationally active group, Schindler is exposed to a variety of general and industry-specific risks. Risk management is an integral part of the planning and execution of Schindler's business strategy. Its risk policy is therefore defined by the Board of Directors, the Supervisory and Nomination Committee, and the Group Executive Committee. The risk policy is intended to promote sustainable growth and to increase the value of the business.

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

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

32.2 Credit risks

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

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

The Group's risk policy stipulates that a major proportion of cash and cash equivalents must be invested in broadly diversified counterparties with a low default risk. Consequently, cash and cash equivalents are invested mainly in time deposits and in high-quality, low-risk, liquid securities issued by financial institutions that fulfill certain minimum requirements in terms of their credit ratings.

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

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 based on credit default swaps and the ratings issued by Standard & Poor's, Moody's, or Fitch. Creditworthiness is categorized using the following ratings:

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

2014

In CHF million							Rating		Total
		AAA %		AA %		A %	<A %		
Cash and cash equivalents	172	6	1 236	46	949	35	365	13	2 722
Marketable securities ¹	25	8	–	–	7	2	278	90	310
Long-term financial assets ¹	71	30	–	–	35	15	131	55	237
Total	268	8	1 236	38	991	30	774	24	3 269

¹ Excluding equity instruments

2013

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

¹ Excluding equity instruments

32.2.2 Trade accounts receivable

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

32.3 Liquidity risks

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

Financial liabilities: carrying amounts and cash outflows

2014

In CHF million	Carrying amounts	Total	Cash outflows		
			up to 1 year	2 to 5 years	more than 5 years
Accounts payable	-726	-726	-726	-	-
Financial debts	-584	-600	-186	-414	-
Liabilities towards non-controlling interests	-133	-133	-	-133	-
Finance lease liabilities	-6	-7	-2	-4	-1
0.375% exchangeable bond 2013–2017, nominal CHF 218 million	-226	-219	-219	-	-
Other financial liabilities	-802	-802	-802	-	-
Derivatives					
Cash inflows		2 446	2 224	222	-
Cash outflows		-2 462	-2 240	-222	-
Net	-16	-16	-16	-	-
Total	-2 493	-2 503	-1 951	-551	-1

2013

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

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

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

32.4 Market risks

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

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

32.4.1 Risk measurement and management

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

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

32.4.2 Interest rate risks

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

The Schindler Group has a strong positive net cash position. Interest rate risks therefore mainly relate to the income side. The risk arising from financial liabilities is limited since the relevant interest rates are mainly fixed. The principal currencies in which Schindler is exposed to interest rate risks are the Swiss franc, the euro, the US dollar, the Brazilian real, the Indian rupee, and the Chinese renminbi.

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

Risks from changes in interest rates are modeled using sensitivity analyses that demonstrate the effects of changes in market interest rates on interest expense and interest income. If market interest rates had been 100 basis points higher/lower during the reporting year, net interest income would have been CHF 27 million higher/lower (previous year: CHF 20 million higher/lower).

32.4.3 Foreign currency risks

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

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

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

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

The following tables show the net positions of significant existing currency hedges and the impact on the net financial result in the event of movement of +/-5% in the respective currency.

2014

In CHF million	EUR	USD	GBP	AUD	BRL	CAD	CNY
Total ¹	80	-22	-49	-66	-22	-59	46

¹ – short positions / + long positions

In CHF million	EUR	USD	GBP	AUD	BRL	CAD	CNY
	Changes in value of +/-5%						
Impact on net financial result (+5%)	4	-1	-2	-3	-1	-3	2
Impact on net financial result (-5%)	-4	1	2	3	1	3	-2

2013

In CHF million	EUR	USD	GBP	AUD	BRL	CAD	CNY
Total ¹	40	-36	-43	-60	-37	-68	58

¹ – short positions / + long positions

In CHF million	EUR	USD	GBP	AUD	BRL	CAD	CNY
	Changes in value of +/-5%						
Impact on net financial result (+5%)	2	-2	-2	-3	-2	-3	3
Impact on net financial result (-5%)	-2	2	2	3	2	3	-3

Unhedged net positions amount to less than CHF 10 million and the resulting currency risks to the Group are insignificant.

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

32.4.4 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 or loss. Investments in equity instruments are made on an individual basis upon the instruction of the Supervisory and Nomination Committee, the Finance Committee, or Group Treasury.

Schindler has investments in equity instruments totaling CHF 278 million (previous year: CHF 335 million). The participation in Hyundai Elevator Co. Ltd. accounts for the major proportion of these investments (CHF 223 million, previous year: CHF 143 million). Equity instruments also include shares and alternative investments. The corresponding price risks relate to price changes, which can negatively impact the Group's financial position, results of operations, and cash flows.

If the prices of the various equity instruments as at December 31, 2014, had been 10% higher/lower, net financial income would have been CHF 4 million higher or lower (previous year: CHF 6 million higher or CHF 20 million lower). Other comprehensive income would have been CHF 24 million higher or lower (previous year: CHF 28 million higher or CHF 14 million lower).

32.5 Capital management

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

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

In CHF million	2014	2013
Financial debts	949	1 007
Liabilities	907	800
Cash and cash equivalents	-2 722	-2 228
Net liabilities/assets	-866	-421
Total equity	2 996	2 525
Total capital	2 130	2 104
Gearing ratio (net liabilities as percentage of total capital)	<0%	<0%

33 Financial instruments

2014

	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							
Cash and cash equivalents			2 722			2 722	2 722
Marketable securities	11		305	5		321	321
Accounts receivable			1 572			1 572	1 572
Prepaid expenses and accrued income	26		104			130	130
Long-term financial assets	66		169	269		504	504
Accounts payable						726	726
Financial debts					226	723	959
Accrued expenses and deferred income					42	802	844
Total	103		4 872	274	268	2 251	
Changes recorded through profit or loss							
Interest income/expense	–		30	4	–	–23	11
Net income from securities	7			23	–2		28
Allowance of receivables			–17				–17
Hyundai Elevator Co. Ltd. impairment				–40			–40
Total	7		13	–13	–2	–23	–18
Changes recognized in other comprehensive income							
Changes in fair value				119			119
realized through/reclassified to income statement				–7			–7
Total				112			112
Total recorded in comprehensive income	7		13	99	–2	–23	94

2013

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

33.1 Fair value levels

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

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

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

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

				2014				2013
				Total				Total
				fair				fair
In CHF million	Level 1	Level 2	Level 3	values	Level 1	Level 2	Level 3	values
Financial assets								
at fair value through profit or loss								
Marketable securities	11	–	–	11	9	–	–	9
Prepaid expenses and accrued income	–	20	–	20	–	33	–	33
Long-term financial assets	66	–	–	66	46	–	–	46
available-for-sale								
Marketable securities	5	–	–	5	252	–	–	252
Long-term financial assets	259	–	10	269	176	–	15	191
Financial liabilities								
at fair value through profit or loss								
Financial debts	226	–	–	226	224	–	–	224
Accrued expenses and deferred income	–	26	–	26	–	12	–	12
Other disclosed fair values								
Financial assets								
Marketable securities	–	305	–	305	–	255	–	255
Prepaid expenses and accrued income	–	6	–	6	–	–	–	–
Long-term financial assets	–	169	–	169	–	141	–	141
Financial liabilities								
Financial debts	408	192	–	600	610	186	–	796
Accrued expenses and deferred income	–	16	–	16	–	–	–	–
Liabilities towards non-controlling interests	–	–	133	133	–	–	–	–

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

The following methods and assumptions were applied to determine the fair values:

- Marketable securities: The equity instruments and bonds are traded primarily in active markets and quoted prices are available. Level 2 mainly comprises time deposits with a residual maturity of 3 to 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other risk factors.
- Long-term financial assets: The equity instruments and bonds are traded primarily in active markets and quoted prices are available. Level 2 mainly comprises time deposits with a residual maturity of over 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other factors.
- Financial debts: The bonds and the exchangeable bond that were issued are traded in active markets; quoted prices are available. Level 2 mainly comprises bank loans. Liabilities towards non-controlling interests are calculated using the discounted cash flow method and are based on unobservable input parameters. As a result, they are assigned to level 3.

- Derivatives: Derivatives are included in the items prepaid expenses and accrued income as well as accrued expenses and deferred income (level 2). The Schindler Group holds derivative financial instruments such as foreign currency contracts and interest rate swaps. These contracts are generally entered into with financial institutions that have an investment-grade credit rating (usually at least an 'A' rating). The value of foreign currency contracts is measured on the basis of observable spot rates and yield curves using the discounted cash flow method. The value of interest rate swaps is measured on the basis of observable forward rates using the present value method. Schindler's own risk of default and that of counterparties are taken into account when measuring the value of derivatives.

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

33.2 Reconciliation of fair values of level 3 financial instruments

In CHF million	2014	2013
Long-term financial assets		
January 1	15	15
Changes in value recognized in the income statement	-1	-
Changes in value recognized in other comprehensive income	-1	1
Disposals	-3	-1
December 31	10	15

33.3 Derivative assets and liabilities

In CHF million	2014			2013		
	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	-	1	27	-	-	61
Currency instruments	20	25	1 971	29	12	1 822
Others	-	-	-	-	-	-9
Total held for trading	20	26	1 998	29	12	1 874
Fair value hedges						
Currency instruments	-	-	17	-	-	14
Total fair value hedges	-	-	17	-	-	14
Cash flow hedges						
Currency instruments	6	16	405	4	-	155
Total cash flow hedges	6	16	405	4	-	155

34 Pledged assets

In CHF million	2014	2013
Marketable securities	31	10
Accounts receivable	16	15
Inventories	5	2
Property, plant, and equipment	7	7
Long-term financial assets	22	18
Total pledged assets	81	52

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

35 Segment reporting

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

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

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

Since internal and external reporting is based on the same accounting principles, there is no need to reconcile the management reporting figures to the financial reporting figures.

35.1 Segment information

2014

In CHF million	Group	Finance	Elevators & Escalators	Additional information on the segment			
				Europe	Americas	Asia-Pacific, Africa	Eliminations
Revenue from third parties	9 246	–	9 246	3 975	2 578	2 693	–
Revenue from other regions		–	–	341	13	142	–496
Total revenue	9 246	–	9 246	4 316	2 591	2 835	–496
Operating profit	1 138	198 ¹	940				
Additions of property, plant, and equipment, and intangible assets	195	–	195	54	41	100	–
Total depreciation and amortization	157	–	157	64	32	61	–
of which impairment	21	–	21	–	–	21	–
Income from associates	46	19	27				
Assets	8 921	2 416	6 505	2 367	1 410	2 728	–
Associated companies	227	195	32				
Liabilities	5 925	807	5 118	2 366	1 100	1 652	–

¹ Operating profit Finance: CHF –29 million, XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain: CHF 145 million, Gain on sale of Mall of Switzerland project: CHF 82 million

2013

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

35.2 Geographical information

In CHF million	2014			2013		
	Switzerland	Other countries	Group	Switzerland	Other countries	Group
Revenue from third parties	910	8 336	9 246	902	7 911	8 813
Non-current assets ¹	434	1 580	2 014	496	1 235	1 731

¹ Excluding long-term financial assets, deferred taxes

36 Share-based payments

36.1 Performance and Bonus Share Plan

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

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

In the reporting year, a provisional number of 82 000 registered shares was granted in connection with the plans. The final number will be allocated in April 2015 based on the extent to which targets are achieved.

Personnel expenses are calculated on the basis of the provisional number of registered shares and the fair value on the date of grant (fair value per registered share: CHF 132.90). For the registered shares granted in the prior year, personnel expenses were adjusted based on the final granted number of registered shares, which totaled 82 023 (fair value per registered share: CHF 132.20).

36.2 Capital Participation Plans 2000/2003

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

The shares and participation certificates that were granted under the plans for the last time in 2012 were transferred to the ownership of employees once the vesting conditions had been met and include all of the associated rights. However, they are blocked for a period of three years, during which they may not be disposed of.

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

36.3 Deferred Share Plan

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

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

Under the terms of the Deferred Share Plan, certain individual strategic business objectives (referred to as breakthrough objectives) have to be achieved. The objectives that apply to the executive member of the Board of Directors who is not a member of the Supervisory and Nomination Committee and to the CEO are defined by the Chairman of the Board of Directors. The objectives that apply to the other members of the Group Executive Committee are defined by the CEO. The extent to which the objectives have been achieved is determined after the end of the reporting year (performance period), by the Chairman of the Board of Directors or the CEO – depending on the beneficiaries concerned. Depending on the extent to which the objectives are achieved, the bonus that is awarded may amount to between 0% and 150% of the target bonus agreement.

The conversion of the Performance Share Units into shares or participation certificates takes place three years after they were granted, in April, provided the employees have not previously left the company or violated the regulations set out in the Schindler Code of Conduct. The shares or participation certificates are then transferred to the ownership of the beneficiaries, who are free to dispose of them from that date.

Under the Deferred Share Plan, 51 289 Performance Share Units (previous year: 46 060) were allocated based on the individual achievement of objectives. The resulting personnel expenses are recognized over the 40-month vesting period. The fair value of CHF 124.84 (previous year: CHF 124.12) corresponds to the price of the registered share at the grant date less the present value of the expected dividends over the vesting period.

36.4 Long Term Incentive Plan

The Performance Share Units 2011, which were granted under the Long Term Incentive Plan in 2011 (fair value of CHF 103.86), give the beneficiaries the right to receive participation certificates of Schindler Holding Ltd. The conversion of these 29 241 Performance Share Units 2011 into participation certificates took place in April 2014 at a conversion rate of 1. The beneficiaries are free to dispose of the participation certificates from the conversion date.

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

36.5.1 Capital Participation Plans 2000/2003

	2013	2012	2011	2010	2009	2008	2007	2006
Options allocated	138 012	162 002	222 621	207 896	464 175	357 092	160 711	138 376
Exercised/expired in previous years	-259	-7 605	-23 254	-88 486	-316 470	-260 955	-134 401	-124 338
Outstanding as of January 1, 2014	137 753	154 397	199 367	119 410	147 705	96 137	26 310	14 038
Options exercised/expired	-8 706	-10 778	-74 098	-34 484	-35 412	-18 093	-8 332	-3 987
Balance as of December 31, 2014	129 047	143 619	125 269	84 926	112 293	78 044	17 978	10 051
Exercisable	-	-	125 269	84 926	112 293	78 044	17 978	10 051
Entitles holder to purchase	Shares	PC	PC	PC	Shares	Shares	Shares	Shares
Exercise price	137.84	108.20	85.10	53.60	56.40	80.90	56.20	48.80
Vesting period ends	30.04.2016	30.04.2015	30.04.2014	30.04.2013	30.04.2012	30.04.2011	30.04.2010	30.04.2009
Exercise period ends	30.04.2022	30.04.2021	30.04.2020	30.04.2019	30.04.2018	30.04.2017	30.04.2016	30.04.2015
Allocation ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Weighted stock exchange price on exercise in 2013		137.15	137.77	137.34	135.55	133.98	134.93	133.15
Weighted stock exchange price on exercise in 2014		135.46	136.89	134.77	133.65	134.83	135.50	136.05

The Capital Participation Plans 2000/2003 were replaced by the Performance and Bonus Share Plan in 2013. No options are granted under the new Performance and Bonus Share Plan.

36.5.2 Long Term Incentive Plan

	2011	2010	2009	2008
Options allocated	104 854	107 739	314 783	155 311
Exercised/expired in previous years	–	–24 274	–162 017	–134 163
Outstanding as of January 1, 2014	104 854	83 465	152 766	21 148
Options exercised/expired	–	–12 318	–46 593	–2 386
Balance as of December 31, 2014	104 854	71 147	106 173	18 762
Entitles holder to purchase	PC	PC	Shares	Shares
Exercise price	124.80	85.10	56.40	78.90
Vesting period ends	30.04.2014	30.04.2013	30.04.2012	30.04.2011
Exercise period ends	30.04.2020	30.04.2019	30.04.2018	30.04.2017
Allocation ratio	1:1	1:1	1:1	1:1
Weighted stock exchange price on exercise in 2013		128.75	139.23	136.20
Weighted stock exchange price on exercise in 2014		136.54	133.20	135.40

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

36.6 Allocation to the Board of Directors and Group Executive Committee

	2014	2013
Registered shares/participation certificates of Schindler Holding Ltd.	11 292	3 624
Performance Share Units	51 289	46 060
Options on registered shares/participation certificates (Capital Participation Plan 2000)		12 684

37 Related parties

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

At December 31, 2014, the Schindler and Bonnard families – within the scope of shareholder agreements – and parties related to these families held 47 639 751 registered shares (previous year: 47 720 376) of Schindler Holding Ltd. This corresponds to 69.9% (previous year: 67.3%) of the voting rights of the share capital entered in the Commercial Register.

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

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

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

Associates

In CHF million	2014	2013
Billings	46	57
Material and operating expenses	27	23
Receivables and loans	29	31
Liabilities	10	12

Other related parties

In CHF million	2014	2013
Liabilities towards shareholders	120	112
Interest cost	–	–

38 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 2.8 million (previous year: CHF 2.5 million).

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

In CHF million	2014	2013
Salary payments (incl. cash bonuses and lump-sum expenses), fees	22	23
Contributions to pension plans and social benefits	4	4
Long-service awards and other contributions	–	–
Share-based payments	9	7
Total	35	34

The disclosure of compensation and participations plans in accordance with statutory requirements is provided in the Compensation Report.

39 Material Group companies

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)	
			2014	2013		
Argentina	Buenos Aires	Ascensores Schindler S.A.	100.0	100.0	3 084 ARS	●
Australia	Sydney	Schindler Lifts Australia Pty. Ltd.	100.0	100.0	8 500 AUD	●
Austria	Vienna	Schinac Verwaltungs AG	100.0	100.0	70 EUR	○
		Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	2 000 EUR	●
		Schindler Fahrtreppen International GmbH	100.0	100.0	2 000 EUR	●
Belgium	Brussels	S.A. Schindler N.V.	100.0	100.0	22 000 EUR	●
Brazil	São Paulo	Elevadores Atlas Schindler S.A.	100.0	100.0	70 479 BRL	● ●
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50.0	50.0	100 USD	○
Canada	Toronto	Schindler Elevator Corporation	100.0	100.0	25 100 CAD	●
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	100.0	100.0	59 200 CLP	●

● Production ● Sales, installation, maintenance ○ Other services

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)		
			2014	2013			
China	Henan	XJ-Schindler (Xuchang) Elevator Co. Ltd.	51.0	46.0	251 000 CNY	●	●
	Hong Kong	Schindler Lifts (Hong Kong) Ltd. ¹	100.0	100.0	25 000 HKD		●
	Macau SAR	Jardine Schindler Lifts (Macao) Ltd. ¹	100.0	100.0	25 MOP		●
	Shanghai	Schindler (China) Elevator Co. Ltd.	100.0	100.0	941 400 CNY	●	●
	Suzhou	Suzhou Esca Step Co. Ltd.	100.0	100.0	38 914 CNY	●	
Colombia	Bogotá	Ascensores Schindler de Colombia S.A.	100.0	100.0	10 198 551 COP		●
	Medellin	Ascensores Andino S.A.S.	–	100.0	172 000 COP		●
Czech Republic	Prague	Schindler CZ a.s.	100.0	100.0	101 000 CZK		●
Denmark	Herlev	Schindler Elevatorer A/S	100.0	100.0	3 000 DKK		●
Egypt	Cairo	Schindler Ltd.	100.0	100.0	24 250 EGP		●
Finland	Helsinki	Schindler Oy	100.0	100.0	100 EUR		●
France	Vélizy-Villacoublay	Schindler S.A.	100.0	100.0	8 594 EUR		●
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	9 715 EUR		●
	Stuttgart	C. Haushahn GmbH & Co. KG	100.0	100.0	8 997 EUR		●
Greece	Athens	Schindler Hellas S.A.	100.0	100.0	3 638 EUR		●
Hungary	Budapest	Schindler Hungária Lift és Mozgólépcső KFT	100.0	100.0	460 000 HUF		●
India	Mumbai	Schindler India PVT Ltd.	100.0	100.0	1 217 879 INR	●	●
Indonesia	Jakarta	PT Berca Schindler Lifts ¹	64.0	50.0	6 745 000 IDR		●
Israel	Petah Tikva	Schindler Nechushtan Elevators Ltd.	100.0	100.0	7 045 ILS		●
Italy	Concorezzo	Schindler S.p.A.	100.0	100.0	8 400 EUR		●
Japan	Kagoshima	Mercury Ascensore Ltd.	100.0	100.0	25 000 JPY		●
	Tokyo	Schindler Elevator K.K.	99.9	99.9	500 000 JPY		●
Kenya	Nairobi	Schindler Ltd.	100.0	100.0	5 000 KES		●
Liechtenstein	Vaduz	Reassur AG	100.0	100.0	20 000 CHF		○
Malaysia	Kuala Lumpur	Antah Schindler Sdn. Bhd. ¹	70.0	70.0	5 000 MYR		●
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100.0	100.0	32 073 MXN		●
Morocco	Casablanca	Schindler Maroc S.A.	100.0	100.0	10 000 MAD		●
Netherlands	The Hague	Schindler Liften B.V.	100.0	100.0	567 EUR		●
New Zealand	Auckland	Schindler Lifts NZ Ltd.	100.0	100.0	1 000 NZD		●
Norway	Bergen	Schindler Stahl Heiser A/S	100.0	100.0	5 000 NOK		●
	Vennesla	Reber-Schindler Heis A/S	100.0	100.0	8 000 NOK		●
Peru	Lima	Ascensores Schindler del Perú S.A.	100.0	100.0	6 718 PEN		●
Philippines	Manila	Jardine Schindler Elevator Corp. ¹	100.0	100.0	277 000 PHP		●
Poland	Warsaw	Schindler Polska sp.z o.o.	100.0	100.0	5 000 PLN		●
Portugal	Carnaxide	Schindler – Ascensores e escadas rolantes, S.A.	100.0	100.0	4 000 EUR		●
Romania	Bucharest	Schindler Romania S.R.L.	100.0	100.0	125 RON		●
Russia	Moscow	ZAO Schindler	100.0	100.0	21 RUR		●
Saudi Arabia	Jeddah	Schindler Olayan Elevator Company Ltd.	90.0	90.0	30 000 SAR		●
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd. ¹	100.0	100.0	8 500 SGD		●
Slovakia	Dunajská	Schindler Dunajská Streda a.s.	100.0	100.0	5 950 EUR	●	
		Schindler Eskalátory s.r.o.	100.0	100.0	1 236 EUR	●	
South Africa	Johannesburg	Schindler Lifts (SA) (PTY) Ltd.	90.0	90.0	0,09 ZAR		●
South Korea	Seoul	Schindler Elevator Company Ltd.	100.0	100.0	6 155 000 KRW		●
Spain	Madrid	Schindler S.A.	99.8	99.8	27 801 EUR	●	● ○
	Saragossa	Schindler Ibérica Management S.A.	100.0	100.0	4 420 EUR		○
Sweden	Danderyd	Schindler Hiss AB	100.0	100.0	9 440 SEK		●

● Production ● Sales, installation, maintenance ○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)		
			2014	2013			
Switzerland	Ebikon	EbiSquare AG	–	74.0	500	CHF	○
		Schindler Aufzüge AG	100.0	100.0	25 000	CHF	● ●
		Schindler Digital Business AG	100.0	100.0	1 000	CHF	○
	Hergiswil	Schindler Management AG	100.0	100.0	1 000	CHF	○
		Inventio AG	100.0	100.0	11 000	CHF	○
		Schindler Pars International Ltd.	100.0	100.0	5 000	CHF	● ○
	Locarno	Schindler Elettronica S.A.	100.0	100.0	2 000	CHF	●
Taiwan	Taipei	Jardine Schindler Lifts Ltd. ¹	100.0	100.0	100 000	TWD	●
		Schindler (Thai) Ltd. ¹	100.0	100.0	90 268	THB	●
Turkey	Istanbul	Schindler Türkeli Asansor Sanayi A.S.	100.0	100.0	14 459	TRY	●
UK	Sunbury	Schindler Ltd.	100.0	100.0	2 500	GBP	●
United Arab Emirates	Dubai	Schindler Pars International Ltd. (Dubai and Abu Dhabi branches)	100.0	100.0	–	–	●
USA	Gantano	Schindler Corp. of Puerto Rico	100.0	100.0	1	USD	●
	Morristown	Schindler Elevator Corporation	100.0	100.0	1	USD	● ●
	Mountainside	Slade Industries, Inc.	100.0	100.0	1	USD	●
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd. ¹	100.0	100.0	20 818 485	VND	● ●

● Production ● Sales, installation, maintenance ○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

40 Dividends paid and proposal by the Board of Directors

In 2014, CHF 245 million was paid in dividends (previous year: CHF 254 million). This corresponds to a dividend of CHF 2.20 per registered share and per participation certificate (previous year: CHF 2.20).

The Board of Directors proposes to the General Meeting of Shareholders that an ordinary dividend of CHF 2.20 and an additional dividend of CHF 1.00 per registered share and per participation certificate be distributed for the reporting year 2014. This represents a total gross dividend payment of CHF 361 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.

41 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 12, 2015, and will be presented to the General Meeting of Shareholders for approval on March 20, 2015.

42 Events after the balance sheet date

On January 15, 2015, the Swiss National Bank announced that it was discontinuing the minimum exchange rate for the Swiss franc against the euro. This led to a strong appreciation of the Swiss franc, which is the presentation currency of the Group. In the case of Group companies and associates with a different functional currency, the translation of those currencies into the Swiss franc is expected to have a negative translation impact on the consolidated financial statements and to increase the cumulative exchange rate differences recognized in equity. The discontinuation of the minimum exchange rate for the Swiss franc against the euro had no impact on the financial statements for the reporting year.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

Report of the statutory auditors on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Schindler Holding Ltd., which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes (pages 4 to 65), for the year ended December 31, 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these 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 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. 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 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, 2014 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 12, 2015

Ernst & Young Ltd.

Christian Schibler
Licensed audit expert
(Auditor in charge)

Ralf Noffke
Licensed audit expert

Financial Statements of Schindler Holding Ltd.

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Income statement

Financial Statements of
Schindler Holding Ltd.

In CHF 1 000	Note	2014	2013
Income			
Income from participations	1	751 321	1 082 648
Financial income	2	40 608	19 807
Extraordinary income		13 639	2 251
Total income		805 568	1 104 706
Expenses			
Financial expenses	3	9 870	23 430
Write-downs and impairments	4	–	283 022
Administration expenses and taxes		34 599	33 302
Total expenses		44 469	339 754
Net profit		761 099	764 952

Balance sheet

Assets

In CHF 1 000	Note	31.12.2014	%	31.12.2013	%
Current assets					
Cash and cash equivalents	5	1 953 764		1 583 147	
Marketable securities	6	166 772		869 310	
Accounts receivable from Group companies		496 822		287 218	
Accounts receivable from third parties		1 417		1 555	
Prepaid expenses and accrued income		1 492		2 574	
Total current assets		2 620 267	57.5	2 743 804	58.3
Non-current assets					
Participations	7	1 484 015		1 503 103	
Loans to Group companies		442 064		456 168	
Long-term financial assets		7 176		7 176	
Total non-current assets		1 933 255	42.5	1 966 447	41.7
Total assets		4 553 522	100.0	4 710 251	100.0

Liabilities

In CHF 1 000	Note	31.12.2014	%	31.12.2013	%
Liabilities					
Short-term bonds	9	–		200 000	
Accounts payable to Group companies	8	474 423		389 212	
Accounts payable to third parties		2 960		5 325	
Accrued expenses and deferred income		12 202		17 308	
Long-term bonds	9	618 070		618 070	
Provisions	10	61 544		60 281	
Total liabilities		1 169 199	25.7	1 290 196	27.4
Equity					
Share capital	11	6 818		7 089	
Participation capital	11	4 462		4 617	
Statutory reserves	12	317 121		317 121	
Reserves for treasury shares	12, 15	142 773		638 436	
Other reserves	12	2 120 542		1 666 400	
Balance brought forward from previous year		31 508		21 440	
Net profit	12	761 099		764 952	
Total equity		3 384 323	74.3	3 420 055	72.6
Total liabilities and equity		4 553 522	100.0	4 710 251	100.0

Notes to the financial statements

Basis of preparation

The financial statements as of December 31, 2014, were prepared in accordance with the principles of the Swiss Code of Obligations. Schindler Holding Ltd. is included in the consolidated financial statements in accordance with the accounting policies described in the notes to the consolidated financial statements.

1 Income from participations

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

2 Financial income

In CHF 1 000	2014	2013
Interest	10 105	2 994
Net gains/losses on foreign exchange	–	4 018
Income on financial instruments	28 271	10 779
Other financial income	2 232	2 016
Total financial income	40 608	19 807

3 Financial expenses

In CHF 1 000	2014	2013
Interest	7 188	6 941
Net gains/losses on foreign exchange	2 682	–
Losses on financial instruments	–	14 308
Other financial expenses	–	2 181
Total financial expenses	9 870	23 430

4 Write-downs and impairments

In CHF 1 000	2014	2013
Hyundai Elevator Co. Ltd. impairment	–	282 986
Write-downs and value adjustments loans	–	36
Total	–	283 022

5 Cash and cash equivalents

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

6 Marketable securities

In CHF 1 000	2014	2013
Treasury shares	126 108	615 299
Other investments	40 664	254 011
Total marketable securities	166 772	869 310

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

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

7 Participations

In CHF 1 000	2014	2013
January 1	1 503 103	1 863 243
Capital increases/repayments	–	13 235
Additions	28 687	1 112
Disposals	–47 775	–91 501
Impairments	–	–282 986
December 31	1 484 015	1 503 103

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

An overview of the companies in which Schindler Holding Ltd. has a direct or indirect interest is provided in note 39 to the consolidated financial statements.

8 Accounts payable to Group companies

In addition to accounts payable to Group companies, this balance sheet item includes liabilities to shareholders of Schindler Holding Ltd. of CHF 119.7 million (previous year: CHF 111.5 million). These liabilities are subject to interest at market rates.

9 Bonds

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

The exchangeable bond can be exchanged for shares of ALSO Holding AG at a price of CHF 60.24 per share during the term of the instrument.

10 Provisions

The existing provisions to cover financial risks amount to CHF 61.5 million (previous year: CHF 60.3 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.

11 Share and participation capital

11.1 Share capital

		in CHF	
		Nominal	
	Number	value	Share capital
December 31, 2011	71 776 700	0.10	7 177 670
Reduction as of May 29, 2012	-336 644		-33 664
December 31, 2012	71 440 056	0.10	7 144 006
Reduction as of June 6, 2013	-552 411		-55 241
December 31, 2013	70 887 645	0.10	7 088 765
Reduction as of May 26, 2014	-2 707 293		-270 729
December 31, 2014	68 180 352	0.10	6 818 035

11.2 Participation capital

		in CHF	
		Nominal	
	Number	value	Participation capital
December 31, 2011	48 609 400	0.10	4 860 940
Reduction as of May 29, 2012	-1 714 600		-171 460
December 31, 2012	46 894 800	0.10	4 689 480
Reduction as of June 6, 2013	-722 891		-72 289
December 31, 2013	46 171 909	0.10	4 617 191
Reduction as of May 26, 2014	-1 553 376		-155 338
December 31, 2014	44 618 533	0.10	4 461 853

12 Equity

In CHF 1 000	Share capital	Participation capital	Statutory reserves	Reserves for treasury shares	Other reserves	Available earnings	Total equity
December 31, 2011	7 178	4 861	317 121	365 427	1 551 706	687 344	2 933 637
Dividend						-232 298	-232 298
Allocation to other reserves					440 000	-440 000	-
Change in reserves for treasury shares				107 773	-107 773		-
Reduction as of May 29, 2012	-34	-171		-204 232	205		-204 232
Net profit 2012						550 609	550 609
December 31, 2012	7 144	4 690	317 121	268 968	1 884 138	565 655	3 047 716
Dividend						-254 215	-254 215
Allocation to other reserves					290 000	-290 000	-
Change in reserves for treasury shares				507 866	-507 866		-
Reduction as of June 6, 2013	-55	-73		-138 398	128		-138 398
Net profit 2013						764 952	764 952
December 31, 2013	7 089	4 617	317 121	638 436	1 666 400	786 392	3 420 055
Dividend						-244 884	-244 884
Allocation to other reserves					510 000	-510 000	-
Change in reserves for treasury shares				56 284	-56 284		-
Reduction as of May 26, 2014	-271	-155		-551 947	426		-551 947
Net profit 2014						761 099	761 099
December 31, 2014	6 818	4 462	317 121	142 773	2 120 542	792 607	3 384 323
Of which share premiums (unchanged)			311 321				

13 Contingent liabilities

The contingent liabilities of Schindler Holding Ltd. total CHF 808.2 million (previous year: CHF 732.7 million) and cover conditional obligations for bank guarantees, loans, and supply contracts in favor of Group companies. There are also guarantees and letters of comfort for unspecified amounts in favor of Group companies. There were no contingent liabilities in favor of third parties (previous year: CHF 2.9 million).

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

14 Liabilities to pension plans

In CHF 1 000	2014	2013
Total liabilities	1 526	1 298

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

15 Treasury shares

15.1 Changes in number and value

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2013	1 138 281	108	1 555 803	161
Cancellation	-552 411	-60	-722 891	-78
Purchase	2 876 249	373	1 338 929	174
Sale	-5 560	-1	-	-
Share-based payments				
Disposal of shares and participation certificates	-39 394	-5	-	-
Exercising of options and Performance Share Units	-131 748	-8	-217 968	-19
Difference in value due to disposal		-2		-4
December 31, 2013	3 285 417	405	1 953 873	234
Cancellation	-2 707 293	-350	-1 553 376	-202
Purchase	162 600	21	544 000	72
Sale	-	-	-	-
Share-based payments				
Disposal of shares and participation certificates	-82 023	-11	-	-
Exercising of options and Performance Share Units	-112 932	-7	-159 439	-13
Difference in value due to disposal		-3		-3
December 31, 2014	545 769	55	785 058	88
Reserved shares and participation certificates for participation plans	471 769		529 815	

15.2 Repurchase program

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

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

A total of 74 000 registered shares and 249 200 participation certificates were repurchased in connection with the repurchase program in the reporting year for the purpose of reducing capital. The Board of Directors will propose to the forthcoming General Meeting of Shareholders of March 20, 2015, that the capital stock be reduced by the number of registered shares and participation certificates repurchased.

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

In connection with the repurchase program (2013–2015) and the fixed-price repurchase offer, Schindler Holding Ltd. repurchased a total of 2 781 293 registered shares and 1 802 576 participation certificates in the reporting years 2013 and 2014.

In accordance with the decision of the General Meeting of Shareholders of March 17, 2014, a total of 2 707 293 registered shares and 1 553 376 participation certificates repurchased in the reporting years 2013 and 2014 were cancelled on May 26, 2014, by means of a capital reduction.

16 Significant shareholders

See note 37 to the consolidated financial statements for information about the existence of shareholders' agreements.

17 Benefits for related parties

In the reporting year, Schindler Holding Ltd. paid pensions amounting to CHF 0.2 million (previous year: CHF 0.2 million) to two widows of former executive members of the Board of Directors. The actuarially determined present value of these payments is recalculated annually and, as of December 31, 2014, amounted to CHF 1.2 million (previous year: CHF 1.2 million). This amount is recognized as a provision.

18 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):

18.1 Board of Directors**2014**

	Number	
	Registered shares	Participation certificates
As of 31.12		Options
Alfred N. Schindler, Chairman ^{1,2}	⁴ 34 764	4 523 ⁵
Luc Bonnard, Vice Chairman ³	⁴ 1 155	–
Dr. Rudolf W. Fischer ^{1,2}	26 726	5 999 ⁶
Jürgen Tinggren ^{1,2}	30 920	63 326 ⁷
Prof. Dr. Karl Hofstetter ²	56 251	21 159
Prof. Dr. Pius Baschera ³	3 000	–
Prof. Dr. Monika Bütler ³	1 500	–
Dr. Hubertus von Grünberg ³	5 000	–
Anthony Nightingale ³	3 000	–
Rolf Schweiger ³	3 375	–
Carole Vischer ³	⁴ –	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. Together with related parties, they held a total of 47 639 751 shares as at December 31, 2014, corresponding to 69.9% of the voting rights of the share capital entered in the Commercial Register.

⁵ Fully vested options on participation certificates granted under the Capital Participation Plan 2000 (option plan allocation 2011)

⁶ Fully vested options on participation certificates granted under the Long Term Incentive Plan 2011

⁷ Fully vested options:

- under the Long Term Incentive Plan 2009: 27 000 (registered shares)
- under the Long Term Incentive Plan 2010: 18 115 (participation certificates)
- under the Long Term Incentive Plan 2011: 18 211 (participation certificates)

⁸ Fully vested options on participation certificates:

- under the Long Term Incentive Plan 2010: 14 492
- under the Long Term Incentive Plan 2011: 13 712

2013

	Number		
As of 31.12.	Registered shares	Participation certificates	Options
Alfred N. Schindler, Chairman ^{1,2}	⁴	30 406	4 358 ⁵
Luc Bonnard, Vice Chairman ³	⁴	3 094	–
Dr. Rudolf W. Fischer ^{1,2}	20 209	5 600	–
Prof. Dr. Karl Hofstetter ²	11 658	17 241	59 085 ⁶
Prof. Dr. Pius Baschera ³	3 000	–	–
Prof. Dr. Monika Bütler ³	1 500	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Anthony Nightingale ³	3 000	–	–
Lord Charles Powell ³	5 000	–	–
Rolf Schweiger ³	3 375	–	–
Carole Vischer ³	⁴	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. Together with related parties, they held a total of 47 720 376 shares as at December 31, 2013, corresponding to 67.3% of the voting rights of the share capital entered in the Commercial Register.

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

⁶ Fully vested options:

- under the Long Term Incentive Plan 2009: 44 593 (registered shares)
- under the Long Term Incentive Plan 2010: 14 492 (participation certificates)

18.2 Group Executive Committee**2014**

	Number		Number of vested options on						
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³	Participation certificates allocated 2010 ⁴	Participation certificates allocated 2011
As of 31.12.									
Silvio Napoli, CEO	8 420	9 981	325	992	3 018	8 528	10 729	6 340	5 999 ⁵
Miguel A. Rodríguez	23 629	–	2 565	562	4 279	10 234	19 509	6 340	5 999 ⁵
Erich Ammann	12 696	5 225	–	–	–	–	–	–	8 570 ⁵
David Clymo	–	2 390	–	–	–	–	–	–	1 858 ¹
Carlos Guembe	3 693	1 989	–	–	–	2 415	7 246	2 355	2 228 ⁵
Albert Haffert	3 285	6 928	–	–	3 773	–	8 361	4 982	6 856 ⁵
Thomas Oetterli	4 998	7 307	–	–	–	–	8 361	4 529	5 142 ⁵
Oswald Schmid	1 101	4 358	–	–	–	–	8 361	2 944	3 000 ⁵
Jakob Züger	14 111	–	–	–	–	–	–	–	6 856 ⁵

¹ Options from Capital Participation Plan 2000² Options from Long Term Incentive Plan 2008³ Options from Long Term Incentive Plan 2009⁴ Options from Long Term Incentive Plan 2010⁵ Options from Long Term Incentive Plan 2011**2013**

	Number		Number of vested options on						
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³	Participation certificates allocated 2010	
As of 31.12.									
Jürgen Tinggren, CEO	30 920	–	–	–	–	–	–	27 000	18 115 ⁴
Miguel A. Rodríguez	23 629	7 542	2 565	562	4 279	10 234	19 509	6 340 ⁴	
Erich Ammann	12 696	2 776	–	–	–	–	–	–	
David Clymo	–	2 390	–	–	–	–	–	–	1 792 ¹
Didier Gaudoux	910	6 465	–	–	–	–	–	4 687	5 435 ⁴
Albert Haffert	3 736	5 928	–	–	3 773	2 386	8 361	4 982 ⁴	
Silvio Napoli	8 420	8 267	325	992	3 018	8 528	10 729	6 340 ⁴	
Thomas Oetterli	4 998	5 838	–	–	–	–	–	8 361	4 529 ⁴
Oswald Schmid	793	3 501	–	–	–	–	–	8 361	2 944 ⁴
Jakob Züger	17 981	6 622	–	–	–	–	–	–	7 246 ⁴

¹ Options from Capital Participation Plan 2000² Options from Long Term Incentive Plan 2008³ Options from Long Term Incentive Plan 2009⁴ Options from Long Term Incentive Plan 2010

See note 36.5 to the consolidated financial statements for information on option conditions.

19 Risk assessment

The Board of Directors of Schindler Holding Ltd. assesses the company's risks using a systematic risk identification and analysis framework. Based on this assessment, risk management measures are defined and constantly monitored. The company has a risk management system which is designed to promptly identify and analyze risks and to initiate appropriate measures. The organization, principles, and reporting of risk management are described in detail in note 3.7 of the Corporate Governance section.

Appropriation of available earnings

Proposals to the General Meeting of Shareholders

In CHF 1 000		31.12.2014	31.12.2013
Available earnings			
Net profit for the year		761 099	764 952
Balance brought forward from previous year		31 508	21 440
Total available earnings		792 607	786 392
Appropriation of available earnings			
Ordinary dividend (gross)			
per registered share	CHF 2.20 (previous year: CHF 2.20)	149 997 ¹	148 596 ²
per participation certificate	CHF 2.20 (previous year: CHF 2.20)	98 161 ¹	96 288 ²
Additional dividend (gross)			
per registered share	CHF 1.00	68 180 ¹	
per participation certificate	CHF 1.00	44 619 ¹	
Total dividend		360 957	244 884
Allocation to other reserves		400 000	510 000
Total appropriation of available earnings		760 957	754 884
Balance carried forward to new account		31 650	31 508

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

² Payment excludes dividends on treasury shares.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Schindler Holding Ltd., which comprise the income statement, the balance sheet and notes (pages 69 to 81), for the year ended December 31, 2014.

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, 2014 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 12, 2015

Ernst & Young Ltd.

Christian Schibler
Licensed audit expert
(Auditor in charge)

Ralf Noffke
Licensed audit expert

Compensation Report

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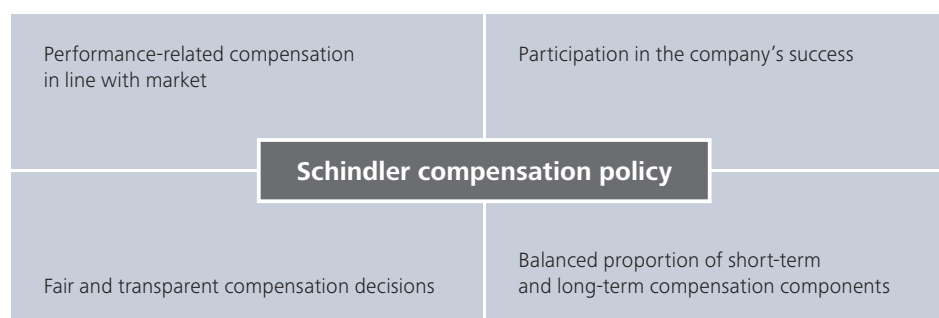
The Compensation Report contains details of the total compensation paid to members of the Board of Directors and the Group Executive Committee. It relates to the reporting year 2014 unless otherwise stated.

In accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (VegÜV), which entered into force on January 1, 2014, the General Meeting of Shareholders votes annually to approve separately the total compensation of the members of the Board of Directors and the Group Executive Committee. In accordance with Article 32 of the Articles of Association of Schindler Holding Ltd., the General Meeting of Shareholders votes annually on the total compensation of the Board of Directors and the Group Executive Committee to approve:

- The maximum permissible total fixed compensation of the members of the Board of Directors and the Group Executive Committee for the current financial year 2015 (prospective vote)
- The total variable compensation of the members of the Board of Directors and the Group Executive Committee for the reporting year 2014 (retrospective vote)

1 Principles

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



2 Compensation system

2.1 Overview of total compensation

Article 33 of the Articles of Association of Schindler Holding Ltd. states that fixed and variable compensation can be paid to members of the Board of Directors and the Group Executive Committee. Compensation can be paid in the form of cash, shares, equity instruments, options, comparable instruments, or units. In addition, non-cash benefits or services can be provided. For further details, refer to Article 33 of the Articles of Association (www.schindler.com/com/internet/en/investor-relations/articles-of-association.html).

	Board of Directors		Group Executive Committee	
	Supervisory and Nomination Committee ¹	Executive member	Non-executive member	
Fixed compensation (basic compensation)				
Gross cash				
Annual salary				
Fixed Board of Directors' fee				
Flat-rate expense allowances				
Flat-rate allowance				
Representation allowance				
Car allowance				
Pension, social, and other benefits				
Pension benefits				
Pension fund				
Schindler Foundation				
Social contributions				
Other benefits				
Variable compensation				
Short-term – cash bonus				
Long-term – equity instruments				
Performance Share Plan (PSP)				
Deferred Share Plan (DSP)				
Social and other benefits				
Social contributions				
Other benefits				

Prospective approval

Retrospective approval

Prospective approval

Retrospective approval

¹ Executive member and full-time member of the Supervisory and Nomination Committee

2.2 Basic principles

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

- The compensation paid to new members of the Board of Directors or Group Executive Committee is included from the date on which the member takes over the relevant function.
- If a member transfers from the Group Executive Committee to the Board of Directors, or vice versa, the full compensation is taken into account and reported under the new function.
- If a member resigns from office and/or steps down from the Board of Directors or the Group Executive Committee, the compensation paid up to the date on which the member stepped down, plus any compensation paid in the reporting year in connection with his/her former activities, is included. Statutory compensation paid in the following year is reported separately under benefits for former members of governing bodies.
- Fringe benefits are included in basic compensation and are reported as benefits if any single benefit exceeds CHF 500 or if total benefits exceed CHF 20 000 in the reporting year.
- Board of Directors' fees are paid by Schindler Holding Ltd. Other compensation is paid not by Schindler Holding Ltd. but by directly or indirectly held Group companies. The disclosed compensation includes the total compensation, irrespective of which Schindler company paid it.
- In individual cases – depending on the country in which a member of the Group Executive Committee lives – a company car may be provided. Benefits may also be paid if a member of the Group Executive Committee is sent on an international assignment (expatriates). Benefits related to basic compensation in the case of an international assignment are reported under pension, social and other benefits. Benefits related to variable compensation are reported there as other benefits or social benefits.

2.3 Fixed compensation (basic compensation)

The basic compensation of the executive members of the Board of Directors and members of the Group Executive Committee comprises an annual salary (a monthly salary and an additional year-end payment – 13th monthly salary), a representation allowance and car allowance, as well as pension (Pension Fund, Schindler Foundation), social and other benefits. Other benefits comprise health insurance contributions and premiums for management insurance policies, and benefits related to international assignments. In addition, executive members of the Board of Directors receive a fixed Board of Directors' fee and a flat-rate expense allowance.

The structure of basic compensation is in line with the applicable legislation in the countries in which the beneficiary has his employment contract.

Non-executive members of the Board of Directors receive a fixed Board of Directors' fee, as well as a flat-rate expense allowance.

2.4 Variable compensation

2.4.1 Performance-related cash bonus (short-term)

The Schindler Group uses two different systems to determine the performance-related bonus for the executive members of the Board of Directors and the members of the Group Executive Committee. The Board of Directors decides which system shall apply to each executive member of the Board of Directors and each member of the Group Executive Committee.

Bonus on cash flow

The bonus is calculated on the basis of a rate per thousand of consolidated cash flow from operating activities (before changes in net working capital). The rate per thousand is set by the Board of Directors. Cash flow from operating activities is used as a parameter to measure performance in order to promote a long-term increase in the value of the Group rather than short-term profit maximization. This compensation system ensures, among other things, that restructuring projects are initiated as early as possible and that the associated depreciation and amortization and the corresponding provisions are recognized.

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

Bonus on achievement of targets

The bonus is calculated on the basis of the achievement of personal, operational, and/or financial targets. The targets that need to be achieved, as well as the target bonus, are set at the start of the reporting year. Depending on the extent to which the targets are achieved, the bonus that is awarded may amount to between 0% and 150% of the target bonus.

This system applies to members of the Group Executive Committee, as well as to the executive member of the Board of Directors who is not a member of the Supervisory and Nomination Committee.

2.4.2 Performance-related allocation of equity instruments (long-term)

Schindler has two capital participation plans for the executive members of the Board of Directors and the members of the Group Executive Committee. The Board of Directors decides which plan shall apply to each executive member of the Board of Directors and each member of the Group Executive Committee.

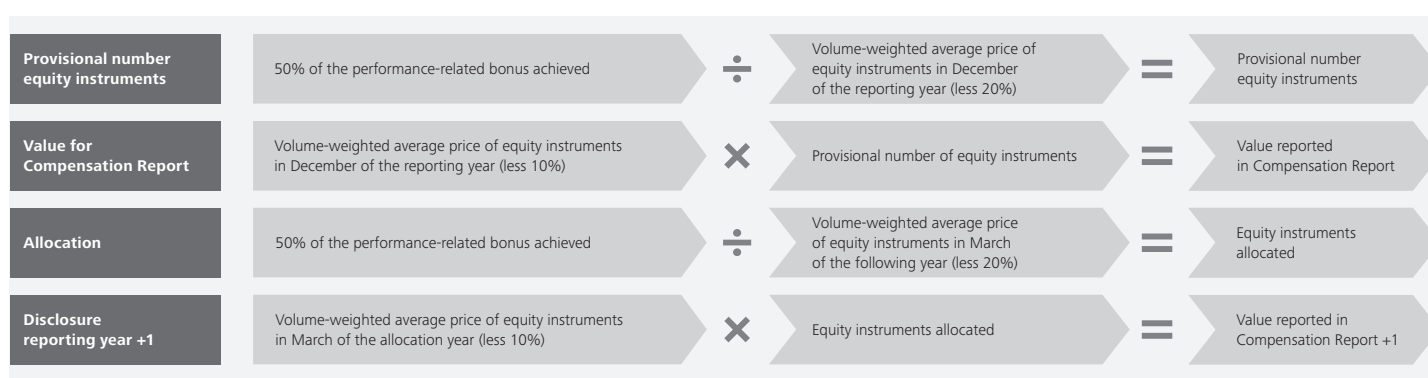
Performance Share Plan

Under the Performance Share Plan (PSP), 50% of the performance-related bonus that is achieved for the reporting year is paid in the form of equity instruments, which are always allocated in April of the following year (year of allocation). The Board of Directors decides each year whether registered shares or participation certificates will be allocated. The Performance Share Plan applies to the members of the Supervisory and Nomination Committee.

The allocated equity instruments include all of the associated rights but they are blocked for a period of three years, during which they may not be disposed of. The final number of equity instruments that is to be allocated is calculated on the basis of the volume-weighted average price in March of the following year, less a discount of 20%. The Board of Directors may deviate from this method.

The number of equity instruments disclosed in the reporting year is a provisional figure based on the volume-weighted average price in December of the reporting year, less a discount of 20%. The final number is always reported in the following year's Compensation Report.

In order to include them in total compensation for the reporting year, the equity instruments that are to be allocated are valued at the volume-weighted average price in December, less a discount of 10%. The discount reflects the fact that once they have been allocated, the equity instruments are then blocked for a period of three years.



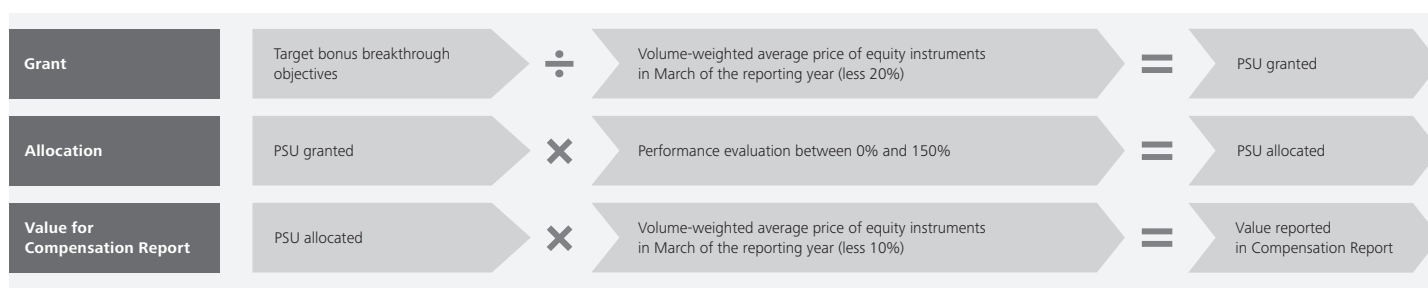
Deferred Share Plan

Under the Deferred Share Plan (DSP), a number of Performance Share Units (PSU) are granted for the current reporting year based on a contractual target bonus agreement. The Board of Directors decides each year whether the Performance Share Units will be converted into registered shares or participation certificates. The Deferred Share Plan 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 number of Performance Share Units granted is calculated on the basis of the volume-weighted average price of the equity instruments in March of the reporting year, less 20%. The Board of Directors may deviate from this method. At the start of the reporting year, a series of individual strategic business targets (referred to as 'breakthrough objectives') are defined for each beneficiary. The achievement of the individual targets is determined in the following year. Depending on the extent to which the targets are achieved, the bonus that is awarded may amount to between 0% and 150% of the target bonus agreement. The number of Performance Share Units reported in the reporting year already represents the final number.

The Performance Share Units are converted into equity instruments three years after they are granted and transferred to the ownership of the beneficiaries. From that date, the equity instruments include all of the associated rights. In the event of any breaches of the Code of Conduct, or if beneficiaries leave the Schindler Group of their own volition, they forfeit the right to have their Performance Share Units converted into equity instruments.

In order to include them in total compensation, the Performance Share Units that are finally allocated are valued at the volume-weighted average price in March of the reporting year (month of grant), less a discount of 10%. This discount reflects the fact that the Performance Share Units can only be converted three years after they were granted. In the previous year, the volume-weighted average price in December 2013, less a discount of 10%, was used as the basis for the inclusion of the Performance Share Units in total compensation.



3 Responsibilities and determination process

The compensation system and the capital participation plans are defined by Corporate Human Resources and are reviewed by the CEO, the Supervisory and Nomination Committee, and the Compensation Committee before being submitted to the Board of Directors for approval. In accordance with the usual rules, individual members of the Board of Directors are not present when decisions are made on their respective compensation awards. No external consultants were involved in this process in the reporting year.

Members of the Compensation Committee

As of 31.12.2014		
Dr. Hubertus von Grünberg	Independent member of the Board of Directors	Chairman
Prof. Dr. Pius Baschera	Independent member of the Board of Directors	Member
Dr. Rudolf W. Fischer	Executive member of the Board of Directors	Member

The Compensation Committee

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

The Chairman of the Board of Directors

- Proposes the terms of the employment contracts and the target compensation of the executive members of the Board of Directors (excluding the Chairman of the Board of Directors) and the CEO for review by the Compensation Committee and for approval by the Board of Directors
- Determines the annual variable compensation of the executive members of the Board of Directors (excluding the Chairman of the Board of Directors) and the CEO

The CEO

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

The Board of Directors

- Approves, at the request of the Compensation Committee, the terms of the employment contracts and the target compensation of the executive members of the Board of Directors (including the Chairman of the Board of Directors), the CEO, and the other members of the Group Executive Committee
- Determines, at the request of the Compensation Committee, the annual variable compensation of the Chairman of the Board of Directors
- Approves the compensation system (including the compensation and bonus regulations)

Overview of compensation process: Board of Directors

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

¹ VRP = Chairman of the Board of Directors

Overview of compensation process: Group Executive Committee

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

¹ VRP = Chairman of the Board of Directors

4 Compensation for the reporting year

4.1 Overview: Board of Directors

	Basic compensation			Variable compensation			Total 2014
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)/other	Registered shares	Performance Share Units	Social and other benefits	
In CHF 1 000							
Alfred N. Schindler, Chairman ^{1,2}	2 125	293	517	582	–	53	3 570⁹
Luc Bonnard, Vice Chairman ³	300	14	352 ⁸	–	–	58 ⁸	724
Dr. Rudolf W. Fischer ^{1,2,4}	952	317	690	776	–	91	2 826
Jürgen Tinggren ^{1,2,4,5}	989	299	733	824	–	83	2 928
Prof. Dr. Karl Hofstetter ²	725	308	585	–	900	252	2 770
Prof. Dr. Pius Baschera ³	200	12	–	–	–	–	212
Prof. Dr. Monika Bütler ³	200	12	–	–	–	–	212
Dr. Hubertus von Grünberg ³	200	9	–	–	–	–	209
Anthony Nightingale ³	200	9	–	–	–	–	209
Lord Charles Powell ^{3,6}	43	2	–	–	–	–	45
Rolf Schweiger ³	200	9	–	–	–	–	209
Carole Vischer ³	200	12	–	–	–	–	212
Prof. Dr. Klaus W. Wellershoff ³	280 ⁷	16	–	–	–	–	296
Total compensation	6 614	1 312	2 877	2 182	900	537	14 422

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Employed on an 80% basis, Jürgen Tinggren since April 1, 2014

⁵ Since the General Meeting of Shareholders 2014; including compensation until the General Meeting of Shareholders 2014 (Jürgen Tinggren was CEO until December 31, 2013)

⁶ Until the General Meeting of Shareholders 2014

⁷ Including fee for work as a member of the Audit Committee in 2013/2014 of CHF 80 000 (including CHF 40 000 for 2013)

⁸ Fee for consulting services CHF 409 835

⁹ Alfred N. Schindler donated over CHF 1 million of this sum to a charitable foundation under Swiss law in the reporting year

Board of Directors' fees (including a flat-rate expense allowance) remain unchanged: full-time Chairman CHF 400 000, Vice Chairman CHF 300 000, other members CHF 200 000.

For the reporting year, the variable component of the compensation awarded to the executive members of the Board of Directors averaged 50% (previous year: 47%) of total compensation; this comprised 41% in the form of a cash bonus (previous year: 41%), 51% in the form of long-term equity instruments (previous year: 50%), and 8% in the form of social and other benefits (previous year: 9%)

The variable compensation reported is always subject to the approval of the General Meeting of Shareholders.

The employment contracts of the executive members of the Board of Directors were aligned to the provisions of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (VegÜV). In particular, the company has no employment contracts that have a term or notice period exceeding 12 months or that contain any entitlements to severance payments.

In the reporting year, no collateral or guarantees were granted to members of the Board of Directors. Neither Schindler Holding Ltd. nor any other Group company waived any claims vis-à-vis members of the Board of Directors.

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

Equity instruments and Performance Share Units

	Registered shares ¹	Performance Share Units
Alfred N. Schindler, Chairman	4 686	–
Dr. Rudolf W. Fischer	6 248	–
Jürgen Tinggren	6 639	–
Prof. Dr. Karl Hofstetter	–	7 693

¹ This provisional number was calculated using a value of CHF 110.37 (volume-weighted average price in December 2014, less 20%). The exact number will only be calculated in April 2015 based on the volume-weighted average price in March 2015, less 20%.

Value per equity instrument and Performance Share Unit

In CHF	Performance Share Plan	Deferred Share Plan
Participation right	Registered share	PSU on registered share
Volume-weighted average price in March 2014		129.99
Volume-weighted average price in December 2014	137.96	
Value for inclusion in variable compensation	124.17	116.99

4.2 Overview: Group Executive Committee

In CHF 1 000	Basic compensation		Variable compensation				Total 2014
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Performance Share Units	Other benefits	Social contributions	
Total compensation	6 283	2 253	4 966	5 100	1 194	261	20 057
Highest individual compensation: Silvio Napoli, CEO	865	425	1 200	1 350	20	–	3 860

For details of the composition of the Group Executive Committee, which was taken into account when determining total compensation, refer to the Corporate Governance report, note 4.1.

For the reporting year, the variable component of the compensation awarded to the members of the Group Executive Committee averaged 57% (previous year: 54%) of total compensation; this comprised 43% in the form of a cash bonus (previous year: 40%), 44% in the form of long-term equity instruments (previous year: 43%), and 13% in the form of social and other benefits (previous year: 17%).

The variable compensation of the Group Executive Committee reported is always subject to the approval of the General Meeting of Shareholders.

The employment contracts of the executive members of the Group Executive Committee were aligned to the provisions of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (VegüV). In particular, the company has no employment contracts that have a notice period exceeding 12 months or that contain any entitlements to severance payments.

In the reporting year, no collateral or guarantees were granted to members of the Group Executive Committee. Neither Schindler Holding Ltd. nor any other Group company waived any claims vis-à-vis the Group Executive Committee.

Performance Share Units

	Performance Share Units
Total Group Executive Committee	43 596
Silvio Napoli, CEO	11 539

Information on the values used per Performance Share Unit is provided in section 4.1.

4.3 Approved fixed compensation (basic compensation)

In CHF 1 000	Board of Directors	Group Executive Committee
Approved by the General Meeting of Shareholders 2014	8 200	8 800
Actual basic compensation 2014	7 926	8 536

5 Compensation for the previous year

5.1 Overview: Board of Directors

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

¹ Member of the Supervisory and Nomination Committee

² Executive member

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

⁴ Non-executive member

⁵ With effect from the General Meeting of Shareholders 2013

⁶ Fees for consulting services CHF 526 000

⁷ Executive member and member of the Supervisory and Nomination Committee until General Meeting of Shareholders 2013, including compensation until December 31, 2013

⁸ In the reporting year 2013, Alfred N. Schindler made a donation of CHF 1 million to a charitable foundation under Swiss law

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

In the previous year, the Board of Directors decided to allocate registered shares under the capital participation plans.

Allocated equity instruments and Performance Share Units

	Registered shares ¹	Performance Share Units
Alfred N. Schindler, Chairman	4 775	–
Dr. Rudolf W. Fischer	6 517	–
Prof. Dr. Karl Hofstetter	–	7 255

¹ This final number was calculated using an allocation value of CHF 103.99, which corresponds to the volume-weighted average price of the registered shares in March 2014, less 20%. The number reported in the previous year was based on a provisional number (volume-weighted average price of the registered shares in December 2013, less 20%, resulting in a provisional allocation value of CHF 102.06).

5.2 Overview: Group Executive Committee

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

Allocated Performance Share Units

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

6 Benefits for former members of governing bodies

No compensation as defined in Article 14, para. 1, section 4 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (VegÜV) was paid to former members of a governing body.

7 Loans and credits

Article 34 of the Articles of Association of Schindler Holding Ltd. states that the Board of Directors may grant loans or credits to members of the Board of Directors or the Group Executive Committee. The total amount of these loans and credits must not exceed CHF 10 million and they may only be granted at market rates and subject to the applicable abstention rules.

7.1 Present and former members of governing bodies

No loans or credits were granted by Schindler Holding Ltd. or any other Group company to present or former members of governing bodies, and no such loans were outstanding as of December 31, 2014.

7.2 Related parties

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

8 Proposals to the General Meeting of Shareholders 2015

8.1 Fixed compensation (basic compensation) for 2015

The aggregate amount of basic compensation for the Board of Directors and the Group Executive Committee for the financial year 2015 will be proposed to the General Meeting of Shareholders in March 2015 for approval.

The aggregate amount of basic compensation for the Board of Directors to be approved is CHF 8 100 000 (Proposal 2014: CHF 8 200 000).

The aggregate amount of basic compensation for the Group Executive Committee to be approved is CHF 7 700 000 (Proposal 2014: CHF 8 800 000).

Article 32 of the Articles of Association of Schindler Holding Ltd. states that the maximum permissible basic compensation shall be increased by 20% if, following the approval of the basic compensation, additional members or replacement members are appointed to the Group Executive Committee.

8.2 Variable compensation for 2014

The aggregate amount of variable compensation for the Board of Directors and the Group Executive Committee for the reporting year will be proposed to the General Meeting of Shareholders in March 2015 for approval.

The aggregate amount of variable compensation for the Board of Directors to be approved is CHF 6 500 000.

The aggregate amount of variable compensation for the Group Executive Committee to be approved is CHF 11 530 000.

The variable compensation for the Group Executive Committee represents an average achievement factor of 115% based on the targets set for 2014.

9 Levels of participation

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

9.1 Board of Directors

2014

	Number		
	Registered shares	Participation certificates	Options
As of 31.12			
Alfred N. Schindler, Chairman ^{1,2}	⁴	34 764	4 523 ⁵
Luc Bonnard, Vice Chairman ³	⁴	1 155	–
Dr. Rudolf W. Fischer ^{1,2}	26 726	–	5 999 ⁶
Jürgen Tinggren ^{1,2}	30 920	5 203	63 326 ⁷
Prof. Dr. Karl Hofstetter ²	56 251	21 159	28 204 ⁸
Prof. Dr. Pius Baschera ³	3 000	–	–
Prof. Dr. Monika Bütler ³	1 500	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Anthony Nightingale ³	3 000	–	–
Rolf Schweiger ³	3 375	–	–
Carole Vischer ³	⁴	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. Together with related parties, they held a total of 47 639 751 shares as at December 31, 2014, corresponding to 69.9% of the voting rights of the share capital entered in the Commercial Register.

⁵ Fully vested options on participation certificates granted under the Capital Participation Plan 2000 (option plan allocation 2011)

⁶ Fully vested options on participation certificates granted under the Long Term Incentive Plan 2011

⁷ Fully vested options:

- under the Long Term Incentive Plan 2009: 27 000 (registered shares)
- under the Long Term Incentive Plan 2010: 18 115 (participation certificates)
- under the Long Term Incentive Plan 2011: 18 211 (participation certificates)

⁸ Fully vested options on participation certificates:

- under the Long Term Incentive Plan 2010: 14 492
- under the Long Term Incentive Plan 2011: 13 712

2013

	Number		
	Registered shares	Participation certificates	Options
As of 31.12.			
Alfred N. Schindler, Chairman ^{1,2}	⁴	30 406	4 358 ⁵
Luc Bonnard, Vice Chairman ³	⁴	3 094	–
Dr. Rudolf W. Fischer ^{1,2}	20 209	5 600	–
Prof. Dr. Karl Hofstetter ²	11 658	17 241	59 085 ⁶
Prof. Dr. Pius Baschera ³	3 000	–	–
Prof. Dr. Monika Bütler ³	1 500	–	–
Dr. Hubertus von Grünberg ³	5 000	–	–
Anthony Nightingale ³	3 000	–	–
Lord Charles Powell ³	5 000	–	–
Rolf Schweiger ³	3 375	–	–
Carole Vischer ³	⁴	–	–
Prof. Dr. Klaus W. Wellershoff ³	3 000	–	–

¹ Member of the Supervisory and Nomination Committee

² Executive member

³ Non-executive member

⁴ Alfred N. Schindler, Luc Bonnard, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholders' agreement. Together with related parties, they held a total of 47 720 376 shares as at December 31, 2013, corresponding to 67.3% of the voting rights of the share capital entered in the Commercial Register.

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

⁶ Fully vested options:

– under the Long Term Incentive Plan 2009: 44 593 (registered shares)

– under the Long Term Incentive Plan 2010: 14 492 (participation certificates)

9.2 Group Executive Committee

2014

	Number		Number of vested options on						
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³	Participation certificates allocated 2010 ⁴	Participation certificates allocated 2011
As of 31.12.									
Silvio Napoli, CEO	8 420	9 981	325	992	3 018	8 528	10 729	6 340	5 999 ⁵
Miguel A. Rodríguez	23 629	–	2 565	562	4 279	10 234	19 509	6 340	5 999 ⁵
Erich Ammann	12 696	5 225	–	–	–	–	–	–	8 570 ⁵
David Clymo	–	2 390	–	–	–	–	–	–	1 858 ¹
Carlos Guembe	3 693	1 989	–	–	–	2 415	7 246	2 355	2 228 ⁵
Albert Haffert	3 285	6 928	–	–	3 773	–	8 361	4 982	6 856 ⁵
Thomas Oetterli	4 998	7 307	–	–	–	–	8 361	4 529	5 142 ⁵
Oswald Schmid	1 101	4 358	–	–	–	–	8 361	2 944	3 000 ⁵
Jakob Züger	14 111	–	–	–	–	–	–	–	6 856 ⁵

¹ Options from Capital Participation Plan 2000

² Options from Long Term Incentive Plan 2008

³ Options from Long Term Incentive Plan 2009

⁴ Options from Long Term Incentive Plan 2010

⁵ Options from Long Term Incentive Plan 2011

2013

	Number		Number of vested options on					
	Registered shares	Participation certificates	Registered shares allocated 2006 ¹	Registered shares allocated 2007 ¹	Registered shares allocated 2008 ¹	Registered shares allocated 2008 ²	Registered shares allocated 2009 ³	Participation certificates allocated 2010
As of 31.12.								
Jürgen Tinggren, CEO	30 920	–	–	–	–	–	27 000	18 115 ⁴
Miguel A. Rodríguez	23 629	7 542	2 565	562	4 279	10 234	19 509	6 340 ⁴
Erich Ammann	12 696	2 776	–	–	–	–	–	–
David Clymo	–	2 390	–	–	–	–	–	1 792 ¹
Didier Gaudoux	910	6 465	–	–	–	–	4 687	5 435 ⁴
Albert Haffert	3 736	5 928	–	–	3 773	2 386	8 361	4 982 ⁴
Silvio Napoli	8 420	8 267	325	992	3 018	8 528	10 729	6 340 ⁴
Thomas Oetterli	4 998	5 838	–	–	–	–	8 361	4 529 ⁴
Oswald Schmid	793	3 501	–	–	–	–	8 361	2 944 ⁴
Jakob Züger	17 981	6 622	–	–	–	–	–	7 246 ⁴

¹ Options from Capital Participation Plan 2000² Options from Long Term Incentive Plan 2008³ Options from Long Term Incentive Plan 2009⁴ Options from Long Term Incentive Plan 2010

Information on the conditions that apply to options is provided in note 36.5 to the Consolidated Financial Statements.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

Report of the statutory auditor on the compensation report

We have audited the accompanying compensation report (Sections 4 to 9) dated 12 February 2015 of Schindler Holding Ltd. for the year ended 31 December 2014.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended 31 December 2014 of Schindler Holding Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

Basel, February 12, 2015

Ernst & Young Ltd.

Christian Schibler
Licensed audit expert
(Auditor in charge)

Ralf Noffke
Licensed audit expert

Corporate Governance

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The Corporate Governance Report contains the information required by the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, effective December 31, 2014, and is structured in accordance with the Directive. The required disclosures of the compensation and participations of the company's most senior management are provided in the Compensation Report. In addition, an explanation is now provided in accordance with the 'comply or explain' principle if the company's corporate governance deviates from the recommendations set out in the Swiss Code of Best Practice for Corporate Governance (referred to hereinafter as the Swiss Code).

1 Group structure and shareholders

1.1 Group structure

Schindler Holding Ltd. is a holding company under Swiss law that is headquartered in Hergiswil (Canton of Nidwalden, Switzerland). It has a direct or indirect interest in the companies listed in the Group Financial Statements, note 39.

The Schindler Group is one of the world's leading suppliers of elevators, escalators, and moving walks. It is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe. Its organizational structure as of December 31, 2014, can be summarized as follows:

Board of Directors
Supervisory and Nomination Committee
Group Executive Committee
Chief Executive Officer (CEO)
Deputy CEO; Asia-Pacific and Middle East
Chief Financial Officer (CFO)
Corporate Human Resources
Field Quality & Excellence
Europe North
Europe South
Americas
China

Information on changes to the organizational structure of the Group Executive Committee and to its members, effective January 1, 2015, is provided in note 1.4 'Events after the balance sheet date.'

The duties of the full-time Supervisory and Nomination Committee are described in note 3.5.2.1 and in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

1.2 Significant shareholders

As at the end of 2014, the Schindler and Bonnard families – within the scope of shareholder agreements – and parties related to these families held 47 639 751 registered shares of Schindler Holding Ltd., corresponding to 69.9% of voting rights of the share capital entered in the Commercial Register. There are no further shareholders who have registered a holding of more than 3% of voting rights of Schindler Holding Ltd. according to Article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA). The notifications according to Article 20 of SESTA that were published during the reporting year can be viewed at: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

1.3 Cross-shareholdings

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

1.4 Events after the balance sheet date

A new organizational structure with two new global business areas – ‘New Installations and Supply Chain’ and ‘Service Business’ – was implemented with effect from January 1, 2015. The Heads of these two business areas report directly to the CEO, Silvio Napoli. Oswald Schmid, a member of the Group Executive Committee, was appointed the Head of the New Installations and Supply Chain business area. Paolo Compagna, the former CEO of Schindler Germany, was appointed to the Group Executive Committee and is now responsible for the Europe North region. Christian Schulz, the former Head of Schindler Haushahn in Germany, was appointed the Head of the Service Business, but is not a member of the Group Executive Committee. Jakob Züger, who has been a member of the Group Executive Committee since 2006 with responsibility for the Americas region, resigned from the Group Executive Committee on December 31, 2014, and will take early retirement from the end of 2015, as planned. Silvio Napoli assumed direct responsibility for the North, Central, and South America region in addition to his role as CEO, with effect from January 1, 2015.

The structure and composition of the Group Executive Committee is as follows, effective January 1, 2015:

As of 1.1.2015	Nationality	Function
Silvio Napoli (1965)	Italy	CEO, Americas
Miguel A. Rodríguez (1953)	Spain	Deputy CEO, Asia-Pacific and Middle East
Erich Ammann (1957)	Switzerland	CFO
David Clymo (1961)	United Kingdom	Corporate Human Resources
Paolo Compagna (1968)	Italy	Europe North
Carlos Guembe (1952)	Spain	Europe South
Albert Haffert (1953)	Germany	Field Quality & Excellence
Thomas Oetterli (1969)	Switzerland	China
Oswald Schmid (1959)	Austria	New Installations and Supply Chain

2 Capital structure

2.1 Capital

As at December 31, 2014, the ordinary share capital of Schindler Holding Ltd. totaled CHF 6 818 035.20 and its participation capital totaled CHF 4 461 853.30.

2.2 Authorized and conditional capital

As at December 31, 2014, Schindler Holding Ltd. had no authorized or conditional capital.

2.3 Changes in capital in the last three years

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

2.4 Shares and participation certificates

As at December 31, 2014, the share capital totaled CHF 6 818 035.20. It is divided into 68 180 352 fully paid-in registered shares, each with a nominal value of CHF 0.10. Subject to Article 13 of the Articles of Association, each share carries the right to one vote, as well as the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value.

As at December 31, 2014, the participation capital totaled CHF 4 461 853.30. It is divided into 44 618 533 fully paid-in bearer participation certificates, each with a nominal value of CHF 0.10. Each participation certificate carries the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, or any other rights of membership, such as participation in General Meetings of Shareholders.

2.5 Profit-sharing certificates

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

2.6 Limitations on share transferability and nominee registrations

2.6.1 Limitation on share transferability

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

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

The voting rights of related shareholders are counted together.

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 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 voting rights, or the acquirer is the spouse, child or other descendant, brother, or sister of such a person, or
- the voting rights were acquired directly by inheritance, division of estate, or matrimonial property law

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

The General Meeting of Shareholders can determine exceptions to the percentage limits by relative majority, whereby a legally binding decision requires at least half of the shares entered 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 did not have to reach a decision on any applications for exceptions in the financial year 2014.

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 of 31.12.2014		
Allocation year		Options allocated (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	–2 190	–126 135	10 051
2007	A	160 711 ¹	56.20	30.04.10	30.04.16	–3 333	–139 400	17 978
2008	A	357 092 ¹	80.90	30.04.11	30.04.17	–14 471	–264 577	78 044
2008	B	155 311 ¹	78.90	30.04.11	30.04.17	–	–136 549	18 762
2009	A	464 175 ¹	56.40	30.04.12	30.04.18	–1 378	–350 504	112 293
2009	B	314 783 ¹	56.40	30.04.12	30.04.18	–2 407	–206 203	106 173
2010	A	207 896 ²	53.60	30.04.13	30.04.19	–269	–122 701	84 926
2010	B	107 739 ²	85.10	30.04.13	30.04.19	–6 159	–30 433	71 147
2011	A	222 621 ²	85.10	30.04.14	30.04.20	–901	–96 451	125 269
2011	B	104 854 ²	124.80	30.04.14	30.04.20	–	–	104 854
2012	A	162 002 ²	108.20	30.04.15	30.04.21	–673	–17 710	143 619
2013	A	138 012 ¹	137.84	30.04.16	30.04.22	–8 965	–	129 047

A = Options from Capital Participation Plan 2000/2003

B = Options from Long Term Incentive Plan

¹ One option gives entitlement to purchase one share

² One option gives entitlement to purchase one participation certificate

3 Board of Directors and Committees of the Board

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

The Board of Directors, which – according to the Articles of Association – consists of between 5 and 12 members, currently has 12 members. Four members are executive members of the Board of Directors, which means that, in principle, they exercise their function on a full-time basis. None of the members also serve on the Group Executive Committee. Three executive members of the Board of Directors form the Supervisory and Nomination Committee. The eight remaining members are non-executive members of the Board of Directors.

The Board of Directors comprises both male and female members. In accordance with the recommendations and criteria in the Swiss Code, the majority of the Board of Directors – i.e. 7 of its 12 members – is independent.

It is only in terms of the composition of the Committees of the Board that the company deviates from the recommendations of the Swiss Code. This is mainly due to the fact that major shareholders have their own representation on the Board of Directors and thus safeguard their long-term shareholder interests directly.

Members

As of 31.12.2014	Domicile	Nationality	Function	In office since ¹
Alfred N. Schindler (1949)	Hergiswil, Switzerland	Switzerland	Chairman, executive member ²	1977
Luc Bonnard (1946)	Hergiswil, Switzerland	Switzerland	Vice Chairman, non-executive member	1984
Dr. Rudolf W. Fischer (1952)	Walchwil, Switzerland	Switzerland	Executive member ²	2012
Jürgen Tinggren (1958)	Küssnacht a. R., Switzerland	Sweden	Executive member ²	2014
Prof. Dr. Karl Hofstetter (1956)	Zug, Switzerland	Switzerland	Executive member	2006
Prof. Dr. Pius Baschera (1950)	Zurich, Switzerland	Switzerland, Italy	Non-executive member	2005
Prof. Dr. Monika Bütler (1961)	Zurich, Switzerland	Switzerland	Non-executive member	2013
Dr. Hubertus von Grünberg (1942)	Hanover, Germany	Germany	Non-executive member	1999
Anthony Nightingale (1947)	Hong Kong SAR, China	United Kingdom	Non-executive member	2013
Rolf Schweiger (1945)	Baar, Switzerland	Switzerland	Non-executive member	2009
Carole Vischer (1971)	Hergiswil, Switzerland	Switzerland	Non-executive member	2013
Prof. Dr. Klaus W. Wellershoff (1964)	Zurich, Switzerland	Germany	Non-executive member	2009

¹ Annual General Meeting of Shareholders in the year shown

² Member of the Supervisory and Nomination Committee

3.2 Other activities and vested interests

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

Chairman of the Board of Directors since 1995

Member of the Board of Directors since 1977

Chairman of the Supervisory and Nomination Committee since 1985

Professional experience

1985–2011 CEO of the Schindler Group

1982–1985 Head of Corporate Planning, Schindler Group

1980–1981 CFO of Notz AG, Biel, Switzerland

1978–1979 Marketing, Schindler Group

1977–1978 The Wharton School, University of Pennsylvania, USA

1974–1976 Auditor at Neutra Treuhand AG, Berne, Switzerland

Qualifications

– Degree in law from the University of Basel, Switzerland

– MBA from The Wharton School, University of Pennsylvania, USA

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

Vice Chairman of the Board of Directors since 1996

Member of the Board of Directors since 1984

Chairman of the Audit Committee since 2013

Professional experience

1991–2012 Member of the Supervisory and Nomination Committee, Schindler Holding Ltd., Hergiswil, Switzerland

1986–1990 Head of the Schindler Group's Elevators & Escalators business

1983–1986 Member of the Schindler Group Executive Committee, responsible for Northern Europe

1972–1983 Various positions in the Schindler Group

Qualifications

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

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

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

Member of the Compensation Committee since 2012

Professional experience

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

Other activities

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

Qualifications

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

Jürgen Tinggren, born 1958, Swedish citizen

Member of the Board of Directors and member of the Supervisory and Nomination Committee since 2014

Professional experience

- 2011–2013 CEO of the Schindler Group
- 2007–2011 President of the Schindler Group Executive Committee Elevators & Escalators
- 1997–2007 Member of the Schindler Group Executive Committee Elevators & Escalators
- 2005–2007: Deputy President of the Group Executive Committee with responsibility for Technology and Strategic Procurement
- 1999–2005: Responsible for Asia-Pacific
- 1997–1998: Responsible for Europe 1
- 1985–1997 Sika Group, where his final position was as a member of the Management Committee with responsibility for North America

Other activities

- Member of the Board of Directors of Sika AG, Baar, Switzerland
- Member of the Board of Directors of Tyco International Ltd., Dublin, Ireland
- Member of the Board of Trustees of The Conference Board, New York, USA

Qualifications

Joint MBA from the Stockholm School of Economics, Sweden, and New York University Business School, USA

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

Member of the Board of Directors since 2006

Professional experience

Since 1993 Group General Counsel of the Schindler Group

2002–2006 Member of the Schindler Group Executive Committee Elevators & Escalators

1990–1993 Legal Counsel of the Schindler Group

Other activities

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

Qualifications

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

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

Member of the Board of Directors since 2005

Member of the Compensation Committee since 2008

Professional experience

Since 2007 Chairman of the Board of Directors of Hilti AG, Schaan, Liechtenstein

1994–2006 CEO of Hilti AG, Schaan, Liechtenstein

1990–1994 Chief Financial Officer and member of the Executive Board of Hilti AG, Schaan, Liechtenstein

1989–1990 Head of Europe 1 market region of Hilti AG

1986–1989 Head of Hilti Deutschland GmbH, Germany

1985 Head of Hilti (Schweiz) AG, Switzerland

1982–1985 Head of Corporate Development of Hilti Inc., Tulsa, USA

1979–1982 Head of Production Controlling of Hilti AG, Schaan, Liechtenstein

Other activities

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

Qualifications

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

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

Member of the Board of Directors since 2013

Professional experience

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

Other activities

- Member of the Bank Council of the Swiss National Bank, Zurich, Switzerland
- Chairman of the Swiss Institute for International Economics and Applied Economic Research, St. Gallen, Switzerland
- Member of the Board of Directors of Suva, Lucerne, Switzerland
- Member of the Board of Directors of HUBER+SUHNER AG, Herisau, Switzerland
- President Swiss Society of Economics and Statistics, Zurich, Switzerland

Qualifications

- Degree in mathematics, majoring in physics, from the University of Zurich, Switzerland
- Doctorate in economics from the University of St. Gallen, Switzerland

Dr. Hubertus von Grünberg, born 1942, German citizen

Member of the Board of Directors since 1999

Member of the Compensation Committee since 2003, Chairman of the Compensation Committee since 2005

Professional experience

- Since 2007 Chairman of the Board of Directors of ABB Ltd., Zurich, Switzerland
- 1999–2009 Chairman of the Supervisory Board of Continental AG, Hanover, Germany
- 1991–1999 President of the Executive Management Committee of Continental AG, Hanover, Germany
- 1989–1991 Senior Vice President, President and CEO of ITT Automotive Inc., Auburn Hills, USA
- 1984–1989 Chairman of the Management Board of Alfred Teves GmbH, Frankfurt am Main, Germany

Other activities

- Member of the Supervisory Board of Deutsche Telekom AG, Bonn, Germany
- Deputy Chairman of the Supervisory Board of Sapinda Holding B.V., Amsterdam, The Netherlands
- Until April 2013: Member of the Supervisory Board of Allianz-Versicherungs AG, Munich, Germany

Qualifications

Doctorate in theoretical physics from the University of Cologne, Germany

Anthony Nightingale, born 1947, British citizen

Member of the Board of Directors since 2013

Professional experience

Since 1994 Member of the Board of Directors of Jardine Matheson Holdings, Bermuda
2006–2012 CEO of Jardine Matheson Holdings, Bermuda
1969–1994 Various functions at the Jardine Matheson Group

Other activities

- Member of the Board of Directors of: Jardine Cycle & Carriage; Jardine Strategic Holdings; Dairy Farm International Holdings; Hong Kong Land Holdings; Mandarin Oriental International, all Bermuda; China Xintiandi, Cayman Islands; Prudential plc, England and Wales
- Commissioner of PT Astra International, Indonesia
- Senior Advisor to Academic Partnerships International, UK
- Advisor to Dickson Concepts, Bermuda
- Hong Kong Representative to the APEC Business Advisory Council
- Chairman of the Hong Kong-APEC Trade Policy Group, Hong Kong
- Member of the Commission on Strategic Development, Hong Kong
- Member of the Securities and Futures Commission of the Committee on Real Estate Investment Trusts, Hong Kong
- Honorary Professor at the Hong Kong Baptist University School of Business
- Member of the Hong Kong University of Science and Technology School Advisory Council, Hong Kong
- Chairman of The Sailors Home and Missions to Seamen, Hong Kong
- Member of the UK-ASEAN Business Council Advisory Panel
- Former Chairman of the Hong Kong General Chamber of Commerce

Qualifications

Bachelor's degree (honors) in Classics, Peterhouse College, University of Cambridge, UK

Rolf Schweiger, born 1945, Swiss citizen

Member of the Board of Directors since 2009

Professional experience

- Since 1976 Partner in the law firm Schweiger Advokatur / Notariat, Zug, Switzerland
- 1999–2011 Member of the Swiss Council of States, member of the Finance Committee of the Swiss Council of States and Chairman of its Subcommittee 2 (EDA/EVD), member of the Committee for Economic Affairs and Taxation, member of the Legal Committee, and Chairman of the Committee for the Environment, Spatial Planning and Energy, as well as various other committee mandates
- 1969–2011 Various political mandates, including as a member of the Parliament of the Canton of Zug (22 years)
- 2004 Leader of the Free Democratic Party (FDP), Switzerland

Other activities

- Member of the Governing Board of economiesuisse, Switzerland
- President of the Federation of Swiss Food Industries (fiel), Switzerland
- Chairman of the Board of Directors of Roche Diagnostik International AG, Risch, Switzerland
- Member of the Board of Crypto Group, Steinhausen, Switzerland
- Chairman of the 'Ombudsman for Private Insurance and Suva' Foundation, Zurich, Switzerland
- Member of the Management Committee of the Schweizer Patenschaft für Berggemeinden (organization supporting mountain communities), Switzerland

Qualifications

- Degree in law from the University of Zurich, Switzerland
- Licensed attorney and notary in Zug

Carole Vischer, born 1971, Swiss citizen

Member of the Board of Directors since 2013

Professional experience

- 2002–2011 Director of the Stiftung Dr. Robert und Lina Thyll-Dürr (charitable foundation), Stansstad, Switzerland

Other activities

- President of the Stiftung Dr. Robert und Lina Thyll-Dürr, Stansstad, Switzerland
- Member of the Board of Directors of Schindler Aufzüge AG, Ebikon, Switzerland

Qualifications

Degree in law, University of Basel, Switzerland

Prof. Dr. Klaus W. Wellershoff, born 1964, German citizen

Member of the Board of Directors since 2009

Member of the Audit Committee since 2013

Professional experience

Since 2009 CEO of Wellershoff & Partners Ltd., Zurich, Switzerland

2003–2008 Global Head of Wealth Management Research at UBS and Chairman of the Investment Committee of the UBS Global Wealth Management & Business Banking Division

1997–2009 Chief Economist of the then Swiss Bank Corporation and later UBS, Switzerland

Other activities

- President of the Management Committee of the Institute of Economics, University of St. Gallen, Switzerland
- Vice Chairman of the Board of Trustees of the World Demographic & Ageing Forum, St. Gallen, Switzerland
- Honorary Professor of Applied Economics at the University of St. Gallen, Switzerland

Qualifications

- Banking apprenticeship at Sal. Oppenheim jr. & Cie., Cologne, Germany
- Studied economics and business administration at the University of St. Gallen, Switzerland
- Visiting fellow at the Department of Economics, Harvard University, USA

3.3 Number of permitted activities

In accordance with Article 35 of the Articles of Association, the members of the Board of Directors may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Board of Directors. The General Meeting of Shareholders may approve exceptions to these rules.

3.4 Elections and term of office

The members of the Board of Directors of Schindler Holding Ltd. are elected individually by the General Meeting of Shareholders for a term of one year ending at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

The Chairman of the Board of Directors and the members of the Compensation Committee are also elected by the General Meeting of Shareholders.

In accordance with the Organizational Regulations of Schindler Holding Ltd., the term of office of members of the Board of Directors ends at the General Meeting of Shareholders in the year in which they reach the age of 73. In exceptional cases, the Board of Directors may extend this age limit.

3.5 Internal organizational structure

3.5.1 Allocation of duties within the Board of Directors

The Chairman of the Board of Directors convenes the meetings of the Board of Directors, sets the agenda, prepares the meetings and leads them. He decides whether other persons should participate in meetings of the Board of Directors on a case-by-case basis. Every member of the Board of Directors can request that a meeting of the Board of Directors be convened, provided they state the item that is to be discussed and give a brief justification of the matter.

The Chairman of the Board of Directors – in consultation with the CEO – represents the interests of the Group vis-à-vis third parties in all important matters.

3.5.2 Committees

The Board of Directors delegates certain duties to committees formed from its own members. It 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.

3.5.2.1 Supervisory and Nomination Committee

The Board of Directors appoints from among its members a full-time Supervisory and Nomination Committee, consisting of the Chairman and at least one other member of the Board of Directors.

Members

As of 31.12.2014

Alfred N. Schindler	Chairman, executive member of the Board of Directors	Chairman
Dr. Rudolf W. Fischer	Executive member of the Board of Directors	Member
Jürgen Tinggren	Executive member of the Board of Directors	Member

The Supervisory and Nomination Committee ensures the ultimate direction and supervision of the Group's business by the Board of Directors (overall management and overall supervision, pursuant to Article 716a of the Swiss Code of Obligations). In addition, the Supervisory and Nomination Committee performs the following duties, in particular:

- Defining the Group's corporate values (particularly safety, quality, and the Code of Conduct), its short- and long-term objectives, and its strategy, in close 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 recall of members of the Board of Directors and its Committees as well as members of the Group Executive Committee, including the CEO

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

3.5.2.2 Compensation Committee

In accordance with the Articles of Association, the Board of Directors has a Compensation Committee that consists of up to three members of the Board of Directors, who are elected individually by the General Meeting of Shareholders.

Members

As of 31.12.2014

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

In accordance with Article 27 of the Articles of Association, the Compensation Committee reviews the compensation system annually and makes proposals to the Board of Directors regarding:

- The terms of employment contracts, benefits, and the annual variable compensation of executive members of the Board of Directors and the CEO
- The target compensation and benefits of the other members of the Group Executive Committee

The roles and responsibilities of the Compensation Committee are defined in detail by the Board of Directors in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulation (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

Information on the duties of the Compensation Committee is also provided in the Compensation Report.

3.5.2.3 Audit Committee

The Board of Directors appoints an Audit Committee, consisting of at least two Board members. The Organizational Regulations of Schindler Holding Ltd. stipulate that at least two members are non-executive and are preferably independent members of the Board of Directors. The Chairman of the Audit Committee and at least one other member must be financially literate and have accounting expertise. The Chairman of the Audit Committee reports to the Board of Directors.

Members

As of 31.12.2014

Luc Bonnard	Vice Chairman, non-executive member of the Board of Directors	Chairman
Prof. Dr. Klaus W. Wellershoff	Non-executive member of the Board of Directors	Member

The Audit Committee is responsible for the following duties, in particular:

- Reviewing and approving the quarterly financial statements
- Approving the annual and half-year financial statements for submission to the Board of Directors
- Reviewing the performance and independence of the auditing body and approving its fees
- Reviewing and determining audit programs for Group Assurance, the Compliance departments, and IT Security

- Reviewing all audit reports and status reports produced by Group Assurance, the Compliance departments, and IT Security concerning the implementation of measures
- Issuing new guidelines, directions, clarifications, or other instructions in connection with the Code of Conduct

Information on further duties of the Audit Committee is provided in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

The Audit Committee maintains contact with the external auditors. It is assisted by the Head of Group Assurance as well as by an Audit Expert Group, which possesses the requisite financial and technical expertise.

3.5.3 Frequency of meetings of the Board of Directors and its Committees

The Board of Directors holds at least six meetings per year, as well as ad hoc meetings as necessary. In the reporting year, the Board of Directors held three full-day meetings, one one-and-a-half day meeting and two half-day meetings, as well as one 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, 26 meetings and two 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 3.5.2.3) includes three external consultants. No other external consultants attended the meetings.

The agendas of the meetings are set by the respective chairmen. Discussions and resolutions are recorded in the minutes of the meetings. The CEO and other members of the Group Executive Committee or other persons may be invited to attend the meetings of the Board of Directors or its Committees by the respective chairmen.

3.6 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 corporate values (particularly safety, quality, and the Code of Conduct), as well as its objectives and strategy
- The conditions required to enable the company to conduct its business activities
- The Group's plans, budget, and forecasts
- The election of the chairmen of the Committees of the Board and of the members of the Supervisory and Nomination Committee and the Audit Committee, as well as the election of the CEO, the members of the Group Executive Committee, and the Group General Counsel
- The preparation of the Compensation Report

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
- Ensuring the implementation of the Group's corporate values (particularly safety, quality, and the Code of Conduct)
- Issuing guidelines that are binding on the Group

Information on further duties of the Board of Directors and the Group Executive Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

3.7 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, the Board of Directors and the Group Executive Committee hold a joint two-day meeting.

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; and safety, health, and environmental risks. Legal aspects are also evaluated for all risk categories. The four phases of the process are as follows:

- Each Group company creates a risk matrix as part of its budget process
- The risks are combined within a Group matrix and evaluated in detail by an interdisciplinary Risk Committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalog of measures to address the most important risks is presented to the Group Executive Committee
- The Group Executive Committee evaluates the risk matrix and the proposed catalog of measures and proposes any additions
- The most important risks, along with possible measures to prevent and minimize potential harm arising from them, are presented to the Board of Directors for approval

Group Assurance, the auditing body, and the Compliance departments support the Board of Directors in exercising its supervisory and control functions.

4 Group Executive Committee

4.1 Members of the Group Executive Committee

	Nationality	Function
Silvio Napoli (1965)	Italy	CEO
Miguel A. Rodríguez (1953)	Spain	Deputy CEO, Asia-Pacific and Middle East
Erich Ammann (1957)	Switzerland	CFO
David Clymo (1961)	United Kingdom	Corporate Human Resources
Didier Gaudoux (1958) ¹	France	Europe South
Carlos Guembe (1952) ²	Spain	Europe South
Albert Haffert (1953)	Germany	Field Quality & Excellence
Thomas Oetterli (1969)	Switzerland	China
Oswald Schmid (1959)	Austria	Europe North
Jakob Züger (1952) ³	Switzerland	Americas

¹ Until November 14, 2014

² Since November 17, 2014

³ Until December 31, 2014



Members of the Group Executive Committee since January 1, 2015 (front, from the left): Albert Haffert, Miguel A. Rodríguez, Silvio Napoli, Erich Ammann, Oswald Schmid (Back, from the left): Carlos Guembe, Thomas Oetterli, Paolo Compagna, David Clymo

Silvio Napoli, born 1965, Italian citizen

CEO of the Schindler Group since 2014

Professional experience

- 2008–2013 Member of the Schindler Group Executive Committee, responsible for Asia-Pacific
- 2005–2008 Head of the Jardine Schindler Group
- 2003–2005 General Manager of Schindler Lifts (Hong Kong) Ltd., Hong Kong
- 2001–2003 Director of Corporate Development (M&A) of ALSO Holding AG, Switzerland
- 1994–2001 Various functions in the Schindler Group, including as Vice President South Asia, President and CEO of Schindler India, and Head of Corporate Planning
- 1991–1993 Various functions at The Dow Chemical Co., Germany

Qualifications

- MBA from Harvard Graduate School of Business Administration, USA
- Master's degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland

Miguel A. Rodríguez, born 1953, Spanish citizen

Member of the Schindler Group Executive Committee since 1998, Deputy CEO Responsible for Asia-Pacific and Middle East

Professional experience

- Since 1998 Member of the Schindler Group Executive Committee
- 2013: Responsible for India and Middle East, and Top Range Division
- 2010–2013: Responsible for Global Business, India and Gulf
- 2001–2009: Responsible for all of Europe
- 1998–2000: Responsible for Europe South West
- 1991–1998 CEO of Schindler Spain and Portugal
- 1981–1991 General Manager of various Group companies of the Armstrong Group, Spain

Qualifications

Degree in industrial engineering from the Escuela Técnica Superior de Ingenieros Industriales (E.T.S.I.I.), University of Bilbao, Spain

Erich Ammann, born 1957, Swiss citizen

Member of the Schindler Group Executive Committee since 2001

CFO

Professional experience

- 1997–2001 Head Group Controlling, Schindler Group
- 1992–1997 CFO of Schindler USA
- 1988–1992 Area Controller, Schindler Group, responsible for North America
- 1985–1988 Treasurer of Intershop Holding AG, Zurich, Switzerland
- 1982–1985 Auditor at Schweizerische Treuhandgesellschaft (STG) AG, Geneva, Switzerland

Qualifications

- Executive MBA from The Wharton School, University of Pennsylvania, USA
- Degree in economics and business administration, University of St. Gallen, Switzerland

David Clymo, born 1961, British citizen

Member of the Schindler Group Executive Committee since 2012

Responsible for Corporate Human Resources (Human Resources, Management Training, Corporate Safety & Health)

Professional experience

- Since 2012 Member of the Schindler Group Executive Committee
- 2012–2013: Responsible for Corporate Human Resources (Human Resources, Management Training, Corporate Safety & Health, and Sustainability)
- 2010–2011 Head of Human Resources for Global Business and Corporate Functions, Schindler Group
- 2007–2009 Head of Human Resources Europe, Schindler Group
- 2004–2006 Managing Director of Schindler Singapore with additional responsibility for various Schindler companies in Southeast Asia
- 1997–2003 Various management positions at the Jardine Matheson Group, Asia
- 1992–1996 CFO of Jardine Schindler Hong Kong
- 1985–1991 Chartered Accountant at Price Waterhouse, London and Hong Kong

Qualifications

Degree in engineering from University College London, UK

Didier Gaudoux, born 1958, French citizen

Member of the Schindler Group Executive Committee until November 14, 2014
Responsible for Europe South

Professional experience

- 2010–2014 Member of the Schindler Group Executive Committee
- 2008–2009 Vice President Europe South and Chairman of the Works Council of Air Liquide, Paris, France
- 2005–2007 CEO of Gas and Services France, CEO Metrology Europe, Paris, France
- 2002–2004 CEO of Air Liquide Welding, Paris, France
- 2000–2001 Managing Director of GTMH-EI (electricity supply segment of Suez-GTM Group), France
- 1995–1999 Various functions at Schindler France, final position as CEO
- 1982–1994 Various functions in the energy supply sector

Qualifications

- Degree in international finance, Dauphine University, Paris, France
- Master's degree in management, University of Lille, France
- Degree in engineering, Ecole Centrale, Lille, France

Carlos Guembe, born 1952, Spanish citizen

Member of the Schindler Group Executive Committee since November 17, 2014
Responsible for Europe South

Professional experience

- 2006–2014 CEO of Schindler Iberia
- 2001–2005 Managing Director at Schindler Portugal
- 1990–2001 Various functions at Schindler Spain
- 1989–1990 Managing Director ITISA, Madrid, Spain
- 1987–1988 Managing Director Eurolatin SA, Santiago, Chile
- 1985–1987 Vice President, Indar Chile SA, Santiago, Chile

Qualifications

- MBA from IE Business School, Madrid, Spain
- Industrial Electrical Engineer ICAI (Escuela Técnica Superior de Ingeniería), Madrid, Spain

Albert Haffert, born 1953, German citizen

Member of the Schindler Group Executive Committee since 2010

Responsible for Field Quality & Excellence

Professional experience

2008–2010 CEO of Schindler Deutschland GmbH with additional responsibility for the Nordic and Baltic countries

2002–2008 CEO of Schindler Deutschland GmbH, Germany

1984–2002 Various functions at Schindler Germany, including as Head of the C. Haushahn Group, a dual-brand Schindler company in Germany; Field Operations Manager of the Schindler organization and Manager of the component plant in Berlin, Germany

Qualifications

Degree in business engineering from the Technische Universität Berlin, Germany

Thomas Oetterli, born 1969, Swiss citizen

Member of the Schindler Group Executive Committee since 2010

Responsible for China

Professional experience

Since 2010 Member of the Schindler Group Executive Committee
2010–2013: Responsible for Europe North

2006–2009 CEO of Schindler Aufzüge AG, Switzerland

2003–2006 CFO of Schindler Deutschland GmbH, Germany

2000–2002 COO and CFO of the C. Haushahn Group, Germany

1994–1999 Project Leader for the introduction of IFRS in the Schindler Group and Head of Corporate Consolidation and Reporting, Schindler Management AG, Switzerland

Other activities

Member of the Board of Directors of SFS Group, Heerbrugg, Switzerland

Qualifications

Degree in business administration from the University of Zurich, Switzerland

Oswald Schmid, born 1959, Austrian citizen

Member of the Schindler Group Executive Committee since 2013

Responsible for Europe North

Professional experience

- 2010–2013 CEO of Schindler Deutschland GmbH, Germany
- 2007–2010 CEO of Schindler Aufzüge und Fahrtreppen GmbH, Austria,
with additional responsibility for Eastern Europe, Italy, and Greece
- 2002–2007 Head of Global Purchasing & Strategic Sourcing at the Schindler Group
- 1995–2002 Various management positions in the area of Supply Chain and
General Management at Continental AG, Germany
- 1994–1995 Head of Group Materials Management at Veitsch-Radex, Vienna, Austria
- 1990–1994 Head of Purchasing and Procurement at ContiTech, Hanover, Germany

Qualifications

Degree in mechanical engineering from the University of Applied Sciences, Vienna, Austria

Jakob Züger, born 1952, Swiss citizen

Member of the Schindler Group Executive Committee since 2006

Responsible for Americas

Professional experience

- 2003–2006 CEO of Schindler Aufzüge AG, Switzerland
- 1995–2003 Various functions at Schindler Aufzüge AG, Switzerland
- 1990–1995 CEO of Saurer Stickssysteme AG, Switzerland
- 1978–1990 Various functions at several tool and textile machinery manufacturers

Qualifications

Master's degree in mechanical engineering with additional studies in management science from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

4.2 Number of permitted activities

In accordance with Article 35 of the Articles of Association, the members of the Group Executive Committee may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Group Executive Committee. The General Meeting of Shareholders may approve exceptions to these rules.

4.3 Management contracts

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

5 Compensation, participations, and loans

This information is provided in the Compensation Report.

6 Shareholders' participation

6.1 Restrictions on voting rights and representation

Provided it is recorded in the share register as a share with voting rights, each share carries the right to one vote. Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders (see note 2.6.1).

Shareholders' rights of participation in the General Meeting of Shareholders are defined by law and the Articles of Association. All shareholders can personally participate in and vote at the General Meeting of Shareholders, or be represented by a person with a written power of attorney. They may also be represented by the independent proxy. Shareholders are not permitted to participate in the General Meeting of Shareholders via electronic channels.

The independent proxy is elected annually by the General Meeting of Shareholders. The term of office begins on the day of election and ends at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

Shareholders may also grant a power of attorney or issue instructions to the independent proxy electronically. The requirements that apply to powers of attorney and instructions are determined by the Board of Directors (Article 18 of the Articles of Association). The independent proxy has a duty to exercise the voting rights assigned to him by shareholders in accordance with their instructions.

In accordance with Article 21 of the Articles of Association, resolutions are taken and elections are carried out by open vote or electronically, unless the Chairman issues orders or the General Meeting of Shareholders decides that votes should be cast by means of a written procedure.

The Chairman shall declare as invalid a resolution that has been passed or an election that has been carried out by open vote or electronically if, based on his assessment, the result is ambiguous or if one or several shareholders immediately express reasonable doubts regarding the obviousness of the result.

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 entered in the Commercial Register is required:

- Election or recall of members of the Board of Directors
- Conversion of registered shares into bearer shares and vice versa, and, subject to the individual right of choice of shareholders, conversion of shares into participation certificates
- Issuance of profit-sharing certificates, or conversion of participation certificates into profit-sharing certificates
- Exceptions to the restrictions on the registration of acquirers as full shareholders when the percentage limit is exceeded
- Resolutions that can only be passed by a qualified majority according to legal or statutory requirements

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. Notice of the General Meeting of Shareholders is given in the form of an announcement published once only in the Swiss Official Gazette of Commerce. This publication date is of relevance when ensuring compliance with the statutory notice period. In addition, non-registered letters may be sent to the addresses of registered shareholders entered in the share register to notify them of the General Meeting, or shareholders may be notified electronically upon request. Although not required by statute, it is also customary to publish the agenda of the General Meeting of Shareholders in selected Swiss daily newspapers. The statutory notice period 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 by the Board of Directors.

6.5 Entries in the share register

Only those shareholders with voting rights whose names were entered 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 in the notice of the General Meeting of Shareholders and on the company's website.

7 Change of control and defensive measures

7.1 Duty to submit an offer

According to Article 39 of the Articles of Association, the obligation to submit a public takeover offer pursuant to Articles 32 and 52 of SESTA has been foregone (opting out).

7.2 Clauses on changes of control

There are no clauses (e.g. golden parachutes) in favor of members of the Board of Directors or the Group Executive Committee, or other members of management, in the event of a change of control.

The Deferred Share Plan allows for the early allocation of shares or participation certificates by the Board of Directors in the event of a change of control.

8 Auditing body

8.1 Duration of mandate and term of office of the auditor-in-charge

Ernst & Young AG has been the auditing body of Schindler Holding Ltd., as well as of the Group, since 1999.

The auditor-in-charge has held this function since 2010. As required by law, the auditor-in-charge is changed every seven years.

8.2 Audit fees and additional fees

Ernst & Young is the auditing body of Schindler Holding Ltd. and audits the Group's consolidated financial statements as well as the majority of Group companies in Switzerland and abroad. The audit fees and fees for additional services are as follows:

In CHF 1 000	2014	2013
Audit fee	3 286	3 184
Additional fees		
Additional audit-related services	48	92
Tax advice	510	812
Transaction advice	1	19
Total additional fees	559	923

8.3 Information 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 audit instructions
- Benchmark analysis of the audit fees
- Independence as defined by the relevant rules of the Swiss Audit Oversight Act

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 advisory services) that are provided by the auditors must be approved in advance by the Audit Committee.

Further information is available in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

In the reporting year, the auditing body had regular contact with members of the Supervisory and Nomination Committee and the CFO.

In the reporting year, one meeting took place with the Audit Committee.

Group Assurance reported to the Audit Committee three times and to the Board of Directors once.

9 Information policy

The Schindler Group pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange. The ad hoc announcements can be accessed at the same time as they are communicated to the SIX Swiss Exchange and for two years thereafter at: www.schindler.com – Media (www.schindler.com/com/internet/en/media.html).

It is also possible to directly receive potentially price-relevant information timely and at no cost from Schindler by e-mail. This service is offered at: www.schindler.com – Media – Subscription Service (www.schindler.com/com/internet/en/media/subscription-service.html).

Schindler provides information about its annual results in the form of an Annual Report in printed and electronic form. Its Interim Report as of June 30, as well as selected key figures as at March 31 and September 30, are available in electronic form. Schindler also presents its annual financial statements each year at its annual results media conference and at the General Meeting of Shareholders.

Key dates:

	Closing	Publication
Closing of the financial year	December 31	
Annual results media and analysts conference		Mid-February
Publication of the Annual Report		Mid-February
Selected key figures	March 31 and September 30	April and October
Interim Report	June 30	August
General Meeting of Shareholders		2nd half of March

The exact dates for the current year and following year are available at: www.schindler.com – Investor Relations – Financial Calendar (www.schindler.com/com/internet/en/investor-relations/calendar.html).

General information about the Group, as well as its annual reports, press releases, and the current share price, are available at www.schindler.com.

Interested persons may also communicate with the Group directly through the following contacts:

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The Annual Report of the Schindler Group for 2014 consists of the Group Review and the Financial Statements.

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

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zurich, Switzerland

Production

Management Digital Data AG
Lenzburg, Switzerland

Printing

Multicolor Print AG
Baar, Switzerland

Photography

Michael Reinhard
Zurich, Switzerland

Group Executive Committee
(page 121):

E. T. Studhalter,
Sulz, Switzerland





Shanghai Arch,
Shanghai, China