

Annual Director Compensation Report for listed Corporations

EXHIBIT 1

ANNUAL DIRECTOR COMPENSATION REPORT FOR LISTED CORPORATIONS

DETAILS IDENTIFYING ISSUER

DATE OF FISCAL YEAR END

11/30/2013

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CORPORATE NAME

ZARDOYA OTIS, S.A.

REGISTERED OFFICE

GOLFO DE SALONICA, 73, MADRID

ANNUAL REPORT ON DIRECTOR COMPENSATION IN LISTED CORPORATIONS

A THE COMPANY'S COMPENSATION POLICY FOR THE CURRENT YEAR

A.1 Explain the company's compensation policy. This section will include information on:

- The general principles and bases of the compensation policy.
- The most significant changes made to the compensation policy in comparison to the policy applied in the preceding fiscal year, together with any changes made during the year to the conditions of previously-granted options.
- The criteria employed and the composition of the comparable groups of companies whose compensation policies were examined in order to fix the company's compensation policy.
- The relative importance of items of variable compensation in comparison to fixed items and the criteria followed to determine the different components of the Directors' compensation package (compensation mix).

Explain the compensation policy

THE COMPANY'S COMPENSATION POLICY FOR THE CURRENT YEAR

According to article 24 of the By-Laws and article 18 of the Board of Directors Regulations, the position of director of the Company will be remunerated.

Said article 24 of the By-Laws fixes global remuneration (the "By-Law stipulated compensation") consisting of a share of 1.5% of the consolidated profit after tax with the limit of 1% of the consolidated profit before tax. This amount can only be taken from the liquid profit (after tax) after the legal reserves and the reserves provided for in the By-Laws have been covered and a dividend of at least 10% of the paid-up share capital has been recognized in the shareholders' favour.

This By-Law stipulated compensation will be distributed among its members in the manner freely determined by the Board of Directors, depending on (i) whether they sit on any Board committees or other bodies; (ii) whether they hold specific positions on the Board; (iii) their attendance of Board meetings; and/or (iv) their commitment to the service of the Company.

Furthermore, article 18 of the Board of Directors Regulations establishes the principles or criteria that should be taken into account when fixing the compensation of external directors. In particular, it states that this compensation will be the amount deemed necessary to remunerate the commitment, abilities and responsibility required by the position, although it must not be so high as to compromise their independence.

The director compensation policy has not changed in comparison with the preceding year, using solely the criteria established in the aforementioned articles 24 of the By-Laws and 18 of the Board of Directors Regulations.

Executive: N°: 1; RF: Sí; RV: Sí; RE: N.A.; PI L/P UTC: Sí

Proprietary director: N°: 6; RF: N.A.; RV: N.A.; RE: SI; PI L/P UTC: N.A.

External independent: N°: 1; RF: N.A.; RV: N.A.; RE: SI; PI L/P UTC: N.A.

Other external director: N°: 1; RF: N.A.; RV: N.A.; RE: SI; PI L/P UTC: N.A.

N°=Number; RF=Fixed compensation; RV=variable compensation; RE=by-law stipulated compensation; PI L/P UTC=UTC long-term incentive plan.

Regarding the relative importance of the items of fixed compensation in comparison with the variable items, we must highlight the fact that, in 2013, the last represented 78.8% (71% in 2012) of the total and the Board of Directors does not foresee any changes in the decision-making process when deciding on the mix of the director compensation in forthcoming years.

The Board of Directors does not currently plan to make changes in the decision-making process to configure the director compensation scheme (compensation mix) over the next few years.

A.2 Information on the preparatory work and decision-making process for determining the compensation policy and the role played, if applicable, by the Compensation Commission and other governing bodies in configuring the compensation policy. This information will include, if applicable, the mandate and composition of the Compensation Commission and the identity of any external advisors whose services were used to determine the compensation policy. Likewise, the classification of any directors who participated in defining the compensation policy must be stated.

Explain the process for determining the compensation policy

PREPARATORY WORK AND DECISION-MAKING PROCESS FOR DETERMINING THE COMPENSATION POLICY

Article 3 of the Company's Board of Directors Regulations establishes, within the functions of the Board of Directors, the approval of director compensation. In particular, the Board of Directors must approve the compensation of the Company's executive director, who will receive an additional fixed sum for performing the executive functions.

The Company does not have a Compensation Commission and has not used the services of external advisors to determine its director compensation policy. Therefore, the Board of Directors itself, with the participation of all its members, is the body responsible for designing, approving and implementing its compensation policy.

A.3 State the amount and nature of the fixed components, with details, if applicable, of the executive directors' compensation for performing senior management duties, any additional compensation for the chairman or members of any Board committees, the per diem allowances for attending meetings of the Board and its committees, or any other fixed compensation for directors, together with an estimate of the annual fixed compensation to which the foregoing give rise. Identify any other non-cash benefits and the basic parameters for granting them.

Explain the fixed components of the compensation

AMOUNT AND NATURE OF FIXED COMPONENTS

Fixed compensation of Chief Executive Officer

Only Mr. Bernardo Calleja Fernandez, the Company's Chief Executive Officer in 2013, received fixed remuneration of 174 thousand euros for carrying out his executive duties. This fixed compensation does not include any guarantee or golden parachute clauses, notice periods, or non-compete, exclusivity, continuance or loyalty, or post-contractual non-compete covenants or agreements other than those established in the applicable Spanish labour legislation.

In September 2010, a “Recharge Agreement” was signed with United Technologies Corporation (UTC), under which considers the possibility that certain Zardoya Otis executives who are also considered to be UTC Group executives because they hold important management responsibilities should benefit, depending on their performance and the attainment of joint objectives of Zardoya Otis, Otis and United Technologies Corporation (UTC), from the UTC long-term incentive plan, which includes UTC shares. The incentive plan allows Zardoya Otis to capture and retain highly-qualified members of management who provide important services to the Company and contribute to its success.

This Agreement is applicable to incentives awarded as from December 1, 2010 onwards.

In the case of the Company the effect of this Agreement for the directors represents in 2013, the amount of 77 thousand euros (64 thousand euros, in 2012).

There is no extra compensation for holding the position of Chairman or belonging to Board committees or other bodies and no per diem expenses are distributed for attending Board meetings or meetings of the Nominating Commission or Audit Committee. Notwithstanding, these circumstances will be taken into account when distributing the remuneration stipulated in the By-Laws, as stated in point A.2 above.

A.4 Explain the amount, nature and principal characteristics of the variable components of the compensation systems.

In particular:

- Identify each one of the compensation plans of which the directors are beneficiaries, the scope thereof, its date of approval, its date of implementation, the term for which it is in force and its main features. In the case of stock option plans and other financial instruments, the general features of the plan must include information on the conditions for exercising said options or financial instruments for each plan.

- State any compensation that originates from profit-sharing or bonuses and the reason why it is awarded.

- Explain the basic parameters and grounds for any annual bonus system.

- The types of director (executive directors, external proprietary directors, external directors, independent directors or other external directors) that are the beneficiaries of compensation systems or plans that include variable compensation.
 - The basis of said variable compensation systems or plans, the criteria chosen for evaluating performance and the evaluation components and methods used to determine whether or not said evaluation criteria have been met, as well as an estimate of the total amount of variable compensation to which the current compensation plan would give rise, depending on the degree to which the assumptions or objectives taken as a reference are met.

 - If applicable, state the periods for which an already-established payment may be deferred or delayed and/or the periods for which shares or other financial instruments, if any, may be retained.

AMOUNT AND NATURE OF VARIABLE COMPONENTS

As stated above, article 24 of the By-Laws fix a compensation subject to certain quantitative limits, which is subsequently distributed by the Board of Directors among its members (with the exception of the Chief Executive Officer) on the basis of certain criteria.

In addition, we must highlight the fact that the Board of Directors adopted the following decisions at its meeting of July 18, 2013:

- (A) To limit the total amount of the remuneration stipulated in the By-Laws to 1,000,000 €.
- (B) To delegate the distribution of the remuneration stipulated in the By-Laws among the Company's directors to the Chairman of the Board, applying the following criteria: on (i) whether they sit on any Board committees or other bodies; (ii) whether they hold specific positions on the Board; (iii) their attendance of Board meetings; or (iv) their commitment to the service of the Company; and
- (C) The payment of the first six months of 2013, for 500,000 € on account of the By-Law stipulated remuneration

The variable compensation for the Chief Executive Officer is based on performance and the attainment of joint objectives of Zardoya Otis, Otis and United Technologies Corporation (UTC) and is calculated considering the operating profit and cash flow obtained each year. The variable compensation is payable the following year once approved the Annual Accounts by the Board of Directors.

Other considerations

- (A) Regarding the types of director who benefit from the variable compensations systems, please see chart below in relation to the compensation items applicable in accordance with the type of director.
- (B) The basis of the variable compensation system and the methods for assessing performance used by the Company to distribute it may be found in the aforementioned articles 24 of the By-Laws and 18 of the Board of Directors Regulations.
- (C) No periods of deferral or delay in payment of the compensation of the members of the Company's Board of Directors have been established

A.5 Explain the principal features of the long-term saving systems, including retirement and any other survivor benefits, financed fully or in part by the company, irrespective of whether the provision is made internally or externally, with an estimate of the amount thereof or equivalent annual cost, stating the type of plan, whether it is a defined-contribution or defined-benefit plan, the conditions under which the economic rights are consolidated in favour of the directors and its compatibility with any kind of indemnity for early rescission or termination of the contractual relationship between the company and the director.

Also state the contributions made in the director's favour to defined-contribution pension plans or the increase in the director's rights in the case of contributions to defined-benefit plans.

Explain the long-term saving systems

FEATURES OF THE LONG-TERM SAVING PLANS

See section: A.3.

A.6 State any indemnities agreed or paid in the event that a director ceases to hold office as such.

Explain the indemnities

INDEMNITIES IN THE EVENT THAT A DIRECTOR CEASES TO HOLD OFFICE

Director compensation does not include any guarantee or golden parachute clauses, notice periods, or no-compete, exclusivity, continuance or loyalty, or post-contractual no-compete covenants or agreements in the event that a director ceases to hold office as such.

A.7 State the conditions that must be observed by the contracts of those who perform senior management duties as executive directors. Among others, information must be included on the term, the limits on the amounts of any indemnity, continuity clauses, notice periods and/or any other clauses relating to hiring bonuses, as well as indemnities or golden parachutes for the early rescission or termination of the contractual relationship between the company and the executive director. Include, among others, any no-compete, exclusivity, continuity, loyalty or post-contractual no-compete clauses or agreements.

Explain the contract conditions of the executive directors

CONDITIONS OF THE SENIOR MANAGEMENT CONTRACTS FOR EXECUTIVE DIRECTORS

The compensation awarded to the executive director does not include any guarantee or golden parachute clauses in the event of dismissal or continuance, notice periods or no-compete, exclusivity, continuance or loyalty, or post-contractual no-compete covenants or agreements, other than those established in the applicable Spanish labour legislation.

A.8 Explain any supplementary compensation accrued by the directors in consideration for the services rendered other than those inherent to the position.

Explain the supplementary compensation

SUPPLEMENTARY COMPENSATION IN CONSIDERATION FOR SERVICES RENDERED OTHER THAN THOSE INHERENT TO THE POSITION

With the exception of the Chief Executive Officer, the only executive director of the Company, none of the other members of the Board of Directors have rendered other services to the Company. Please see point A.3 above regarding the specific characteristics of this supplementary compensation received by the Chief Executive Officer.

A.9 State any compensation in the form of advances, credits, guarantees granted, mentioning the interest rate, their basic features and any amounts that may be repayable, as well as any obligations acquired on the directors' behalf as a guarantor.

Explain the advances, credits and guarantees granted

COMPENSATION IN THE FORM OF ADVANCES, CREDITS AND GUARANTEES

As mentioned in point A.3 above, the Board of Directors agreed the payment on account, at the end of the first six months of 2013, of 500,000 € of the By-Law stipulated remuneration.

The Company has not awarded any compensation to the directors has not granted any credits or guarantees for its account.

A.10 Explain the main features of any compensation in kind.

Explain the compensation in kind

COMPENSATION IN KIND

No compensation in kind items are settled by Group entities to any Board member.

A.11 State any compensation accrued by a director due to the payments made by the listed company to another company to which the director provides his/her services, when said payments are intended to remunerate the director's services to the company.

Explain any compensation accrued by a director due to the payments made by the listed company to another company to which the director provides his/her services

COMPENSATION ACCRUED BY PAYMENT TO A THIRD PARTY

As mentioned in point A.4 above, some of the external proprietary Directors do not receive the above mentioned By-Law stipulated compensation, such compensation is instead received by Otis Elevator Co.

A.12 Any other item of compensation apart from the foregoing, irrespective the nature thereof or the group company that settles it, especially when it is classified as a related-party transaction or payment thereof distorts the accurate picture of the total compensation accrued by the director.

Explain the other items of compensation

OTHER COMPENSATION ITEMS

No other compensation items are settled by Group entities apart from as explained in above.

A.13 Explain the measures adopted by the company in relation to the compensation system in order to reduce exposure to excessive risks or adjust it to the company's long-term objectives, values and/or interests. This will, if applicable, include mention of: preventive measures to ensure that company's long-term results are taken into account in the compensation policy, any measures that establish an appropriate balance between the fixed and variable compensation components, measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile, repayment formulas or clauses to enable the company to claim the return of any results-based variable compensation components when said components were paid on the basis of figures that have since clearly been shown to be inaccurate, and, if applicable measures in place to avoid conflicts of interest.

Explain the other items of compensation

COMPANY'S ACTIONS IN RELATION TO THE COMPENSATION SYSTEM TO REDUCE RISK EXPOSURE AND ADAPT IT TO LONG-TERM INTERESTS

The composition of the Board of Directors (67% of its members are proprietary directors) guarantees that the director compensation policy takes the results that should be obtained by the Company in the long term into account.

Thus, with the sole exception of the executive director, who receives additional fixed compensation for performing executive functions in the Company, the remuneration of the Board of Directors is variable in its entirety, based on the Company's results. Furthermore, the quantitative limits contained in the Company's By-Laws and Board of Directors Regulations help to necessarily link director compensation to the Company's best long-term interests.

In addition, the Group is studying the implementation of specific measures to:

- (A) ensure the limitation of the risk in relation to those categories of employees whose professional activities have a significant effect on the entity's risk profile.
- (B) allow the return of the variable results-based components to be claimed when such components have been settled on the basis of data that have later been manifestly shown to be inaccurate; and
- (C) avoid conflicts of interest (derived from the Group's internal control system).

B COMPENSATION POLICY PLANNED FOR FUTURE YEARS

B.1 Explain the general plan for the compensation policy for future years that describes said policy in respect of: fixed components, per diem allowances and variable compensation, relationship between the compensation and the results, forecasting systems, contract conditions of executive directors and plans for the most significant changes in the compensation system in comparison with preceding years.

General Compensation Policy Plan

COMPENSATION POLICY PLANNED FOR FUTURE YEARS

The Company's Board of Directors has not, to date, considered reviewing the compensation policy established in article 24 of the By-Laws and article 18 of the Board of Directors Regulations for forthcoming years.

In the opinion of the members of the Board, the compensation policy that exists is the most appropriate, taking into account current economic circumstances, combined with the principle of moderation that has always guided the compensation policy applied by the Company. In this respect, the Board of Directors' decision to limit the total amount of the By-Law stipulated remuneration to 1,000,000 euros is relevant.

B.2 Explain the decision-making process to configure the compensation policy planned for future years and the role played, if applicable, by the Compensation Commission.

Explain the decision-making process to configure the compensation policy

DECISION-MAKING PROCESS FOR DETERMINING THE COMPENSATION POLICY FOR FUTURE YEARS

As already indicated in paragraph B.1 above, the Board of Directors does not currently intend to review the compensation policy. In the event that it were necessary to initiate a decision-making process to fix the compensation policy, the procedure described in paragraph A.2 above would be followed

B.3 Explain the incentives created by the company in the compensation system to reduce exposure to excessive risks and adjust said system to the company's long-term objectives, values and interests.

Explain the incentives created to reduce risk

COMPENSATION SYSTEM INTENDING TO REDUCE RISK EXPOSURE AND ADAPT IT TO LONG-TERM INTERESTS

Compensation system intending to reduce risk exposure is as described above in paragraph A.13.

C OVERVIEW OF THE IMPLEMENTATION OF THE COMPENSATION POLICY IN 2013

C.1 Provide an overview of the main features of the structure and items of the compensation policy applied in 2013 that gave rise to the details of the individual compensation accrued by each one of the directors shown in section D of this report, as well as a summary of the decisions made by the Board for application of said items.

Explain the structure and items of the compensation policy applied in the year
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OVERVIEW OF THE IMPLEMENTATION OF THE REMUNERATION POLICY IN 2013

The following is a summary of the structure and items of the company's director compensation policy in 2013, including the amounts of the compensation relating to said year.

As stated above, the structure of the director compensation policy may be divided into: (i) those items of compensation that comprise the fixed income received by the Company's Board of Directors, the main features and procedure for application of which are described in section A.3 above; (ii) the compensation stipulated in the By-Laws, the main features and procedure for application of which are described in section A.1 above; and (iii) any other items relating to variable compensation of the members of the Board of Directors, the main features and procedure for application of which are described in section A.4 above.

For further clarification, in addition to the chart describing the individual compensation accrued by each one of the directors as stated in section D.1 below, the breakdown of the compensation by item (in thousands of euros) for the years 2012 and 2013 may be summarized as follows:

Compensation: 2013 / 2012

Fixed compensation: 174 / 194

Variable compensation: 68 / 166

By-Law stipulated compensation: 1,000 / 1,000

Cash compensation: 1,242 / 1,360

Other compensation: 126 / 145

TOTAL: 1,368 / 1,505

D DETAILS OF INDIVIDUAL COMPENSATION ACCRUED BY EACH DIRECTOR

Name	Classification	Accrual period fiscal year 2013
PIERRE DEJOUX	Proprietary director	From 12/01/2012 until 11/30/2013.
EURO-SYNS S.A.	Proprietary director	From 12/01/2012 until 11/30/2013.
OTIS ELEVATOR COMPANY	Proprietary director	From 12/01/2012 until 11/30/2013.
ALBERTO ZARDOYA ARANA	Proprietary director	From 02/26/2013 until 11/30/2013.
MARIO ABAJO GARCIA	Other external director	From 12/01/2012 until 11/30/2013.
JOSE MARIA LOIZAGA VIGURI	Independent	From 12/01/2012 until 11/30/2013.
BERNARDO CALLEJA FERNANDEZ	Executive	From 12/01/2012 until 11/30/2013.
LINDSAY HARVEY	Proprietary director	From 12/01/2012 until 11/30/2013.
ANGELO MESSINA	Proprietary director	From 12/01/2012 until 11/30/2013.

D.1 Complete the following charts on the individual compensation of each one of the directors (including compensation for performing executive duties) accrued during the year.

a) Compensation accrued in the company to which this report refers: i)

Cash compensation (in thousands of €)

Name	Salaries	Fixed compensation	Subsistences	Short term Variable compensation	Long term variable compensation	Compensation for membership of committees of the board	Indemnities	Other compensation	Total year 2013	Total year 2012
ANGELO MESSINA	0	0	0	0	0	0	0	0	0	0
LINDSAY HARVEY	0	0	0	0	0	0	0	0	0	0
ALBERTO ZARDOYA ARANA	0	0	0	50	0	0	0	0	50	0
EURO-SYNS S.A.	0	0	0	50	0	0	0	0	50	50
BERNARDO CALLEJA FERNANDEZ	174	0	0	68	77	0	0	49	368	187

Name	Salaries	Fixed compensation	Subsistence	Short term Variable compensation	Long term variable compensation	Compensation for membership of committees of the board	Indemnities	Other compensation	Total year 2013	Total year 2012
MARIO ABAJO GARCIA	0	0	0	200	0	0	0	0	200	200
JOSE MARIA LOIZAGA VIGURI	0	0	0	200	0	0	0	0	200	200
PIERRE DEJOUX	0	0	0	0	0	0	0	0	0	0
OTIS ELEVATOR COMPANY	0	0	0	500	0	0	0	0	500	500

ii) Share-based compensation systems

iii) Long-term saving systems

Name	Company's contribution for the F. Y. (thousands of €)		Amount of accumulated funds (thousands of €)	
	F. Y. 2013	F. Y. 2012	F. Y. 2013	F. Y. 2012
BERNARDO CALLEJA FERNANDEZ	49	66	274	220

b) Compensation accrued by directors of the company from sitting on Boards of Directors of other group companies

i) Cash compensation (thousands of €)

Name	Salaries	Fixed compensation	Subsistences	Short term Variable compensation	Long term variable compensation	Compensation for memberships of the board	Indemnities	Other compensation	Total year 2013	Total year 2012
ALBERTO ZARDOYA ARANA	0	0	0	0	0	0	0	0	0	0
ANGELO MESSINA	0	0	0	0	0	0	0	0	0	0
BERNARDO CALLEJA FERNANDEZ	0	0	0	0	0	0	0	0	0	0
EURO-SYNS S.A.	0	0	0	0	0	0	0	0	0	0
JOSE MARIA LOIZAGA VIGURI	0	0	0	0	0	0	0	0	0	0
LINDSAY HARVEY	0	0	0	0	0	0	0	0	0	0
MARIO ABAJO GARCIA	0	0	0	0	0	0	0	0	0	0
OTIS ELEVATOR COMPANY	0	0	0	0	0	0	0	0	0	0
PIERRE DEJOUX	0	0	0	0	0	0	0	0	0	0

ii) Share-based compensation systems

iii) Long-term saving systems

c) Summary of compensation (thousands of €):

The summary must include the amounts for all the items of compensation included in this report that were accrued by the director, in thousands of euros.

In the case of long-term saving systems, the contributions or provisions made to systems of this nature must be included:

Name	Compensation accrued in the company				Compensation accrued in group companies				Total		
	Total cash compensation	Amount of shares awarded	Gross profit on options exercised	Total F.Y. 2013 Company	Total cash compensation	Amount of shares awarded	Gross profit on options exercised	Total F.Y. 2013 Group	Total F.Y. 2013	Total F.Y. 2012	Contribution to saving systems in the F.Y.
MARIO ABAJO GARCIA	200	0	0	200	0	0	0	0	200	200	0
JOSE MARIA LOIZAGA VIGURI	200	0	0	200	0	0	0	0	200	200	0
BERNARDO CALLEJA FERNANDEZ	368	0	0	368	0	0	0	0	368	187	49
OTIS ELEVATOR COMPANY	500	0	0	500	0	0	0	0	500	500	0
ANGELO MESSINA	0	0	0	0	0	0	0	0	0	0	0
PIERRE DEJOUX	0	0	0	0	0	0	0	0	0	0	0
ALBERTO ZARDOYA ARANA	50	0	0	50	0	0	0	0	50	0	0
EURO-SYNS S.A.	50	0	0	50	0	0	0	0	50	50	0
TOTAL	1.368	0	0	1.368	0	0	0	0	1.368	1.137	49

D.2 Describe the relationship between the compensation obtained by the directors and the results or other measurements of the company's performance, explaining, if applicable, how variations in the company's performance may have affected the variation in the directors' compensation.

As indicated in paragraph A.13 above. The composition of the Board of Directors (67% of its members are proprietary directors) guarantees that the director compensation policy takes the results that should be obtained by the Company in the long term into account.

Thus, with the sole exception of the executive director, who receives additional fixed compensation for performing executive functions in the Company, the remuneration of the Board of Directors is variable in its entirety, based on the Company's results. Furthermore, the quantitative limits contained in the Company's By-Laws and Board of Directors Regulations help to necessarily link director compensation to the Company's best long-term interests.

In addition, as mentioned in paragraph A.4 the the Board of Directors adopted at its meeting of July 18, 2013 by unanimous consent to limit the total amount of the remuneration stipulated in the By-Laws to 1,000,000 €.

D.3 State the result of the consultative ballot at the General Shareholders' Meeting on the annual compensation report for the preceding year, giving the number of votes against, if any.

	Number	% of total
Votes issued	287,110,963	71.39%

	Number	% of total
Votes against	0	0.00%
Votes in favour	287,110,963	100.00%
Abstentions	0	0.00%

E OTHER INFORMATION OF INTEREST

If there is any other important matter concerning director compensation that it has not been possible to include in other sections of this report but that it is necessary to include to provide more complete and substantial information on the company's compensation structure and practices in relation to its directors, give a brief description thereof.

Not applicable

This annual compensation report was unanimously approved by the Company's Board of Directors at its meeting of February 26, 2014.

State whether any directors have voted against the approval of this report or abstained in relation thereto.

Yes

No X