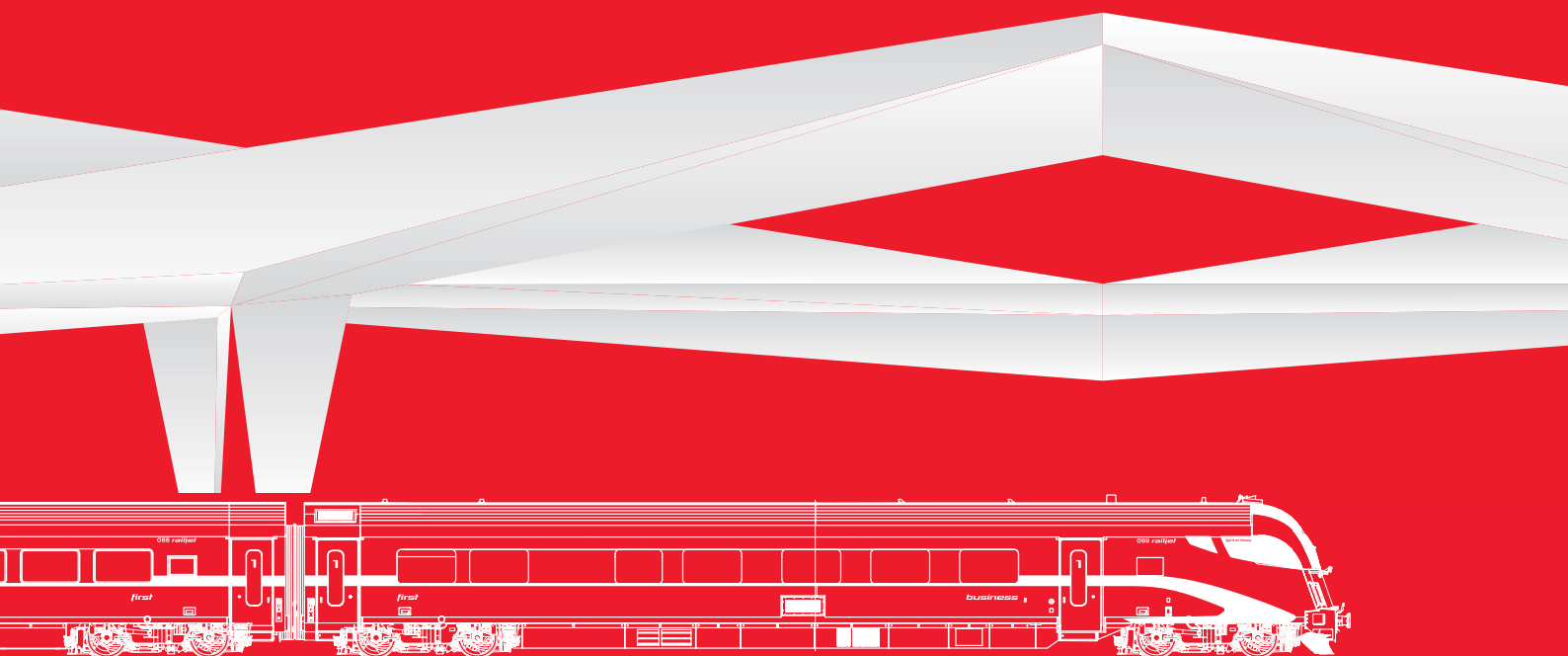


Annual Report 2014

MOVING AUSTRIA BETTER



ANNUAL REPORT 2014
ÖBB-HOLDING AG

Key Performance Indicators

Earnings ratios (IFRS) (million euros, rounded)

	2014	2013
Revenue	5,270	5,239
Total income	6,355	6,248
Cost of materials and services	-1,764	-1,793
Personnel expenses	-2,408	-2,341
Other operating expenses	-460	-530
EBITDA	1,723	1,584
Depreciation and amortization (incl. impairment)	-859	-829
EBIT	864	755
Financial result	-692	-652
EBT	172	103
ROCE (%)	3.9	3.6

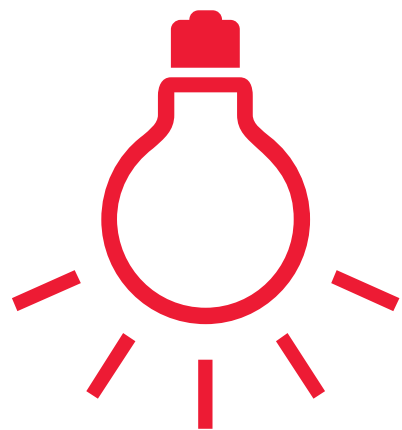
Balance sheet ratios (IFRS) (million euros, rounded)

Total assets	25,746	24,631
Non-current assets	24,334	23,322
<i>of which: Property, plant and equipment</i>	22,724	21,765
Current assets	1,411	1,310
Equity	1,692	1,589
Equity ratio (%)	6.6	6.5
Financial liabilities	21,811	20,778
Net debt	20,839	20,024*
Gross capital expenditure	2,057	2,170
Net debt/EBITDA (ratio)	12.1	12.6*
Net gearing (ratio)	12.3	12.6*

* prior-year figures adjusted

The railway system in numbers

A factual tour through the world of railways.



Power production for the railway

in ÖBB hydropower plants	35%
in partner power plants	30%
drawn from the public 50 Hz grid and converted	35%



Bus route network

Lines	900
Routes	26,000
Communities served	2,350
Bus stops	22,000
with rail connection	700



Freight transport

Transport volume	million t	111.7
Transport volume	billion t per km	29



Passengers

Total	millions	466
Local rail transport	millions	201
Long-distance rail transport	millions	34
Bus transport	millions	231



Travelers per day

Local & long-distance transport, busses	millions	1.3
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Train stations

Train stations and stops	1,110
Train stations and stops modernized in 2014	30



Fleet

Number of locomotives	1,118
Number of passenger cars	2,694
Number of freight cars	23,946
Number of busses	2,200



Punctuality

Passenger transport overall	96.7%
Local transport	97.1%
Long-distance transport	86.6%

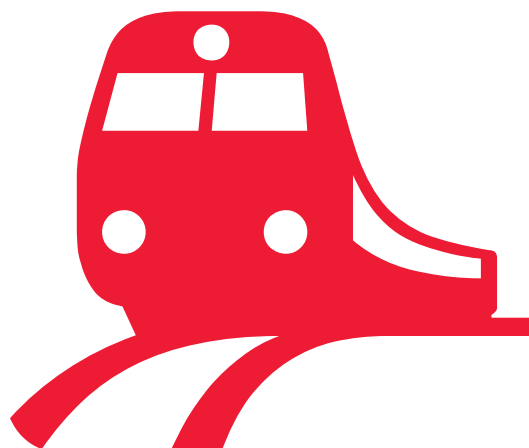


Apprentices in training

Total	1,724
male	1,443
female	281

ÖBB S-Bahn route network

Total routes in Austria / Passengers per day	26 / 385,000
Vienna/LA/Burgenland	9 / 250,000
Styria	4 / 26,000
Carinthia	3 / 16,000
Salzburg	2 / 22,000
Tyrol	6 / 42,000
Vorarlberg	2 / 29,000



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ÖBB BLOG. Enter into the world of ÖBB at blog.oebb.at



Train runs

Trains	per day	6,360
Local transport		4,000
Long-distance transport		280
Service and freight		2,080
Train runs	per year	2,319,826



Route network

Total	in km	4,865
thereof electrified	in km	3,487
Switch points		13,580
thereof heated		10,900

ANNUAL REPORT 2014. STATEMENT OF THE BOARD OF MANAGEMENT



BOARD OF MANAGEMENT OF ÖBB-HOLDING AG. Mag. Christian Kern (CEO), Mag. Josef Halbmayr MBA (CFO)

Focus on the customer. You hold in your hands the final annual report for the operations of ÖBB-Holding AG and its subsidiaries during the financial year 2014. This much can be said right away: Group results, with EBT of approx. EUR 172 million, not only increased by around 70 percent over 2013, but also represent the best result in the history of the ÖBB Group. This success was seen across all the business units, which again improved their individual results over the previous financial year.

With this result, the ÖBB Group has already achieved a core objective of the "FIT 2015" strategy program ahead of schedule. The clean-up operations that were necessary in 2010 and 2011 were followed by two years of further consolidation with the objective of ensuring the value of the company over the long term. Thanks to the consistent implementation of the restructuring program in all sub-groups, today we can say: We are ready to meet the challenges that lie ahead.

Austria - Train Country

For ÖBB, – as for any business, – being economically fit is a prerequisite for implementing improvements that benefit customers. And there were countless customer-related projects in the past financial year. In the infrastructure sector, "only" the central train stations in Vienna and Salzburg and the Vienna airport link to the long-distance network will be mentioned here. Overall, ÖBB Infrastruktur has successfully completed more than 200 projects in the last five years.

ÖBB's investments –, ranging from the infrastructure projects mentioned above to improvements to the existing fleet to the simplification of the tariff system, have not – failed to make an impact: Austrians were the EU's most dedicated train travelers, with an average of 1,425 kilometers, and behind Switzerland and Japan – they were the – third most dedicated train travelers in the world.

Punctual, secure, clean

Significant improvements were made to the quality of our offering in the past financial year. ÖBB's customers once again gave the company very good reviews in the customer satisfaction survey in 2014.

Top ratings were given in the areas of punctuality, security, and cleanliness. And especially gratifying for the company: Customers gave top marks to all the points of direct contact between our passengers and the employees of ÖBB. This means that passengers benefit from the improved service at all levels of the company.

Passenger numbers stable – despite new alternatives

Apart from the result, ÖBB's key objective is success with customers, measured by customer satisfaction and the number of passengers. In spite of the difficult environment, these factors have once again improved in the railway transport sector. Specifically, long-distance passenger numbers remained stable during the past financial year, at 34 million, despite –additional rail and road –offers, while the previous record set in 2013 was again surpassed last year in local transport.

In contrast, there was again a slight decline in passenger numbers in the area of bus transport due to the demographic trend of declining student and apprentice numbers and the ongoing tender competition. In 2014, about 231 million passengers made use of the offerings of ÖBB-Postbus.

Rail Cargo Group remains one of the most profitable freight railways

As in 2013, the Rail Cargo Group can also look back on a very successful year in 2014. With EBT of about EUR 59 million and an EBIT margin of 4.8 percent, ÖBB's freight railway business line remains at the forefront of European rail freight companies. And both Rail Cargo Austria and Rail Cargo Hungaria each remained clear market leaders in their home countries.

Stay the course

We would like to thank all of the Company's employees and employee representatives. The consistent and rapid implementation of the reorganization program was only possible with the mutual support of everyone involved.

Thanks to the unity within the Company, after the early achievement of the objectives of the "FIT 2015" program, we can now look optimistically to the future and implement new, common goals.



Mag. Christian Kern

Chairman of the Board of Management
ÖBB-Holding AG



Mag. Josef Halbmayer MBA

Member of the Board of Management
ÖBB-Holding AG

STATEMENT OF THE CHAIRWOMAN OF THE SUPERVISORY BOARD

Significant steps. Major challenges. This is the first annual report of the ÖBB Group to appear under my leadership of the Supervisory Board. This report tells the current chapter of a success story that has been going on for years. The Company has made major advances, which is— also due to the tireless efforts of my predecessor Horst Pöchlhammer. Sadly, he passed away too soon; ÖBB and the country will miss him.

The most important message of the current figures is: ÖBB is again a strong company. A massive increase in EBT is a remarkable success and clear proof of employee performance. This new economic strength makes the ÖBB Group more robust and gives it the power to go on the offense in the market. ÖBB can again invest on its own.

The initiative of the past few years has changed the image of the railway. This is symbolized by the new stations, with the project of the century, Vienna Central Station, at the top. Customer requirements are the focus in the change towards success through modernity. Our environment is undergoing dramatic changes. ÖBB, with its entire portfolio of services, is competing in the –passenger, freight, and –Postbus transport markets. Competition is expected to get tougher. Postbus is already feeling the effects of increased competition for tenders. The economy will not make any great leaps in growth in the near term. This will make it a challenge to maintain strong market positions and growth rates.

Strength for change

ÖBB needs the new-found strength gained through increased corporate results to effect change. More economic strength also prepares the Company for changes in the economy and in society. The trend is moving away from the idea of having your own vehicle. Young consumers are thinking in new ways and are becoming potential customers. This generation of digitization places new demands on ÖBB's offer and services. Overall, our customers can choose from a variety of mobility options and they insist on the right to individuality and customized solutions.

This is why the focus on customers and market is important, and the Company's efforts are having an impact: Increased customer satisfaction is a logical consequence of higher quality in the offer and the optimum performance of ÖBB employees. New rolling stock that provides more comfort will be a decisive factor in favor of the railway in the eyes of more and more customers, as will top standards of punctuality in Europe.

In future, there are many factors in favor of the railway, such as the trend towards sustainability, which is pushing forward solutions on rails, in passenger transport and in freight logistics. The task remains complex. It is by no means certain that we will automatically be the winners as the world changes.



MAG. BRIGITTE EDERER
Chairwoman of the Supervisory Board of ÖBB-Holding AG

The Company has to innovate to ensure that it remains a leader, even under changed conditions.

ÖBB is successful because it can connect two tasks with each other that are often presented as contradictions: business management and a public service mission. ÖBB is not just a company; it is also a social project and a key to making Austria a good place to do business. ÖBB connects the whole country. The mission goes beyond serving the profitable routes. There is not much profitable business in the area of freight transport. Nevertheless, we offer a transport network that industry needs for its production sites.

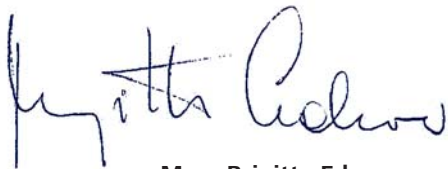
ÖBB as growth engine and key player in Austrian industry

However, the public service mission is never to be used as an excuse for economic inefficiency. On the contrary: ÖBB must work efficiently. This makes us economically fit and improves the reputation and public acceptance of the Company.

ÖBB's investments in rail infrastructure contribute 0.6 percent to the gross domestic product. This is a decisive driver in years of weak economic growth. 80 percent of contracts go to small and medium-sized companies in Austria. ÖBB is a major client for the domestic railway industry; –in terms of patents, it is the most innovative in the world. From its base in Austria, this technology-intensive industry is successful throughout the world, with up to ten percent of the R&D share of value added and 70 percent share of exports, it is a global industry champion. Overall, the railway and railway industry sector, with ÖBB as the leading company, provides around 80,000 jobs in Austria. ÖBB is the largest trainer of technical apprentices. These facts underline the importance of the Company for Austria.

We do not consider the Company's greatest strength to be its financial ratios: our employees are our most important asset. Our workforce is also experiencing major changes, which are being structured and managed within the Company. ÖBB has undertaken exemplary implementations of health and reintegration programs in order to retain the expertise the Company needs. An increased number of apprentices are hired on, and in the competition for new talent ÖBB is becoming increasingly attractive as an employer. The mix of young and old, experience and fresh energy, creates just the right dynamic environment.

Because one thing is certain: ÖBB needs new material, innovative technology, and modern infrastructure. But those are just the tools. Success is built on people, and only their performance makes success lasting and irreversible.



Mag. Brigitte Ederer

Chairwoman of the Supervisory Board of ÖBB-Holding AG

IN MEMORIAM HORST PÖCHHACKER

When ÖBB lost Horst Pöchhacker, we lost a great friend and supporter of the Company and its employees. He led the Supervisory Board of ÖBB-Holding with a steady hand and cleared the way for a new era with new successes. Horst Pöchhacker had a strategic view of Austrian industry, knew about the economic relevance of infrastructure investments and did everything in his power to promote the resurgence of the real economy after the crisis.

You could say his path to the railway was pre-determined, because he was the son of a railway man. But the climb to the top of the Supervisory Board of ÖBB was a special Austrian success story. Horst Pöchhacker forged an amazing career in business, but he never forgot his origins. That's where he got his feeling for "his people".

Despite his success, he was a modest man. Horst Pöchhacker was a determined man, but he always sought out and found solutions through dialog. He was level-headed and reliable, and always emphasized what people had in common ahead of what set them apart from others.

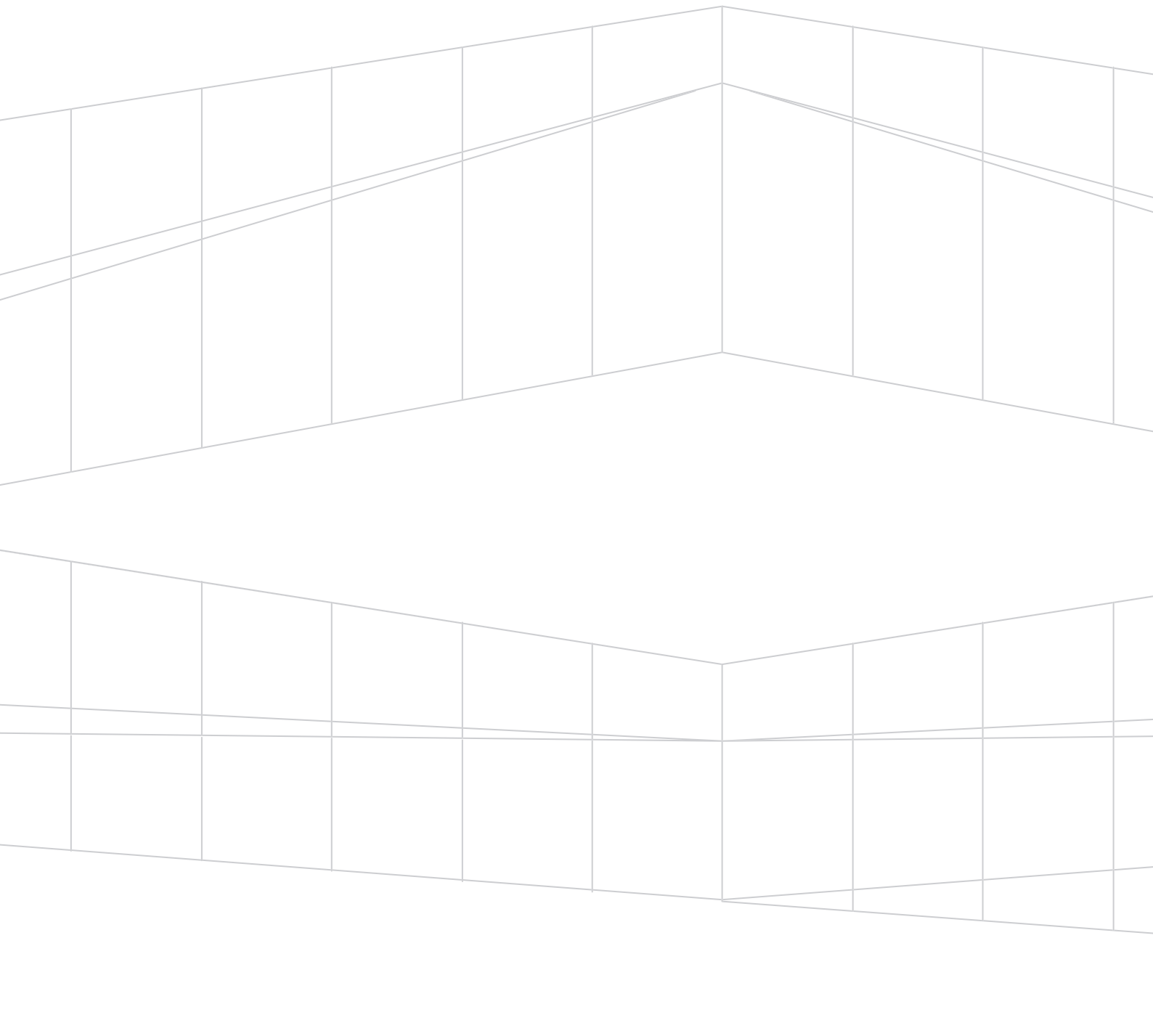
With his eye for the big picture, he continues to be a role model. The impact of his insightful decisions remains with us. The expansion program that ÖBB is implementing now and in the coming years is of historic dimensions and it has every mark of the contribution of Horst Pöchhacker: it was established in the Supervisory Board under his leadership, and built for the next 100 years.

Horst Pöchhacker was what he was by virtue of his personality: an authority. His passion and his courage when it comes to the railway will be missed.



DI HORST PÖCHHACKER

† August 13, 2014





Moving Austria

Modern mobility. With trains and busses, ÖBB offers comprehensive mobility services for all of Austria. But the company's responsibility goes far beyond that.

AUSTRIA - TRAIN COUNTRY

RAILWAYS - FOR LIFE. Rail travel is now “in” and Austrians are the EU’s most dedicated train travelers, and are among the top countries in the world for rail travel.

On average, every Austrian traveled 94 more kilometers on the railway in 2013 than the year before as a study –by the EU from the fall of 2014 shows. Austrians were the EU’s most dedicated train travelers, with an average of 1,425 kilometers per person. Austria has also overtaken France for the first time, followed by Sweden, Denmark, and Germany. The Swiss are the number one train travelers in all of Europe, and also in the world. They take trains an average of 2,430 kilometers per person per year, followed by Japan (1,912 kilometers) and, since last year, Austria.

Cars are losing, railways are winning

Rail travel has acquired a certain lifestyle aspect, and is appreciated because it gives you quality time –to do things you like to do but cannot do in the car. No wonder, then, that the number of kilometers traveled by car falls every year. According to a study published by the VCÖ (an Austrian transportation association) in early 2014, the annual mileage covered by private car in 2003 was 14,140 km, but by 2013 this had fallen to just 13,100 km. And according to Statistik Austria, the number of registrations of new cars also declined. Around 850,000 households in Austria – that is almost one in four households – are already living without a car. In Vienna the figure is even higher: 41% of households do not have a car. The mobility behavior of Austrians has moved away from private transport– towards public

transport. A significant proportion of this traffic is carried by ÖBB, which offers environmental-ly-friendly transportation of people and freight by rail and Postbus as a comprehensive mobility service provider for all of Austria.

With 466 million passengers, of whom 235 million travel by rail, ÖBB reached top figures again in the past year.

Investment in higher quality

Contributions to the success of ÖBB include, in addition to the expansion of the offer for both local and long-distance transport, an impressive quality initiative to offer ÖBB customers modern and accessible stations, and optimally upgraded lines. More than 200 projects have been successfully completed in the last five years. The highlight of last year was the opening of Vienna Central Train Station: A festival with 200,000 visitors. Salzburg’s Main Train Station and Attnang-Puchheim’s train station were “just” two other stations that were completed last year. Overall, ÖBB will modernize more than 270 stations and stops throughout Austria by 2025.

Investments are also being made in modern rolling stock on an ongoing basis. Starting from the new timetables for 2015/16, cityjet will provide railjet levels of comfort even in local and regional trains. But railjet is also being upgraded. With nine new coaches, ÖBB’s premium fleet comprises a total of 60 coaches.

Attractive local transport

Local and regional trains are the backbone of commuter and school transport. In 2014, there were 201 million passengers in ÖBB local trains. An important success factor is the S-Bahn, which, starting in Vienna, has been a tremendous success throughout Austria. Now a total of 30 S-Bahn lines in eight out of nine federal provinces serve the regions around the main cities and make the S-Bahn the preferred mobility partner, especially for commuters and students.

The massive upgrades to the park-and-ride facilities also contributed to the passenger boom in local transport. In addition, ÖBB is working on solutions with innovative projects such as smile and eMORAIL that make it possible to use all

Rail travel has acquired a certain lifestyle aspect, and is appreciated because it gives you quality time –to do things you like to do.



ATTRACTIVE RAILWAYS. With new offers and reduced traveling time, ÖBB wants to make long-distance transport more attractive

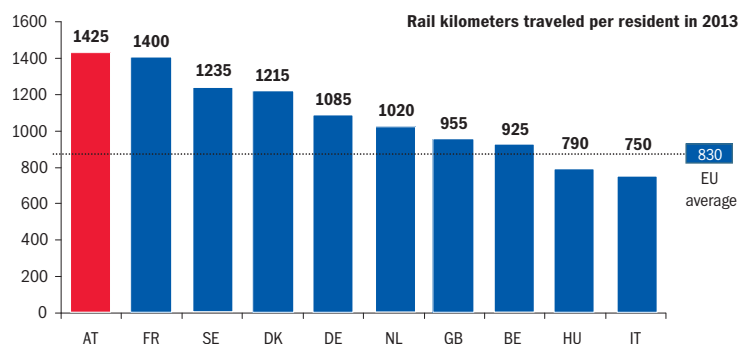
forms of mobility and for commuters to do without their own cars.

Last but not least, success with customers is also due to the clear rate structure. ÖBB has gotten rid of the complicated rate systems and cut the number of different rates nearly in half, from 61 to 31. In general, ÖBB now only distinguishes between five basic offerings: Standard-Ticket, Komfort-Ticket, SparSchiene-Ticket, Einfach-Raus-Ticket and ÖSTERREICHCARD. The VORTEILSCARD offer has also been clarified: Instead of the previous eight different cards with many variations, there are

now only four VORTEILSCARD variants: Classic, Jugend, Senior, and Family. Customer approval of this simplification of offers and rates is high, which is confirmed by the positive sales figures in the past year. However, the price increase was moderate at an average of 2% and the rate reform resulted in price reductions of up to 19% or constant prices for a quarter of all passengers.

Long-distance transport still on top

In long-distance transport, ÖBB passenger numbers remained stable, with 34 million passengers in 2014. And with new offers and reduced traveling time, ÖBB wants to make long-distance transport more attractive. In particular, beginning with the new timetable in 2015/16, the Vienna Central Train Station will offer – completely new connections, –for example from Prague via Vienna to Italy.



EUROPEAN CHAMPIONS. Each Austrian traveled almost 1,425 kilometers by rail in 2013. 94 more kilometers than the year before

TOP RATINGS FOR ÖBB

PASSENGERS. The customer satisfaction analysis was extremely positive in 2014. In particular, employees in direct contact with customers were especially highly rated.

ÖBB conducted its third customer satisfaction survey in November 2013, and results were presented early 2014. First the good news: ÖBB's reputation with passengers continues to improve. The overall satisfaction of ÖBB customers increased again in all three areas surveyed: – passenger transport, infrastructure and Postbus –, compared to the customer satisfaction survey of 2012, reaching a very good level with a total of 77 out of 100 possible points.

Particularly positive aspects which received 80 to 95 points out of 100, were the cleanliness of the train stations, trains and busses, the sense of security, the convenience, travel comfort, as well as punctuality. The top marks went to the train attendants, Postbus drivers and travel advisers, whose friendliness and helpfulness was especially noted by the passengers.

As in previous years, the current customer satisfaction survey shows that from the perspective of the customer there is still a clear need for improvement in the areas of complaints, as well as the information in case of delays.

5,000 passengers participated in the survey

A total of nearly 5,000 1st and 2nd class passengers on ÖBB trains and Post Bus passengers were interviewed. Before departure, an evaluation of the train or bus station was carried out. The questionnaire included items on cleanliness, convenience and travel comfort, punctuality and sense

of security as well as questions on frequency of travel with trains and busses, connections, and the handling of complaints.

Passengers were also asked about the friendliness of the train crew and staff at the travel center, catering, information in the event of delays, accessibility and different information options via mobile phone, Internet, text messaging, and on the phone. In addition to the review itself, the importance of this topic for ÖBB's customers was evaluated.

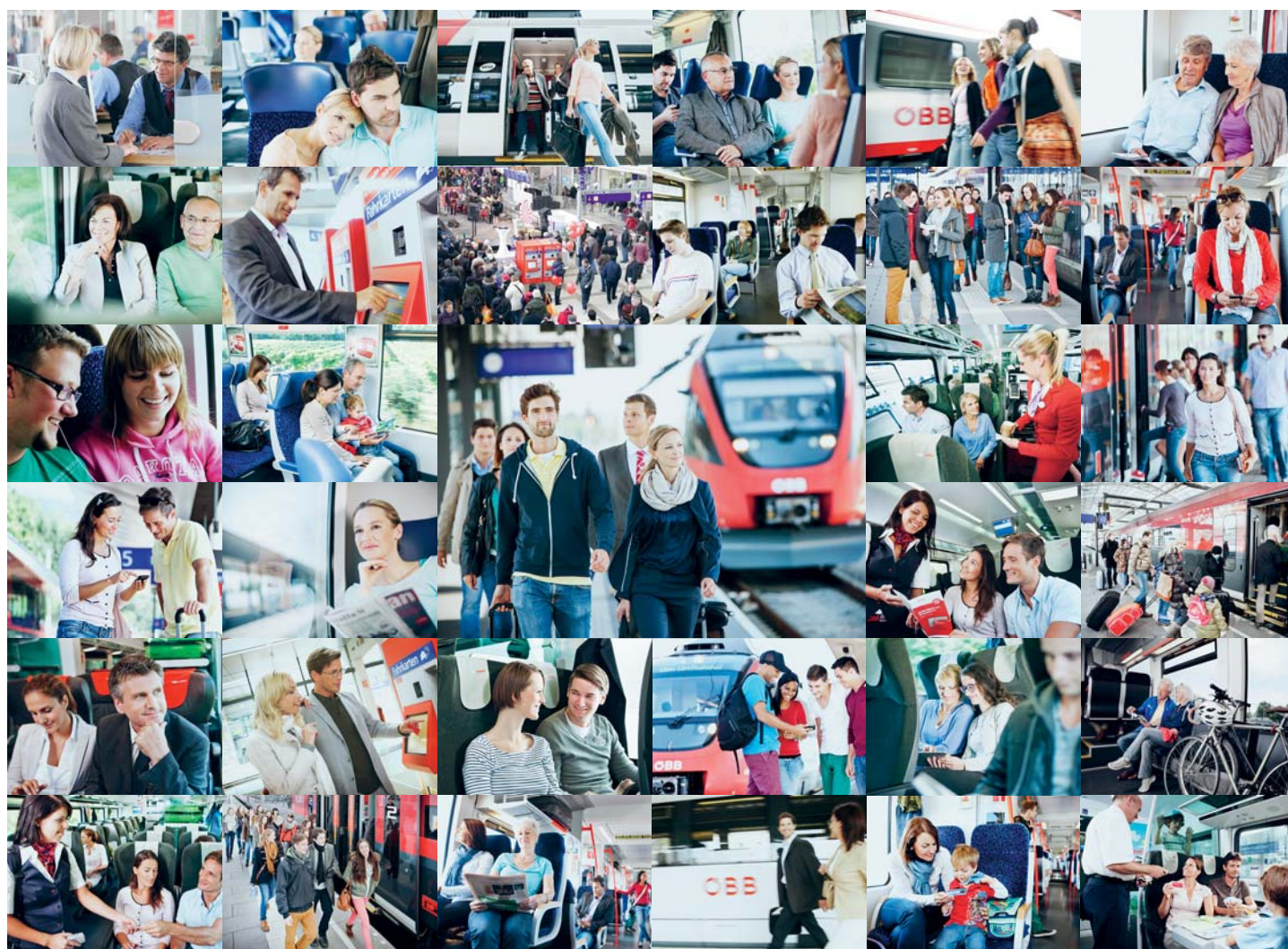
Detailed results

ÖBB-Infrastruktur: Punctuality received the highest marks (92 out of 100) in the infrastructure sector. Also rated very good were information on schedules, prices, and the trains (as a rule) as well as the cleanliness and condition of the stations. There was one caveat in the area of cleanliness: ÖBB customers found need for further improvement in terms of overall impression and in terms of cleanliness of the restrooms at the station. According to the survey, information at the station in case of delays is not optimal. This area, identified by ÖBB customers as very important, is rated mediocre at just over 60 out of 100 points.



POSTBUS. Customers rated personal service while traveling as especially good

Our passengers particularly value the sense of security, punctuality, comfort, and cleanliness of the trains.



CUSTOMER SATISFACTION. ÖBB's reputation with passengers continued to improve last year

ÖBB-Personenverkehr: According to the current customer satisfaction survey, passenger transport could be improved in many of the areas surveyed. The best rating, with 94 points out of 100 (+4), was given to the sense of security in trains and punctuality, with 92 out of 100 points (+1). The areas of convenience/comfort and cleanliness in the trains also received better ratings in 2012. ÖBB customers also noted need for improvement in the restrooms in this area. Regular information in the trains was slightly better than 2012, and rated as satisfactory. In the area of complaint management, the rating was somewhat more critical compared to the previous year. And precisely here is where one of ÖBB's measures agreements has been implemented, with the specific objective of intensifying communication with the client –in both the area of customer information and in the event of disruptions, as well as in complaint management.

5,000

1st and 2nd class passengers on ÖBB trains and Post Bus passengers were interviewed for the **customer satisfaction survey**. In addition, we sent out close to 400 mystery shoppers.

ÖBB-Postbus: Postbus had the best rating and the greatest increase in the area of information on the bus: 94 out of 100 possible points mean +4 points compared to 2012. Other top scores were achieved in safety and convenience/travel comfort as well as for punctuality. With 91 out of 100 points, ÖBB customers also rated personal service while traveling as very good. Information on delays or irregularities is also a weak point at Postbus. The respondents perceived a need for improvement in terms of both clarity and scope of information. Customers judged departure times to be at a relatively good level, given the high importance, however, there is still room for improvement. Customers gave similar ratings to connections. With importance of 90%, this area received only 77 out of 100 points.

VISIONARY & UNIFYING

FORM & FUNCTION. The opening of the Vienna Central Train Station together with the new BahnhofCity was the highlight of 2014.

October 10, 2014 will go down in history. That is the date of the opening of the Vienna Central Train Station. Plans for a central through station in Vienna date back to the 19th century. Starting in the 1950s, the project was made concrete, but had to be adjusted to reflect changing needs. Based on a Memorandum of Understanding of the Austrian federal government, the City of Vienna and ÖBB, a master plan for the district of the Vienna South Station was eventually drafted in 2004 and the first construction work was begun in 2006. Environmental impact assessments were undertaken from 2007 to 2009. In the first half of 2010, the South Station was demolished and construction of the central station and the east and south facilities was begun. Three years later, in December of 2012, the new central station went into partial operation. The official opening was in December 2014. Beginning with the new timetable in December 2015, the twelve platforms will have a capacity of 1,105 trains daily and in the near future about 145,000 people a day are expected at the new Vienna Central Train Station, which will be equipped with all the facilities of a major train station. In addition to the direct connection to the U-Bahn, S-Bahn, trams and busses, more than 600 underground parking spaces are available, as well as 1,000 covered bicycle parking spaces in three bicycle garages.

1,105

Beginning with the new timetable in December 2015, trains will be using the twelve platforms of the Vienna Central Train Station. From then on, in addition to local and regional transport, all of the **long-distance traffic in Vienna to the north, south, east and west** will pass through the new transport hub, and about 145,000 people will visit the new station every day.



STRIKING HELM ROOF. The steel and glass construction consisting of 14

A new symbol, a new district

The symbol for modern mobility is the 31,000 m² helm roof that makes the Vienna Central Train Station a landmark with an international profile. The steel and glass construction consisting of 14 diamonds spans five platforms and is between six and 15 meters above the level of the platform. Approximately 7,000 tonnes of steel were used in the construction – a quantity equal to that of the Eiffel Tower.

With ÖBB-BahnhofCity at the Vienna Central Train Station, yet another attraction has been created. There are 100 shops and restaurants for railway customers, visitors and local residents of the new district around the Central Train Station on 20,000 m².

On 59 hectares around the new Central Train Station, about 5,000 homes for 13,000 people, 20,000 jobs, as well as hotels, commercial space, service operations, and restaurants are being created. And not to be forgotten: Since last summer, ÖBB headquarters for about 1,700 ÖBB employees has been located at the southern forecourt of the station.

Sustainable infrastructure

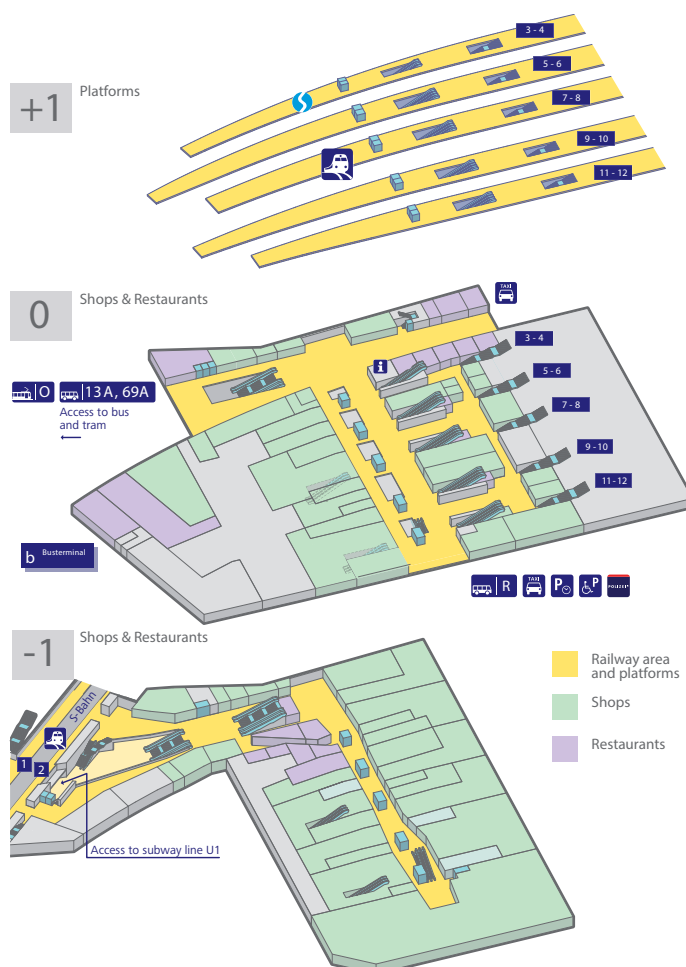
But let's return to the train station. The new Vienna Central Train Station is one of the largest infrastructure projects in Austria and was planned from the outset as a through station. After the fall of the Iron Curtain, the intention has been to create high-performance railways connections with Eastern Europe. The Vienna Central Train Station is

The 31,000 m² helm roof of the Vienna Central Train Station makes it a landmark with an international profile.



diamonds spans five platforms and is between six and 15 meters above the level of the platform

the implementation of a mobility concept that will be a positive change not only for the surrounding eastern region, but for all Austrian train transport in all directions. With the new timetable in December 2015, in Vienna trains to and from the north, south, east, and west will be linked to an international rail hub in the heart of Europe. Eight platforms, about 450 meters long, have been designed for double railjets. Wide staircases, 29 escalators and 14 glass elevators ensure that foot traffic flows smoothly. Parents with strollers, travelers with heavy luggage, the elderly, and people in wheelchairs will particularly appreciate the Central Train Station: You can go anywhere in the station without using the stairs. There are 800 seats available for passengers waiting for trains. The highest priority was placed on the use of sustainable materials and achieving high levels of energy efficiency in the buildings: Geothermal, photovoltaic, district cooling, district heating, an integrated CO₂ managed ventilation system, and the use of gray water make the main station an energy-efficient, environmentally sound and resource-efficient flagship project. 13% of total energy demand will be generated directly at the Central Train Station using geothermal plants and photovoltaic panels. Overall, ÖBB is covering the electricity needs at the Vienna Central Train Station with 100% renewable energy.



BAHNHOFCITY VIENNA CENTRAL TRAIN STATION. More than 100 shops and restaurants occupy more than 20,000 m²

NEW TRAFFIC FLOWS, SHORTER TRAVEL TIMES

TRANSPORT HUB. With the new timetable in December 2015, the new Vienna Central Train Station will take rail travel to the next level.

Since December 2014, first long-distance trains have been stopping at the Vienna Central Train Station, providing a taste of what will come at the end of 2015. Trains already leave from the Vienna Central Train Station in all four directions. The Graz–Prague and Munich–Vienna–Budapest railjets stop every two hours. For the Vienna–Prague route, this has shortened travel time by 39 minutes to 4 hours and 11 minutes. From Graz to Prague, the time saving is a full hour, and the trip itself lasts only 6 hours and 53 minutes. And the trip from Vienna Meidling to Budapest is no longer than it was before, at 2 hours and 37 minutes, despite the new stop at the Central Train Station.

Through station with a hub

From December 2015, the new Vienna Central Train Station will finally become an international transport hub. As a through station, it will be a major node for international and national passenger transport. Three of the most important railway corridors in the Trans-European Transport Network (TEN) will be linked here: the Paris–Strasbourg–Stuttgart–Vienna–Bratislava axis (TEN17), the Athens–Sofia–Budapest–Vienna–Prague–Nuremberg/Dresden axis (TEN22), and the Gdansk–Warsaw–Brno/Bratislava–Vienna–Venice (TEN23) axis. This will make new rail connections possible – for example from Prague towards Italy via Vienna. With the new timetable in December 2015, ÖBB will manage its entire long-distance transport to and from Vienna through the new Vienna

Meidling/Vienna Central Train Station system. All trains will stop at both stations. In addition, the Vienna Central Train Station will take over the function as an interval node after it becomes fully operational. Twice an hour there is a long-distance train with connections between the east-west and north-south axes as well as to and from Vienna Airport.

Quick connections to the city

In addition, there are connections with local trains which serve as feeder lines. S-Bahn lines S1, S2, S3, S60, and S80 take you quickly from the Central Train Station both into Vienna and into the areas surrounding the city. Three tram lines, the D, O, and 18, meet directly at the train station, making connections with many districts of Vienna and with the 13A and 69A bus lines. Subway line U1 also connects the new Central Train Station directly to the city's subway system. The U1 takes passengers directly to Stephansplatz in Vienna, right in the center of the federal capital, in just a few minutes. In one direction, it goes further into the city, and the other direction takes you to the end of the city in Favoriten.

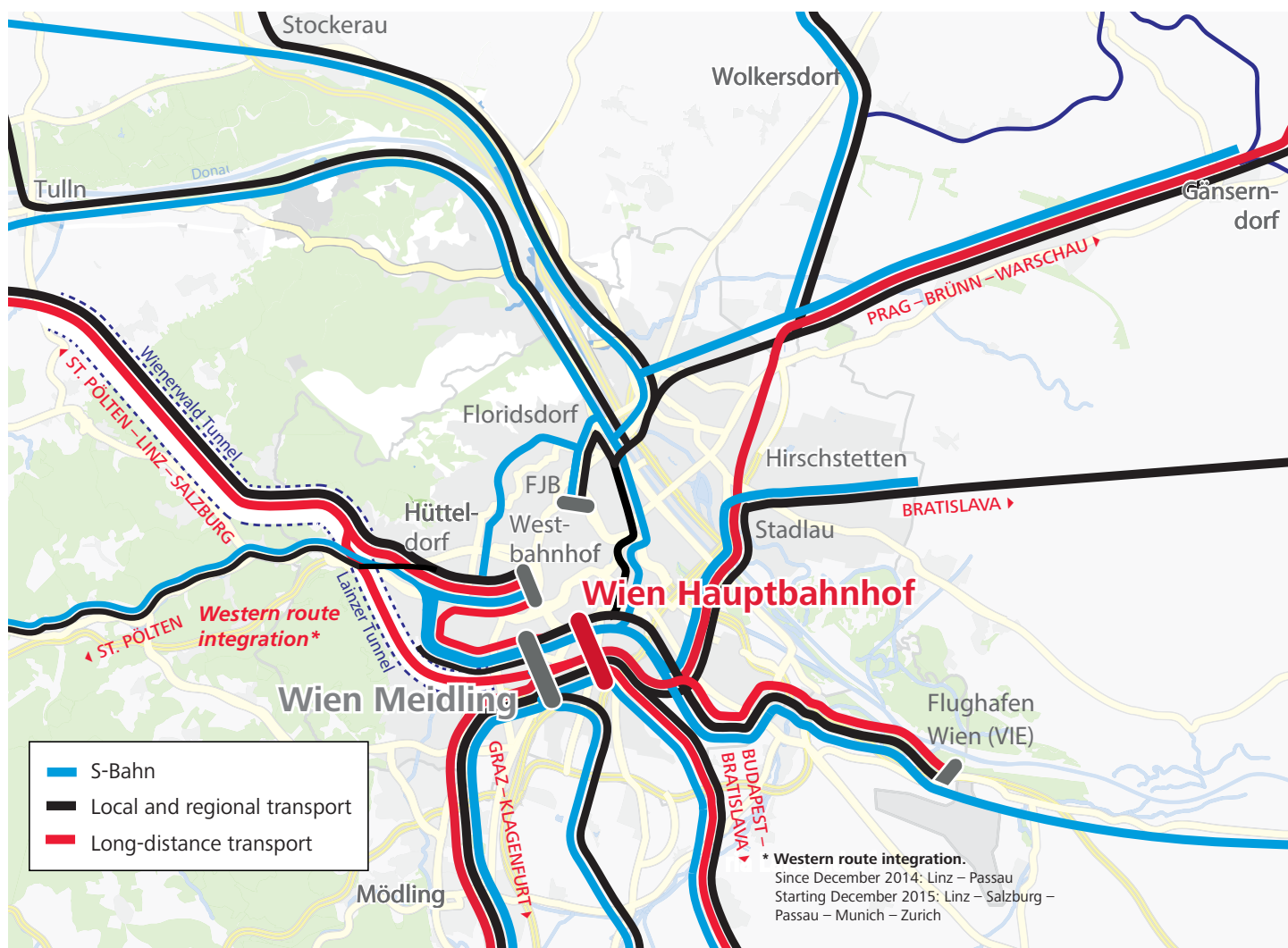
Access to the subway and the S-Bahn is via a direct route from the station building through an underground passage that conveniently takes you through the redesigned Vienna Central Train Station/Südtiroler Platz.

In Meidling, passengers coming from the west or

Three of the most important railway corridors in the Trans-European Transport Network (TEN) will be linked at the Vienna Central Train Station.



LOCAL TRANSPORT. With S-Bahn and local trains quickly into Vienna and the areas surrounding the city



TRANSPORT HUB. The new Meidling Vienna / Vienna Central Train Station system as a central transport hub for eastern Austria

south also have a connection to the U6, tram line 62, to bus lines 7A, 7B, 8A, 9A, 15A, 59A, 62A, and the Vienna local railway (Badner Bahn) and also to the airport bus of Vienna Airport Lines.

Quick connection to the airport

In the truest sense, the new connection from the west of Austria took off for the airport. Since December 2014, a new track connection in Vienna-Kledering leads directly from the western route to the Vienna Central Train Station and on to Vienna Airport.

From Linz, for example, the travel time to the airport was shortened to about 1 hour and 47 minutes—, with no changes.

Beginning in December 2015, ÖBB will run railjets and InterCity trains every two hours on the western route to Vienna Airport and connect four main cities, Innsbruck, Salzburg, Linz, and St. Pölten, directly to Vienna Airport. This reduces the travel time

from Linz even more, to – 1 hour and 42 minutes. From Klagenfurt and Graz, there is just one change at the Vienna Central Train Station or in Vienna Meidling to Vienna Airport.

Partial operation 2014

Beginning in December 2014, the first long-distance trains to the north, east, south will pass through the Vienna Central Train Station. (in hours of travel time)

Route	Previous travel time	New travel time	Time saved
Graz–Prague	7:56	6:53	1:03
Vienna–Prague	4:49	4:11	0:38
Bratislava–Graz	4:50	3:50	1:00
Linz–Bratislava	3:12	2:42	0:30
Linz–Vienna Airport	2:10	1:47	0:23

Full operation 2015

From the end of 2015, all long-distance traffic – to the west – will also pass through the Vienna Central Train Station. (in hours of travel time)

Route	Previous travel time	New travel time	Time saved
Tullnerfeld–Neusiedl/See	2:30	1:11	1:19
Graz–Amstetten	4:28	3:33	0:55
Innsbruck–Wr. Neustadt	5:06	4:33	0:33
St. Pölten–Wr. Neustadt	1:23	0:53	0:30
Linz–Budapest	4:34	4:04	0:30

LANDMARKS FOR MODERN MOBILITY

STATION INITIATIVE. The Vienna Central Train Station is not the only station to be connected to the network in the past year.

As part of the train station initiative, many stations in Austria are being or already have been newly built or renovated. A few examples:

Salzburg Central Train Station

The Salzburg Central Train Station was rebuilt from 2008 to 2014 in close cooperation with the Austrian Federal Monuments Office; in November 2014 it was returned to full operation. Previously, the steel central hall from 1909 was dismantled into over 2,500 individual pieces, restored and rebuilt piece by piece. The roof of platform 1, from 1860, was also preserved. Built on 40 faithfully restored cast iron columns, the 180 meter long platform roof was reconstructed as weather protection. However, the modern membrane roof made of plastic sheeting was a new construction. The 20,000-square-meter futuristic construction of steel and aluminum was aesthetically embedded into the historical structure. It covers the nine through platforms, including the imposing steel hall, and its transparency provides good lighting. The platforms are easily accessible via six elevators and 15 escalators.

In the train station there are 700 seats for travelers and more than 20 attractive shops, restaurants and service providers available on 3,500 m². The

Renovation

These train stations were completed in 2014:

- Vienna Central Train Station
- Salzburg Central Train Station
- Attnang-Puchheim
- Kammer-Schörfling
- Wolkersdorf
- St. Stefan
- St. Andrä
- Blindenmarkt
- Hlst. Neumarkt
- St. Peter-Seitenstetten
- Vienna Airport
- Hlst. Klagenfurt West
- Gänserndorf
- Leobersdorf
- Deutsch-Wagram
- Brixlegg
- Wildon
- Neumarkt i. d. Steiermark
- Paternion-Feistritz
- Vienna Ottakring
- Hohenems, track project
- Judendorf-Strassengel

Salzburg Central Train Station, with approximately 25,000 daily passengers and 500 trains (including 370 passenger trains), is one of the largest stations in Austria. Passengers have already fallen in love with their new train station. In a VCÖ survey, the Salzburg Central Train Station, which has won numerous awards, was named the second most beautiful train station in Austria.

Attnang-Puchheim train station

In October 2014, the completely redesigned Attnang-Puchheim train station opened after four years of construction that took place during ongoing operation of the station. The station is visited daily by about 8,000 people and represents a major transfer hub to the western route into the center of Upper Austria for the town of Attnang-Puchheim and the surrounding Vöcklabruck and Gmunden regions. Work started in September 2010 with the pedestrian underpass to Dr.-Karl-Renner-Platz. In early 2011, the construction of the railway tracks and the creation of two new covered platforms as well as elevators and escalators between the passenger hall and the platforms. The new station building was designed entirely of glass so that it blends in with the cityscape and lets light in all the way down to the lower level.

The new Attnang-Puchheim station is fully accessible. This applies to people with strollers as well as for people with disabilities. Particular emphasis

was placed on sustainability during the reconstruction.

St. Stefan and St. Andrä train stations

During the construction of the new Koralm railway, the Lavanttal railway will also be upgraded as a future feeder line, station by station. After the renovation of the Wolfsberg station and the new construction of the Wolfsberg-Reding station, the modification of the St. Stefan and St. Andrä stations was also completed in 2014.

Since December 2014, the first long-distance trains from Linz have arrived directly at the Vienna Central Train Station.



SALZBURG CENTRAL TRAIN STATION. This futuristic glass vault protects and covers the nine platforms and the historical structure

The focus for both stations was on accessibility and a modern appearance with glazed waiting areas and newly designed station forecourts.

Vienna Airport train station

With the issue of the new timetable in 2014/2015, the time had come. Since mid-December, the first long-distance trains from Linz arrive directly at the Vienna Airport train station, ensuring the mobility chain with short transfer routes between train and plane. When the Vienna Central Train Station becomes fully operational in 2015, every day 15 trains will go from the Western line to the airport. The completely underground Vienna Airport train station is modern, bright, and spacious. On the surface, the transport node is visible and accessible via a glass reception building. Underground, the train station is directly connected to the airport's new Terminal 3.

By connecting to the already-upgraded lines of the S7, in addition to the CAT (City Airport Train) there is also direct access to the fast train and to desti-

nations in the Vienna area. Every day, thousands of commuters, rail and air passengers will use this important transportation hub for one of the most important business locations in the Vienna-Lower Austria area.

2,500

parts of the Salzburg Central Train Station's steel central hall from 1909 were dismantled, restored, and rebuilt piece by piece. A **20,000 square meter futuristic construction** covers the nine through platforms, including the imposing steel hall, and its transparency provides good lighting.

Station initiative continues

In the next few years, investments will be made in the modernization of the train stations in the national railway network. In 2014 alone, 16 new construction projects were begun – from the Neusiedl/See station in Burgenland to the Spielfeld-Strass stations in Styria, Scharding in Upper

Austria, the Klagenfurt West station to the Rankweil station in Vorarlberg.

LIFELINE TO THE SOUTH

NEW SOUTHERN LINE. After the expansion of the Eastern line, major infrastructure investment is also being made on the railway axis to the south.

The railway is the means of transport of the future. The railway's potential can be seen day after day on the Western line. The four-track expansion in recent years has made the Western line a particularly attractive and efficient main traffic artery. High-speed trains such as the railjet and ICE race along this modern infrastructure at speeds of up to 230 km/h. Daily commutes have been shortened and travel times have been reduced. But freight transport will also be provided a particularly efficient route. The billions of euros of investments that have not yet been finalized will benefit the country and its people and create valuable infrastructure for future generations.

Off to the South

A similar development will occur on the modern Southern line when it becomes fully operational starting in 2025. The frequent railjets and the highly developed local transport connections already make it convenient to travel by rail. In the fall of this year, the last major train station will be completed in Graz. The trip from Vienna to the south will be even faster when the Semmering base tunnel and the Koralm railway are done. In December 2015, the Vienna Central Train Station will be fully operational when the long-distance connections of the Western line have been bundled and linked with those of the Southern line. From the new transport hub in eastern

Austria in the heart of Europe, the way south continues over the Semmering or, in the future, through the main tunnel.

The 27-km long Semmering base tunnel was designed as a two-tube tunnel system. It provides a modern link between Vienna and Graz on the new Southern line. When the entire project is completed in 2024, the travel time between Vienna and Graz will be shortened by half an hour. There will also be a significant increase in the efficiency of freight transport, since heavy freight trains will be able to cross the Semmering with only one locomotive. In addition, the construction of the Semmering will reduce congestion and complement the World Heritage mountain route over the Semmering.

Koralm railway and Koralm tunnel

According to current plans, the Koralm railway will commence full operation in December 2023. When the 130-km long new line, including the approximately 33-km Koralm tunnel, is open for traffic, the railway is expected to experience a real boom, one that will not only outpace cars between the two provincial capitals, but also add significant quality for the passengers. The Koralm railway has been under construction since 2001, and some sections are already in partial operation.



Between Vienna and Klagenfurt, travel time will be shortened to 2:40; between Graz and Klagenfurt travel time will be 50 minutes.

NEW SOUTHERN LINE. Through Vienna's new Central Train Station, the Semmering base tunnel, and the Koralm railway



KORALM RAILWAY. A look into the future: Jauntal bridge, eastern portal in Wettmannstätten, eastern portal tunnel chain St. Kanzian

In December 2011, the S-Bahn began operation between Graz and Wettmannstätten. In the first year of operation alone, there was an increase of 300,000 passengers per year there, which is hardly surprising considering the time savings of nearly 20 minutes.

And that was just the beginning. In 2025, when trains on the Vienna Central Train Station line pass through the Semmering base tunnel over the Koralm railway, trains will leave cars far behind on the way to the south. Between Vienna and Klagenfurt, travel time will be shortened to 2:40; between Graz and Klagenfurt travel time will be 50 minutes. Both people and the economy will benefit equally from the new connection, and accessibility to the south will be fully reorganized. The number of potential passengers is similar to the one for the Western line. All these conditions indicate an enormous creation of added value and strong economic effects, which, based on an IHS study from 2002, should be eight times the investment costs.

33

The Koralm tunnel will be 33 kilometers long and the Semmering base tunnel will be 27 kilometers long after completion in 2025. At the latest then **the railway is expected to experience a real boom**, even in the south, one that will not only outpace cars between the two provincial capitals of Graz and Klagenfurt, but also add significant quality for the passengers.

Lifeline for the economy

Investment in rail infrastructure always pays off. The construction phase alone will create thousands of jobs. Every million euros that is invested in track infrastructure triggers significant employment effects and creates up to 17 person-years of employment, split up among many different sectors of the construction industry as well as affiliated sectors all the way down to the local neighborhood store. A significant creation of value which largely remains within the region. It is accurate to say that “only” 25 miners operate each tunnel boring machine in shifts around the clock, but thousands of people are employed in the main contract sections of the Koralm tunnel. And this is at a time in which jobs are often in short supply.

THE NEW CITYJET: RAILJET STANDARD IN LOCAL TRANSPORT

NEW FLEET. cityjet will be for local transport what railjet is for long-distance transport. Currently 101 of the new trains have been ordered.

Low-floor entrances for barrier-free access, seats with armrests and footrests, reading lamps, sockets, and folding laptop tables. Starting from the new timetables for 2015/16, the almost proverbial railjet comfort level will also be available in local transport. In the S-Bahn version, the new ÖBB cityjet, which has a top speed of 160 km/h, has 244 seats, and in the regional rail version, it will have 259. The S-Bahn version will have six doors per entry side, and the regional trains will have four.

But the cityjet also has every possible technology: Electrodynamic braking with energy recovery, oil-free compressors, energy-efficient LED lamps, low noise preheating units and redundant air conditioning systems with CO₂sensors ensure the efficient and economic operation without compromising passenger comfort.

Assembly began in September 2014

With the new cityjet, the old, high-maintenance fleet is gradually being standardized in local transport. The aim is to reduce the current count of more than ten different models of trains to four to five within the next few years. Assembly began in September 2014 and is being carried out in the Technical Services (TS) facility in Jedlersdorf, where a total of 24 working platforms are available for production and commissioning. The procedure is roughly identical to that of the railjets: The rail car bodies of the three-piece electric locomotives pro-



NEW RAILJETS. The fleet is being expanded to 60 trains. In the future, the premium train will replace the ICs on the Western line

duced by Siemens are painted and delivered with built-in doors and windows. Using a cycle method with a total of ten assembly sections, as many as three levels are worked on simultaneously. Starting with roof work to the interior to attaching the cowlings of the driver's cabin and to final testing of the individual cars.

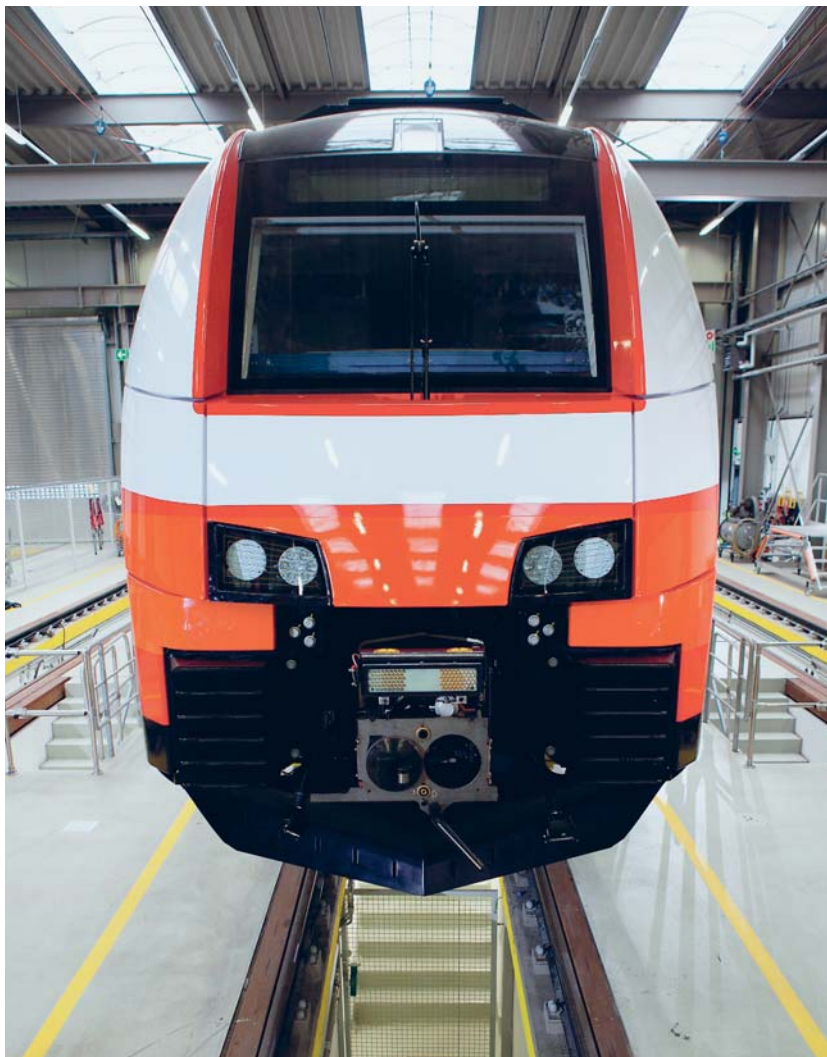
The assembly teams are optimally prepared for their tasks. Since August 2014, ten to twelve employees alternate in the production of the twelfth fitting at the Siemens plant in Krefeld, Germany, where they receive the necessary tools for assembly in Jedlersdorf. Shortly thereafter, the retraining program for employees of the freight wagon area and the training of the production logistics employees begins.

In addition, the complete materials logistics is in the hands of TS. This is a major challenge, because around two thousand different parts are installed for each train.

Low-floor entrances for barrier-free access, seats with armrests, reading lamps, sockets and folding laptop tables.



ÖBB-CITYJET. Length 75 m • Seats 244 (S-Bahn)/259 (regional train) • Weight 145 tonnes



COMFORT CONCEPT. ÖBB's new Nahverkehrsjet will offer passengers even on short trips the same level of comfort as long-distance transport

Five new trains per month

To start, a delivery cycle of two trains per month is planned, in the final stage it will be five a month. The trains will be brought into service, including the necessary trials, by the Floridsdorf TS-Service Center. Before the new cityjet is allowed to convey its first passenger, it has to complete measurement and authorization runs. To this end, thorough braking tests are carried out and its operational and anti-slip characteristics are checked. These tests are supplemented by noise measurements and input and output measurements at the current collector. Only after the results collected are reviewed by an independent expert is official approval and ÖBB-Infrastruktur AG network approval granted.

244

seats and six doors will be standard equipment on the **S-Bahn version of the cityjets**. Energy-efficient LED lamps, low noise preheating units and redundant air conditioning systems with CO₂ sensors ensure the highest levels of passenger comfort.

60 railjets by December 2016

But the railjet fleet is also being expanded. Nine new trains have been ordered, which will start full operation in December 2016 and replace the ICs on the Western line. The new railjets will provide the same high level of comfort that ÖBB customers expect. The three comfort classes Business, First, and Economy are also being retained. However, passengers will find Economy class to be even more comfortable, with adjustable seats and footrests.

The new railjets will also have something new: a standard built-in bicycle compartment. At the same time, bicycle compartments will also be incorporated into the 51 existing railjets by the end of 2016.



• Top speed 160 km/h • Power 2,600 kW • Number (by 2017) 101

ALL OF AUSTRIA TAKES THE S-BAHN

MODEL OF SUCCESS. Regular intervals and comfortable trains make the fast train (S-Bahn) a reliable partner for commuters and students.

Who would have thought how successful the S-Bahn would be when it set off on its maiden trip in Vienna on January 17, 1962? The first train ran back and forth every 15 minutes on what is still called today the “main line” between Meidling and Floridsdorf. In the following 20 years, the network was expanded to nine lines for urban transport in Vienna. Currently some 300,000 passengers ride the Vienna S-Bahn on an average weekday.

The strengths of the S-Bahn

The secret to the success of the S-Bahn was primarily that it ran every half hour, which made it a reliable and very punctual (currently the average is 98%) means of transport. So much so that the characteristic blue and white sets have been an integral part of the Viennese cityscape for decades. Gradually, however, these have been replaced by the much more modern, quiet running, and barrier-free “Talent” trains, in ÖBB red. From the end of 2015, 31 ÖBB cityjets will also gradually supplement the S-Bahn fleet in Vienna, operating together with the remaining blue-white railcars, the double-deck push-pull trains, and Talent railcars. For the passengers, the new trains add significantly more comfort and barrier-free entries. For the drivers, the new trains mean faster acceleration and better brakes. Overall, this results in shorter travel times and stops at the stations. This will also make the S-Bahn even more environmentally friendly. Already today, a single Talent double-train

replaces around 775 commuter car trips.

Many of the approximately 300,000 passengers on an average weekday commute from Lower Austria and Burgenland to Vienna – and for good reason. On the S-Bahn, there are no traffic jams on the daily trip to work, and riding is much more relaxed than driving. ÖBB has already begun to set up comfort zones designated for long-distance commuters with its Talent and Desiro trains, each of which has 28 luxury seats. All of ÖBB’s Talent and Desiro trains should have their own comfort zones by the beginning of 2016.

Commuter convenience is also enhanced by real-time information, which has been integrated with the LiNK System since 2012 in the 60 Desiro trains for local and regional transport. This means that the passengers have more accurate and timely information, especially with regard to their train trip and possible connections. Since the summer of 2014, the first of a total of 187 Talent trains have been running as prototypes with passenger information monitors. The system will be subsequently be incorporated into the entire talent fleet with revised content. Together with the new ÖBB cityjet, which will gradually be rolled out starting in December 2015, in its final stage the majority of the local and regional transport fleet will have a single passenger information system.



S-BAHN. Offers safe and reliable mobility in school and commuter traffic throughout Austria

The secret to the success of the S-Bahn was primarily that it ran every half hour, –which made it a reliable and punctual means of transport.



MOBILE. The Talent and Desiro trains are equipped with their own comfort zones for long-distance commuters, with 28 luxury seats

The West also takes the S-Bahn

The S-Bahn is a recent hit in western Austria. It started in Salzburg, where the S-Bahn began its journey of success in 2003. The route network currently has a length of about 130 km and includes five lines operated by the three operators ÖBB, Salzburg AG and Berchtesgaden Land Bahn in continuous synchronized service. Each day, about 22,000 passengers use the ÖBB S-Bahn lines in Salzburg. The S3 Paradenlinie operated by ÖBB has the highest passenger count of any line in the federal province of Salzburg. In Tyrol, the S-Bahn started in 2007 on the line between Hall in Tyrol and Telfs-Pfaffenhofen at 30-minute intervals. Since then, the offer has been gradually expanded and now includes a route network with a length of 271 kilometers and six lines. Currently there are more than 15 million S-Bahn passengers per year in Tyrol. This puts it in second place behind Vienna. In 2011, the first Vorarlberg S-Bahn started scheduled runs between Bregenz and Feldkirch. Today the two ÖBB lines carry around 29,000 passengers every day. To make the “S-Bahn

775

A Talent double-train replaces private car commutes. This makes the S-Bahn an important mode of transportation for **students and commuters** and their low levels of emissions make the trains of the S-Bahn an important contributor to environmental protection.

Vorarlberg” even more attractive in the future, cross-border train traffic is planned within the framework of the joint FL.A.CH project involving three Alpine countries: Liechtenstein (FL), Austria (A), and Switzerland (CH).

The S-Bahn in the South

In Carinthia, the trial run for a new S-Bahn system was held at the 2008 European Football Championship. Modern Talent trains were run very frequently, and the “Kärntenschedule” was launched with the 2008/09 timetable change. One year later, this became the S-Bahn Carinthia, which now operates on three lines. A new

feature in the offer is the integration of bus traffic in connection with the Rosental train.

The S-Bahn in Styria was launched in 2007. Starting from Graz, with five main lines and four supplementary lines, it connects the region with the Styria central region. The four S-Bahn lines operated by ÖBB in Styria currently serve 26,000 passengers per day.

THE MOST SUCCESSFUL RAIL FREIGHT COMPANY IN EUROPE

TRANSPORT. The Rail Cargo Group continued to gain momentum in 2014 and once again delivered a top result among the major European freight.

The goods transport market in Europe continues to be highly competitive. New rail logistics providers continue to enter the market and, in addition to trucks and a difficult economic environment, are increasing competitive pressure. As a result, the Rail Cargo Group has to compete with more than 20 vendors in Austria alone.

However, with its significantly leaner structures and a customer-oriented service offering, the Rail Cargo Group is proving to be crisis-proof and has even surpassed the excellent result of the previous year.

Fit through transformation

The consistent implementation of the "FIT 2015" transformation program was continued in the past financial year to drive this success. As a result, ÖBB's goods transport business is now stronger than ever. Both Rail Cargo Austria and Rail Cargo Hungaria each remained clear market leaders in their home countries, with a market share in Austria of more than 80%. In European comparison, Austria is one of the countries with the highest share of rail goods transport – with 29 billion net tonne-kilometers and a more than 30% share of the modal split.

The increased profitability is driven by both the rise in tonnage transported and by the strategy adapted to the changing market, intensive restructuring measures and the savings and restructuring strategy, which has been consistently pursued.

The new structure ensures clear positioning in the market as well as more transparency, better customer service, etc.

United under a single brand

As part of the strategic repositioning, the first step was to thin the thicket of brands and investments that had grown up in recent decades. The remaining subsidiaries were renamed and positioned closer to the parent company. Since June 2014, together they all operate under the new umbrella brand Rail Cargo Group and act as an international group.

In total, the new umbrella brand Rail Cargo Group includes 40 operationally active logistics companies with operations in 18 countries in Central, Southern and Eastern Europe with a total of approximately 8,100 employees.

The new structure ensures better positioning in the market as well as more transparency, customer service from a single source and economically more efficient control. Five divisions were also defined, which operate across borders: Rail freight forwarding, operator, carrier, car rental, and maintenance. Adapted to the requirements of customers, the rail logistics solutions were also grouped into business units: "ABC – automotive, construction materials, consumer goods", "MAC – petroleum, agricultural, chemical", "wood/paper", "coal", and "operator" for intermodal transport.



CUSTOMER SERVICE. Five divisions were defined, which operate across borders



RAIL CARGO GROUP. The aim: to be the best rail freight company in Europe – based on profit, customer satisfaction, and also as an employer

High frequency throughout Europe

Because the competition is more from trucking than from rail, new intermodal links were created. High-frequency shuttle connections between economic regions is the magic word, and the Rail Cargo Operator business unit offers its customers an attractive alternative to road transport.

The large production and forwarding network of Rail Cargo Group is an important strength as it includes customers in the Austrian and Hungarian market as well as in the markets of Central, Southern and Eastern Europe. Depending on requirements, rail shipments are handled in individual cars, car groups or complete trains scheduled at high frequency to Germany, the Netherlands, Italy, Greece, Macedonia, Romania, Russia, Turkey and beyond. Even when transport extends over multiple countries, the cargo remains increasingly in the hands of Rail Cargo Carrier on the entire route. This means customers have only one contact person, and the transport itself is shorter, more punctual and safer.

29 bn

net tonne-kilometers and more than **30 percent share of the modal split**, making Austria, by European standards, one of the countries with the highest share of rail freight.

A clear goal in Europe

The aim of the Rail Cargo Group is to be the best rail freight company in Europe – based on profit, customer satisfaction, but also as an employer. An example of improvement measures is the ongoing optimization of order management. The requirements for optimum customer solutions are constantly increasing, and so solutions in the Rail Cargo Group are constantly evolving. With its “Customer Order Management”, ÖBB intends to use its size to be able to react more flexibly

and, most importantly, more quickly to the competition. Customers receive the quality they are familiar with from Austria and Hungary in other European countries as well.

The Rail Cargo Group will also be the object of an ambitious program of investment in new trains and new freight cars. After its successful transformation, the Rail Cargo Group is now focusing on sustainable growth. The Group is working with its customers to develop new logistics solutions, include new destinations and evaluate new acquisition opportunities in our target markets.

SUSTAINABLE TRAVEL

GO GREEN. The railway is the most environmentally-friendly means of transport. With “Green Points”, ÖBB has launched Austria’s largest environmental movement.

Railways are on average 12 times more environmentally-friendly than a car and 13 times more environmentally-friendly than an airplane. At Postbus, the CO₂ comparison factor compared to cars is 1 : 2.3. That means: An average car emits a little more than twice as much CO₂ per passenger kilometer than a Postbus. The CO₂ advantage is even greater for freight. Every tonne of freight by rail generates about 15 times less greenhouse gas emissions than the same amount transported with an average truck.

In addition, per year approximately 201 million car trips and about 2.1 million truck trips can be saved by ÖBB rail transport, and this alone means that ÖBB is making an important contribution to climate protection in this country. Overall, ÖBB transport services by rail save Austria around 3 million tonnes of CO₂ emissions annually. This makes railways the most environmentally-friendly means of transportation in Austria, and this position grows stronger each year.

With hydropower

A crucial factor in the CO₂ advantage of ÖBB is mainly the electricity mix used for the operation of trains: 90.2% of the railway’s traction power is obtained from hydropower, with almost half of it from the eight power plants that belong to ÖBB-Infrastruktur. Of the remaining power needed for ÖBB trains, a further 2.3% comes from other renewable energy sources. 7.5% of the traction power requirements are produced from natural gas.

Environmentally-friendly technologies such as regenerative braking in the Taurus and Talent locomotives and the energy- and fuel-saving driving style of ÖBB’s engine drivers make a valuable contribution to the CO₂ footprint.

Austria’s first zero-energy station

The Feldbacher train station in Styria is a prime example of the fact that environmental protection is really lived with conviction at ÖBB. As the first zero-energy station in Austria, it produces the energy it needs itself.

In 2012, the Feldbacher station, which is used daily by 2,000 travelers, was not only made more environmentally friendly, but also remodeled to make it the first carbon-neutral station in Austria. For solar energy production, a 600 m² photovoltaic system was installed, which simultaneously serves as roofing for the equipment room and for the bicycle stands. An air/water heat pump system provides heating and hot water in the building. The photovoltaic system produces around 117,500 kilowatt hours of electricity annually. In case of overproduction, excess power is fed into the public grid. The annual domestic production is around 10% or around 10,000 kilowatt hours above the requirements for the Feldbacher train station itself. This is an amount that meets at least the annual needs of two single-family homes, and it actually makes the zero-energy station a plus energy station.



FELDBACH TRAIN STATION. First carbon-neutral train station in Austria, with 600 m² photovoltaic system

Environmental protection is part of the business operations of ÖBB, and it is lived with conviction, as the example of Green Points shows.



GREEN POINTS. Austria's largest environmental movement – collect (green) points and support concrete environmental projects with every ride

Austria collects Green Points

With a new sustainability campaign, the contribution that domestic train travelers make to environmental protection are visible and even tangible. With the slogan "The more you travel by train, the greener it gets", train travelers collect "ÖBB Green Points" with every single ride, providing support for concrete environmental projects.

To do this, each kilometer traveled by train is converted into a Green Point, with which the ÖBB customers invest in one of eight current environmental projects throughout Austria. The projects include a newly reforested "customer forest", hotels for wild bees and beneficial insects, and a deeper frog pond for the Au, as well as bat roosts in ÖBB tunnels and grazing animals as "landscapers" along railway embankments. The easiest way to collect Green Points is with a smartphone and the free ÖBB Green Points app. Like-minded people can connect with each other and go in on a project. The aim of ÖBB is for the Green Points program to make its customers the largest environmental movement in the country.

Sustainable and right on time for sports

Local sports are now also sustainable while traveling. Both the ÖSV (Austrian Ski Federation) as well as the ÖFB (Austrian Football Federation) rely on a mobility partnership with the ÖBB. Since May 2014, ÖBB has been the "Official Mobility Partner of the Austrian National Football Team". Official mobility partner ÖBB will supply environmentally friendly mobility solutions, especially for major sporting events. A visible sign of

the cooperation with the Austrian Ski Federation is the Ski-Austria-railjet. ÖBB transports both local ski stars and their fans.

201 mil.

car trips and about 2.1 million truck journeys are by using the railway. With this alone, ÖBB makes an important contribution to climate protection.

NEW IDEAS FOR NEW IDEAS

INNOVATIVE. Good ideas such as the e-hybrid locomotive, smile, and eMORAIL are on track. With the ideas workshop, ÖBB is promoting its own spirit of innovation.

For the ÖBB Group, technologies and innovations have a high priority for the successful development of the company and also serve to strengthen the competitiveness of the railway system. In addition, ÖBB is a major innovation driver for the Austrian railway industry.

Infrastructure for the rails

Together with the Federal Ministry for Transport, Innovation and Technology (bmvit) and ASFINAG, ÖBB-Infrastruktur AG launched an initiative for transport infrastructure research in 2011. In October 2014, this program saw the fourth joint call to tender for R&D services with the aim of reducing investment, maintenance and energy costs and increasing the availability of infrastructure through innovative construction technologies and concepts.

The e-hybrid locomotive rolls out

The e-hybrid locomotive is an example of forward-looking and sustainable innovations in the vehicle sector. With the use of the e-hybrid locomotive instead of diesel locomotives, energy and maintenance costs, noise and exhaust fumes can all be significantly reduced. For trips without an overhead cable, a hybrid shunting locomotive will be powered by a battery pack or with hydrogen, with both systems to be recharged when operating with the overhead cable. The development of electric-powered hybrid shunting takes place in the context of pre-commercial procurement in col-

laboration with bmvit and ÖBB-Produktion GmbH. The Austrian Research Promotion Agency (FFG) is responsible for carrying out the two-stage tender in the pre-commercial area. The commissioning of the prototype is planned for summer/fall 2015.

smile – the mobility platform

ÖBB is a competent partner in various mobility research projects. Work on the smile research project is advancing in collaboration with Wiener Stadtwerke and other partners from science and industry. The aim is the ideal combination of public transport with the individual transport offers. With smile, customers can use an app to plan, book and pay their entire travel chain with various mobility providers.

Shift2Rail – on the train

ÖBB is involved internationally in the field of R&D and, together with 13 other European railways, has applied for inclusion as an associated member in the "Shift2Rail Joint Undertaking" (S2R). This is a research and innovation initiative of the European Union planned for a term of six years (2015–2020). The aim is to make passenger and freight transport services by rail more competitive and increase market shares. In addition to the railways, industrial companies and research institutions are involved as part of a public-private partnership.

For trips without an overhead contact line, a hybrid shunting locomotive will be powered by a battery pack or with hydrogen.



MOBILITY PLATFORM. With smile, customers can use an app to plan, book, and pay their entire travel chain



TRANSPORT INFRASTRUCTURE RESEARCH. Innovative technologies and concepts that reduce investment, maintenance and energy costs

The task of the railways is the functional specification of the requirements, monitoring of the development process as well as the evaluation and review of innovative solutions under real operating conditions.

Create more space for innovations

In addition to a clear orientation of ÖBB's R&D project portfolio towards the strategic corporate objectives, it is also important to optimize the environment for innovative approaches and working methods and to create appropriate incentives. Rigid structures with high administrative burdens act as a barrier to innovation activities. The lessons learned and recommendations for improvement from the ongoing "Speed Up!" Group project will feed into the innovation management and the R&D area of the ÖBB Group. Simple and brief assessment and approval processes, strong user orientation and focus on the user's perspective to emphasize the role of the ÖBB Group as a powerful, dynamic and results-oriented key partner in the field of railway innovation and R&D projects.

14

European railways – including ÖBB – have applied for admission as Associated Members in the **"Shift2Rail Joint Undertaking" (S2R)**. This is the largest research and innovation initiative of the European Union, with a budget of around one billion euros.

The "error culture" program is another initiative for boosting innovative thinking within the Group. The purpose of this is not only to establish a "new error culture" in the company by creating a common understanding on the topic of "errors" and by introducing a "confidential reporting system". One of the main objectives is to increase the attractiveness of the "ideas workshop", the Company Suggestion Program, as the interface for general improvements in error culture and innovation culture.

EMPLOYEE SURVEY

CHANGE. At the end of 2013, the first Group-wide employee survey took place at ÖBB. In 2014, responses were evaluated and measures were implemented.

The employees of ÖBB in Austria and in Hungary – all of whom were employed by the company as of August 31, 2013 – were invited in October 2013 to participate in the first Group-wide employee survey. With 18,911 completed questionnaires, almost one in every two employees took advantage of this opportunity. The turnout was very good at 46.6%, in Hungary it was even higher at 54.3% (Austria: 46.1%). The positive acceptance is demonstrated by the fact that 38% of the participants took advantage of the comment box at the end of the questionnaire to provide information about personal concerns. The evaluation was carried out in early 2014 by IFES (Institute for Empirical Social Research), which had also designed the questionnaire as an external partner.

Much satisfaction, some criticism

A total of 90 questions were asked on the subjects of work environment, overall job satisfaction, management leadership, personal perspectives, own activity, information, the balance between private and professional life, and the company. The rating system was as follows: up to 55 points - bad or critical, between 56-69 points, - moderate to good, and from 70 points - very good. Group-wide, the best rating was given the working environment, meaning cooperation with colleagues, which was judged very good with 71 points. Rated good were the areas of compatibility (67 points), own activity (65 points), and the companies (63 points). Lower ratings were received by

management leadership (62 points) and personal perspectives (60 points), while information (52 points) was found to be in strong need of improvement.

In detail, employees were particularly critical of the bureaucracy and the burden of time constraints and cumbersome procedures, while meaningfulness of work, provision of working tools and loyalty to the company were assessed especially positively. Furthermore, at the company or department level, there was a wide variety of topics that were rated as good or critical.

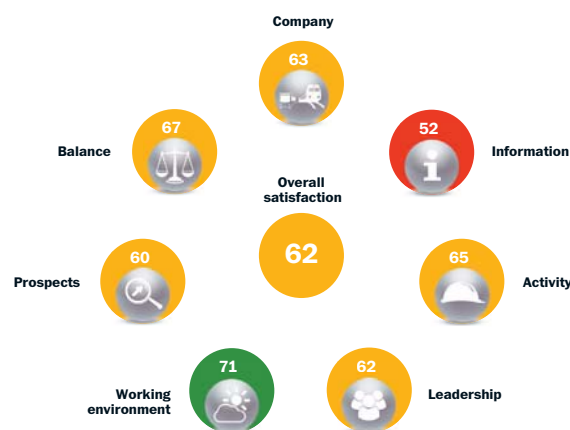
By age, ÖBB received the best ratings from apprentices. At 74 points, overall job satisfaction was rated significantly higher than the overall average of 62 points. Younger employees – aged under 30 – also rated their own activity (66 points) much higher than did older employees, whose results were at 62 points.

By gender, overall job satisfaction was higher among women, with an average of 66 points, than among men, with 62 points. Female employees also rated their direct supervisors much higher (68 points) than did their male counterparts (61 points).

Many measures, a few highlights

At the beginning of 2014, the responses were evaluated and the results communicated to key departments, employees and executives. The

Job satisfaction: ÖBB overall results



SUBJECTS. From working environment to perspectives and the balance between private and professional life to leadership...

The best ratings were given to the working environment, working with colleagues and identification with the Company.



LIVELY PARTICIPATION. 18,911 ÖBB employees took part in the first Group-wide employee survey in late fall of 2013

results were then analyzed in detail in order to draw conclusions for measures that can lead to improvements. Depending on the ratings in the different areas, the companies and departments set different priorities. In passenger transport, for example, more focus was put on perspectives, while in production, the focus is on leadership. Innovative approaches were also found as to how to bring about improvement. The SpeedUp! project is a Group-wide program to make internal workflows simpler and to make the company faster and more agile.

90

questions were put to ÖBB employees in the **first Group-wide employee survey**.

The questions were on the subjects of work environment, overall job satisfaction, management leadership, personal perspectives, own activity, information, the balance between private and professional life, and the company.

2015 employee survey

From January 19 to February 6, 2015, a Group-wide employee survey was again conducted to which all employees who were employed at Group

companies as of January 1, 2015, were invited. For the first time, the survey went beyond the companies of the ÖBB Group in Austria and Hungary to include all European consolidated subsidiaries of the Rail Cargo Group, Postbus and Technical Services. The questionnaire remained unchanged in order to ensure comparability of the results and to determine where improvements could be achieved, but also where any deteriorations in ratings might have been

noted in the meantime.

The final results will be available during the spring. But this much is already clear: Participation was even higher than in 2013 with more than 50% of the questionnaires returned. And: The initial evaluations show a positive trend.

A NEW CORPORATE CULTURE

BUILDING TOGETHER. The open handling of errors, creative ideas of talents and a large-scale reduction of bureaucracy ensure that the processes at ÖBB are accelerated.

A new error culture

Mistakes happen. But you can learn from mistakes. To ensure that this is the case, ÖBB intends to develop a modern error culture in order to create a new and common understanding on the subject of “errors”. In the future, it should be possible to address errors openly as soon as possible so that improvements can be made based on those errors. Ideally, these benefit not only the areas in which they are made, but others as well. For this reason, the program will be implemented in all ÖBB sub-groups, although naturally daily rail operations and safety are of primary importance. In order to identify possible sources of error, there are several ways in which employees can report errors: directly to the executives, by e-mail, by phone, via an error reporting system on the computer, or anonymously to a trusted third party. This has nothing to do with casting aspersions. Instead, the new error culture should lead to more attention in the workspace, so that errors can be noticed at all. In order to reduce employees’ fear of consequences, creative elements were developed from the “talents for action” that go into this Group-wide change process. In addition, the theme of error culture is integrated into all basic and advanced training modules.

The best ÖBB ideas

Another important point of departure for a new error culture is the attractiveness of the company suggestion program. In the future, employees will be able more quickly and easily report ideas for improvement, and also to receive a timely response as to what happens to the idea.

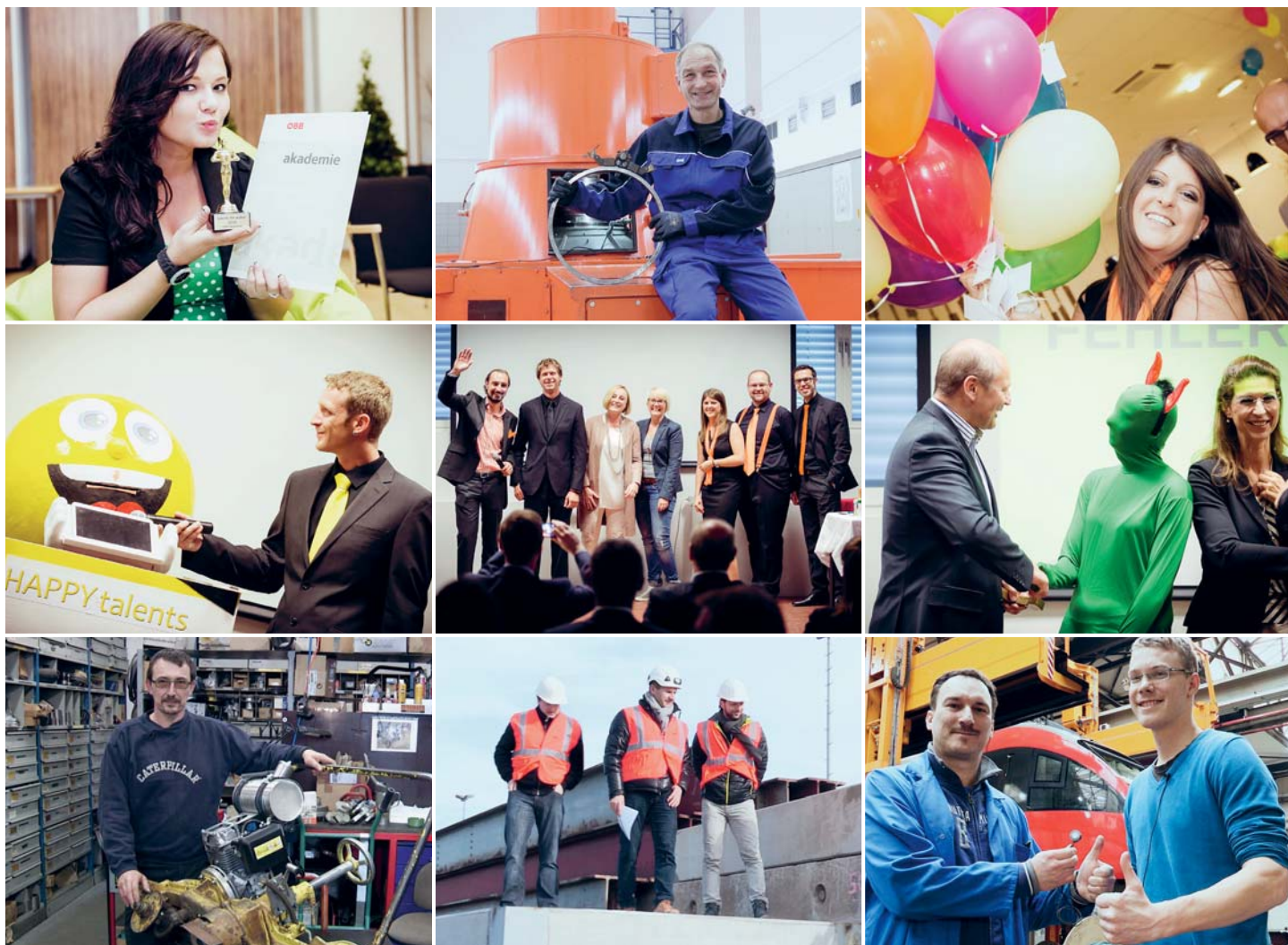
“talents for action”, for example, is a program of the ÖBB Academy, to make talent “visible” to ÖBB management. Every year, there is an application process and a fresh team is formed.

The course itself encompasses a large number of new impulses, ranging from innovative workshop-idea processing to learning creative methods as well as process and consulting expertise. In the “creative workshop”, the talents develop approaches and solutions to current issues. The idea is to generate a new, fresh (out-of-the-box) way of thinking to generate ideas outside the existing structures, scope and standards in the company. Word about the offer of the ÖBB Academy in general and the talent pools in particular has spread and is increasingly being taken advantage of internally. The 16 talents of the 2013/14 course developed creative input on issues such as error culture, customer feedback and relocation to the new corporate headquarters.

One of the major internal projects for the ÖBB Group is Speed Up! – for less bureaucracy and more agility in the company.



NEW CORPORATE HEADQUARTERS. 1,700 employees at a single location, overlooking the new central train station



ENCOURAGE CREATIVITY. Ideas and applications in the areas of Company Suggestion Program and “talents for action”

Speed Up! has launched

One of the major internal projects for the ÖBB Group is Speed Up!, which makes internal workflows simpler and makes the company faster and more agile. The project is the main consequence of the employee survey in 2013, in which many staff had been critical of “bureaucratic procedures” and “slowness”. “SpeedUp!” is intended to eliminate these barriers.

Together they thoroughly examined areas in all member companies for potential for improvement, in particular to find areas of duplication and multiple responsibilities between the companies. The main issue is HOW things are done and HOW taking care of tasks can be made more unbureaucratic.

Here suggestions developed by the “Speed Up!” teams are discussed and prepared as a basis for decisions for members of the Board of Management members. To ensure the participation of all employees, an Intranet site with information about contact persons, the project schedule, key issues and important deadlines has also been made available online.

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talents from the 2013/14 “talents for action” course developed creative input on issues such as **error culture**, **customer feedback** and **relocation** to the new corporate headquarters, which are already being applied.

SPRINT has already met its goal

In contrast, SPRINT, one of the largest and most comprehensive projects of recent years in the finance area of ÖBB, was completed in October 2014. The objective of the project was to develop new standards in controlling in order to create the basis for sustainable quality improvement in planning, reporting and corporate management. Specifically, seven different planning and reporting systems have been combined in the project SPRINT into a Group-wide system and the predictive quality of the planning has been significantly increased, for example, through the use of a value driver logic. Thanks to SPRINT, ÖBB now has a controlling instrument that is among Austria’s most modern in terms of efficiency as well as in its business approach.

2014

YEAR IN REVIEW. An eventful year for a mobility company seeking to make rail travel even easier, faster and more comfortable.



17.1. Tunnel start for the Koralm railway

With the start of the tunnel for the third major contract section of the Koralm tunnel, the next substantial portion of the Koralm tunnel is underway. With a length of 32.9 kilometers, the Koralm tunnel will be the longest railway tunnel in Austria and the centerpiece of the 130-kilometer Koralm railway after its completion in 2022.



1.2. The new VORTEILSCARD

Since February 2014, the popular ÖBB discount card has been even easier to get. It can now also be ordered online and a photo is no longer required. The new card arrives. In just the first two months of the year, more than 120,000 customers have opted for the VORTEILSCARD.



25.2. Start to the apprentice year

With more than 1,700 apprentices (in 2014 there were 1,724), ÖBB is Austria's largest employer when it comes to technical apprenticeship professions. The railway is Austria's second largest company offering vocational training. As of the registration deadline of February 28, 2014, more than 2,000 young people have applied for an apprenticeship with the ÖBB.



25.4. Extremely good balance sheet results

ÖBB remains on the right path. All sub-groups are in the black and the 2013 Statement of Financial Position records a result (EBT) of 102.5 million euros. This represents an increase of 38% compared to 2012. A 4% increase in passengers means 469 million train and bus passengers. ÖBB boss Christian Kern sums it up: "Railway traffic is booming."

For the 4th consecutive year, ÖBB ranks among the top three fastest growing brands in Austria.



OPENING. More than 200,000 people participated in the two-day celebration of the opening of the new Vienna Central Train Station on October 10, 2014

4.6.

railjet says hello

In Vienna, ÖBB and the Czech Railways, České dráhy (ČD), presented the blue-ČD railjet, which will be traveling on the EuroCity connection between Vienna Neustadt, Vienna Meidling, Brno and Prague starting from June 14, 2014. On the same day the new railjet connection from Graz via Vienna to Prague starts.



26.6.

Talents in action

"Fehlerteufel", "Happy Pepi" and "Abissparty" were just a few of the results highlights of this year's project topics at the ÖBB Academy "talents for action". But behind the entertaining performances at the final presentation in ÖBB educational center in Vienna, serious project topics such as error culture, customer feedback and moving into the new corporate headquarters were addressed.



1.7.

ÖBB – a strong brand

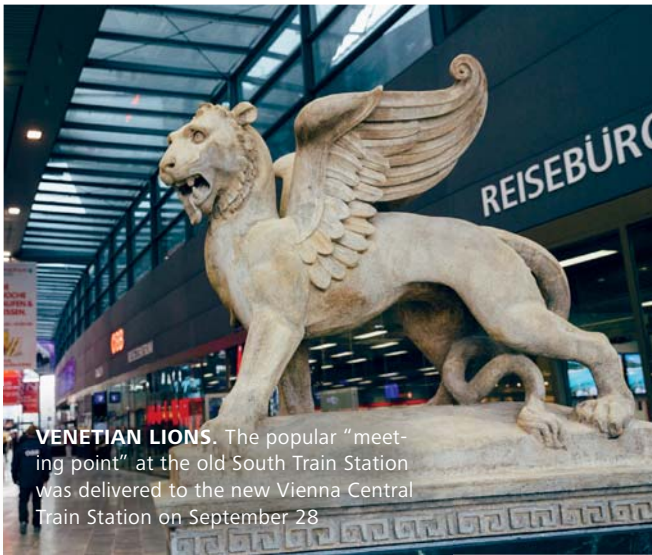
For the 4th consecutive year, the European Brand Institute (euro-brand) ranks ÖBB among the top three fastest growing brands in Austria. A brand value of 1.7 billion euros means an increase of 6.1%, and brings the increase in value since 2010 to more than 36%.



2.7.

Speed versus bureaucracy

Start for Speed Up! The purpose of this large-scale project is to make internal workflows simpler and to make the company faster and more agile. Speed Up! is management's response to the employee survey in order to cut red tape and duplication.



VENETIAN LIONS. The popular “meeting point” at the old South Train Station was delivered to the new Vienna Central Train Station on September 28

1.8. **60 railjets in total**

Nine new railjets with even more comfort and bicycle compartments will be ordered from Siemens. Starting from December 2016, these will replace the ICs on the Western line between Vienna and Salzburg. With 60 trains, ÖBB’s railjet fleet will then be complete.



11.8. **Surf instead of waiting**

At the start of the “Free Wi-Fi at train stations” pilot project, the Vienna Westbahnhof, the Vienna Neustadt Train Station and Vienna’s Central Train Station were equipped with “ÖBBfree”. This enables passengers and visitors to surf the Internet for free at designated Wi-Fi areas in the concourse, on the platforms and in trains in the station area.



13.8. **Football trip with ÖFB**

Since May 2014, ÖBB has been the mobility partner of the Austrian national football team. In this context, the ÖBB football trip was initiated, the longest exchange of passes in Austria. Participants were truly kicking for a good cause.

19.8. **The big move**

ÖBB starts the move to the new corporate headquarters located next to the Vienna Central Train Station. 1,700 employees the Passenger Transport, Rail Cargo Group and Holding segments moved into their new offices. Shortly before Christmas, the relocation was complete.



19.8. **Satisfied passengers**

In the customer satisfaction survey and the VCÖ railway test, train staff receives top marks. Rail customers consider ÖBB to be punctual, and they appreciate the sense of security on the train.



11.9. **New Chairwoman of the Supervisory Board**

Brigitte Ederer, former Siemens Executive Director and European Minister of State, was unanimously elected the new Chairwoman of the Supervisory Board by the ÖBB Supervisory Board. She succeeds Horst Pöchlhammer, who passed away in August.

Exactly 96.7% of the more than 6,000 daily trains were on time in 2014.

15.9.
The EU's most dedicated train travelers

Austrians overtake France and for the first time are now the EU's most dedicated train travelers. This is confirmed by an analysis by the VCÖ (an Austrian transportation association). On average, Austrians rode 1,425 kilometers by train per capita, 94 kilometers more than in the previous year.



10.10.
Very large train station in Vienna

Around 200,000 people participate in the two-day celebration of the opening of the new Vienna Central Train Station. The modern transport hub shortens travel times and establishes new connections. Full operation will start in December 2015, and in the future more than 1,100 trains will operate here every day and about 145,000 people will use this station each day.



22.10.
Austria's largest environmental movement

With the slogan "The more you travel by train, the greener it gets", train travelers collect "ÖBB Green Points" with every single ride, providing support for concrete environmental projects in Austria. The objective is to make this the biggest environmental movement in Austria.



4.11.
"Years of repression" in Brussels

The acclaimed show, in which ÖBB addresses railways in the era of National Socialism, is being shown in Brussels. A few days earlier, the ÖBB apprentices who had helped shape the exhibition significantly, were awarded the Anton-Benya Prize for an extraordinary history project.

7.11.
Large train station in Salzburg

After six years of construction during full operation and in cooperation with the Office for Historical Monuments, the renovated and modernized Salzburg Central Train Station is opened. With approximately 25,000 daily passengers and 500 trains, this is one of the largest stations in Austria.



14.11.
RCA extremely family friendly

With its participation in the "berufundfamilie" (career and family) audit, Rail Cargo Austria gives a clear sign of how important family-friendly policies and employee satisfaction are to an organization's success. Winning the national quality mark for family friendliness at work, awarded by Federal Minister Dr. Sophie Karmazin, now confirms these efforts.



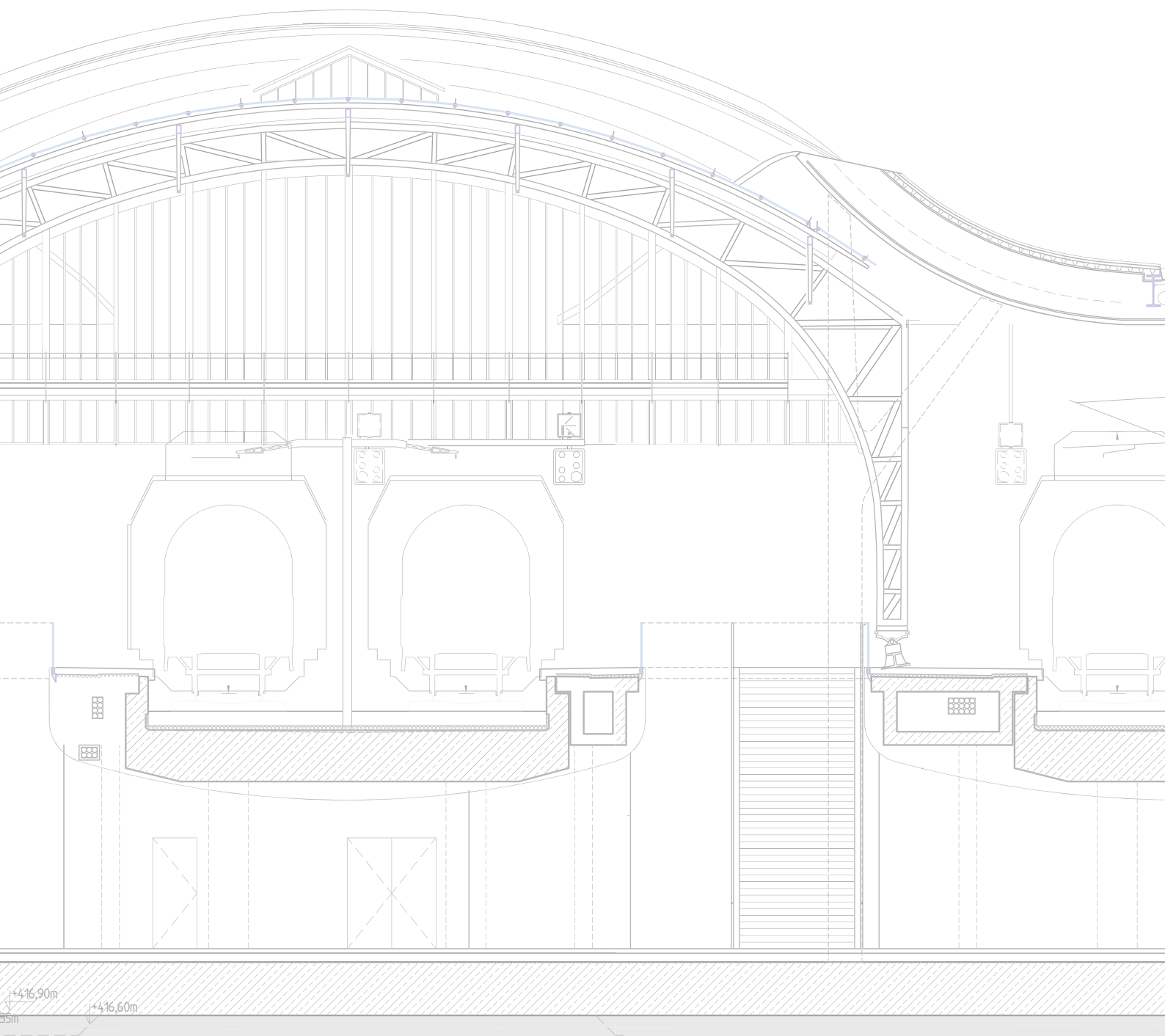
14.12.
A "real" schedule change

The 2014/15 winter timetable has it all. From that date, all long-distance trains to the north, east, and south will all depart from the Vienna Central Train Station. In addition, ÖBB long-distance traffic will start making a direct connection to Vienna International Airport, running every two hours and requiring one hour less than previously from Graz to Prague.

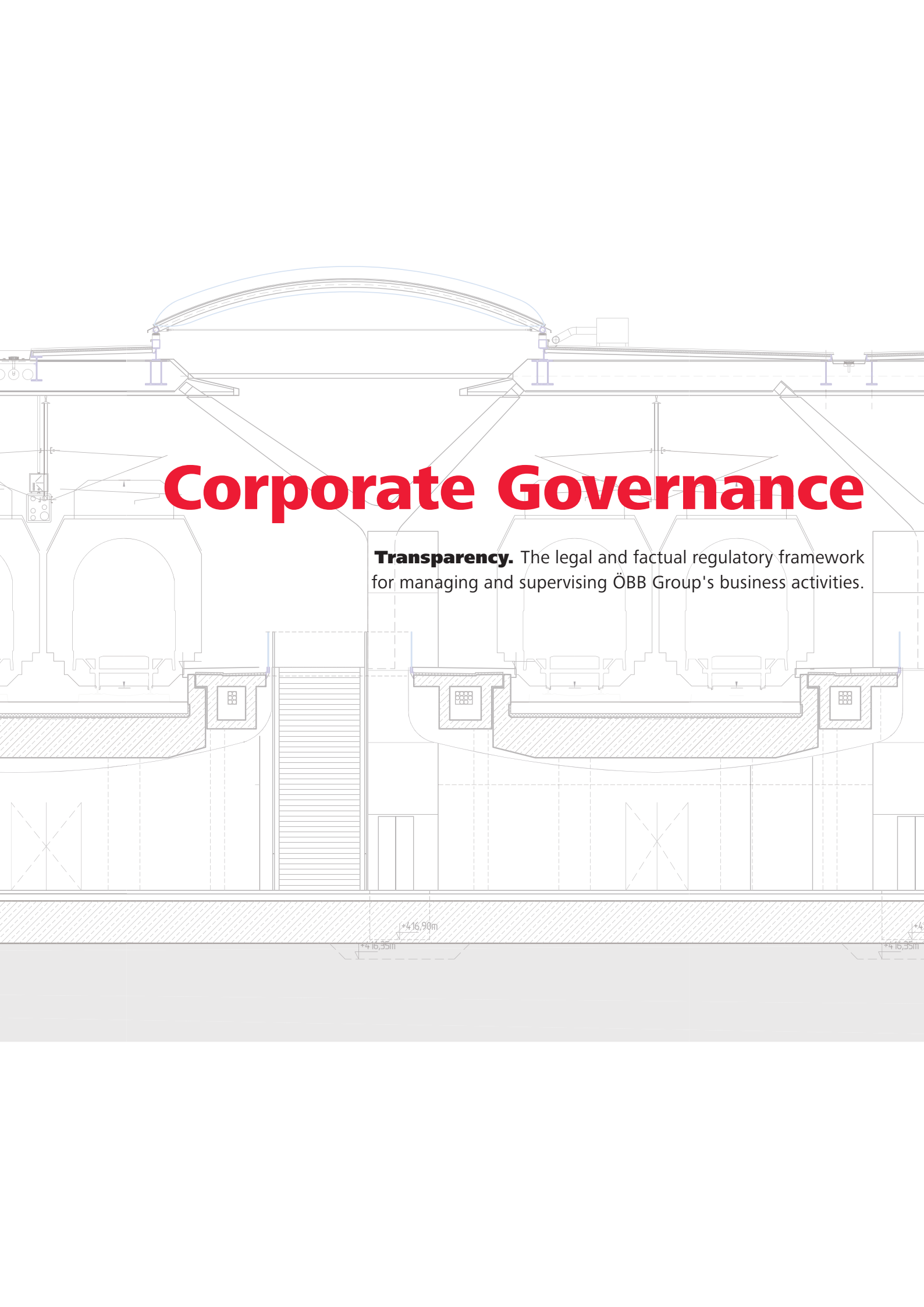


31.12.
As punctual as a train

At year-end, ÖBB's punctuality management also had a positive balance: Exactly 96.7% of the more than 6,000 daily trains were on time – five years ago this figure was only 91%. This makes ÖBB one of the most punctual railways in Europe.



SALZBURG CENTRAL TRAIN STATION
Opened on November 7, 2014



Corporate Governance

Transparency. The legal and factual regulatory framework for managing and supervising ÖBB Group's business activities.

CORPORATE GOVERNANCE REPORT*

ÖBB Group aims to strengthen the trust of its customers, its employees, and the general public with its policy of transparent, timely, and detailed information. As a company that operates on the capital markets and attracts a lot of public interest, ÖBB Group aligns the structure and communication of its corporate governance to international standards and best practices, and, since April 11, 2014, to the Federal Public Corporate Governance Code (Bundes Public Corporate Governance Kodex – B-PCGK) (prior to that date, to the Austrian Corporate Governance Code).

The Board of Management of ÖBB-Holding AG pursues a corporate strategy that is aligned to the interests of its owner, the Republic of Austria, and its customers and employees. It reports to the Supervisory Board on a regular basis, presenting the business development and submitting certain business transactions of ÖBB-Holding AG or the Group companies for approval, in accordance with the Articles of Association and the law. The strategic orientation of the ÖBB Group is determined in close coordination with the Supervisory Board.

FEDERAL PUBLIC CORPORATE GOVERNANCE CODE (B-PCGK)

Points 12 and 13 of the B-PCGK stipulate that all companies subject to the Code will prepare a corporate governance report and publish it on the internet. ÖBB Group prepares its report in four sections to reflect the organizational structure of the Group.

1. ÖBB-Holding AG including the following subsidiaries
 - a. ÖBB-Finanzierungsservice GmbH
 - b. ÖBB-Werbung GmbH
 - c. ÖBB-Business Competence Center GmbH
 - d. European Contract Logistics-Austria GmbH
2. ÖBB-Infrastruktur AG including the following subsidiaries
 - a. ÖBB-Immobilienmanagement GmbH
 - b. Rail Equipment GmbH and Rail Equipment GmbH & Co KG
 - c. Mungos Sicher & Sauber GmbH and Mungos Sicher & Sauber GmbH & Co KG
 - d. Güterterminal Werndorf Projekt GmbH
3. ÖBB-Personenverkehr AG including the following subsidiaries
 - a. Österreichische Postbus AG
 - b. ÖBB-Postbus GmbH
 - c. Rail Tours Touristik GmbH
 - d. FZB Fahrzeugbetrieb GmbH

4. Rail Cargo Austria AG including the following subsidiaries
 - a. Rail Cargo Logistics-Austria GmbH
 - b. Rail Cargo Logistics-Environmental Services GmbH
 - c. Rail Cargo Logistics GmbH
 - d. Rail Cargo Wagon-Austria GmbH
 - e. ÖBB-Technische Services GmbH
 - f. ÖBB-Produktion GmbH

These companies are all included in the Consolidated Financial Statements of ÖBB-Holding AG as affiliated companies. The respective Consolidated Financial Statements are published on the websites of ÖBB-Holding AG and ÖBB-Infrastruktur AG.

DECLARATION OF COMPLIANCE / DEVIATIONS

ÖBB Group has adopted the B-PCGK and complies with it in accordance with the information provided in this report. In previous years, ÖBB complied voluntarily with the regulations set down in the Austrian Corporate Governance Code. Any deviations to the regulations of the Code are primarily due to the organizational structure of ÖBB Group, and are explained accordingly.

ÖBB Group applies the B-PCGK as a key element for strengthening the trust placed in the company by its owner, business partners, customers and employees, and the general public.

Board of Management and Supervisory Board of
ÖBB-Holding AG / m.p.

* The following pages contain an extract from the Corporate Governance Report. The full report is available on our website at www.oebb.at/cg2014.

Regulation	Description	L/C*	Group company	Deviation/Remarks
8.3.3.2	Exclusion of liability insurance for gross negligence and willful intent Deductible of at least 10% of the damage up to an amount equivalent to one and a half times the annual remuneration paid to the relevant member of management Reasonable deductible for members of the supervisory body	L C C	All	ÖBB Group has purchased liability insurance cover for all Board members and senior staff. The policy covers both minor negligence and gross negligence (willful intent is not insurable). Deductibles were not agreed. As such, the insurance cover extends beyond the recommendation of the B-PCGK. There are currently no plans to alter the existing scope of insurance cover. This decision was based on expert analysis and a critical assessment of the regulation that also took account of relevant professional publications.
9.3.6.2 (3)	Long-term criteria for performance- and success-based components of remuneration	C	All	Starting in 2015, a long-term target is a component of the bonus scheme, including for senior staff.
11.2.1.2	Equal representation among male and female members of the supervisory body	C	Rail Cargo Logistics-Austria GmbH, Mungos Sicher und Sauber GmbH	Rail Cargo Logistics-Austria GmbH and Mungos Sicher und Sauber GmbH did not comply with this regulation in 2014.
11.2.1.3	Members of the supervisory body should not sit on more than 6 supervisory boards at the same time	C	ÖBB-Holding AG, ÖBB-Personenverkehr AG, Rail Cargo Austria AG	Two members of the Supervisory Boards of the companies indicated hold more than 6 mandates, one of which is partly due to the member sitting on several boards within the Group to enable proper performance of the Group supervisory remit (permitted under Section 86 (3) Stock Corporation Act (AktG) as an exemption clause).
11.2.3.2	Exclusion criteria governing appointments as Supervisory Board Chair/Waiting period due to management activity	L	Rail Cargo Logistics-Austria GmbH	In March 2014, Reinhard Bamberger moved from management to the Supervisory Board and was elected Chairman two weeks later.
11.6.7	Ban on members of the Supervisory Board belonging to the shareholders' meeting at the same time	L	All except ÖBB-Holding AG	Exercising two offices at the same time is permissible under stock corporation law, and is an accepted and common management tool for corporate groups. In this respect, the members of the Board of Management of ÖBB-Holding AG also sit on the Supervisory Boards of subsidiaries, while the members of their Boards of Management in turn sit on the Supervisory Boards of their own subsidiaries. As such, members of the Supervisory Boards are, at the same time, also members of the relevant shareholders' meetings. The other two members of the respective Board of Management/management and/or authorized agents ratify the actions of their colleagues to prevent any self-ratification.
12.3.1	As stipulated in Regulation 13.2, the total remuneration paid to members of the Management Board must be listed individually and broken down into non-performance-related and performance-related components.	L	All	The remuneration paid to each individual member of the Board of Management/management is not disclosed because the contracts in place with these board members do not allow for such disclosure. The total remuneration paid to management as a whole is disclosed.

* The Code contains compulsory rules (L), and recommendations (C). The report must include a declaration by the Management Board as to whether it has complied with the Code, together with explanation of the reasons why it has deviated from any compulsory rules or recommendations.

CONSIDERATION OF GENDER IN THE COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES WITHIN ÖBB GROUP

ÖBB Group is committed to promoting a corporate culture of equal opportunity and partnership at work that encourages all male and female employees to devote their skills to the service of the company to the best of their ability. Direct or indirect discrimination of any employee, trainee or apprentice on the grounds of their ethnic origin, religion or beliefs, age, sexual orientation, disability or gender is not permitted. Equal treatment is assured by ten regional Equal Opportunities Officers and an Equal Opportunities Board who are also available to offer counsel and support.

ÖBB Group also actively pursues a strategy of equal opportunity. The Diversity Charta 2020 aims to raise the number of women in the Group as a whole, and to better reconcile work and care responsibilities. Corresponding diversity programs are developed by a Diversity Officer and implemented by the Group companies.

ÖBB-HOLDING AG

BOARD OF MANAGEMENT

Name	Birth year	Initial appointment	End of current term
Mag. Christian Kern	1966	June 7, 2010	June 30, 2019
Mag. Josef Halbmayer MBA	1955	November 1, 2008	October 31, 2017
KR Ing. Franz Seiser	1958	April 1, 2010	February 28, 2014

CURRICULUM VITAE

Mag. Christian Kern	Degree in Communication Technologies from Vienna University; Postgraduate studies et al, Management Center St. Gallen (Switzerland) CEO of ÖBB-Holding AG since 2010; before that, member of the Board of Management of Österreichische Elektrizitätswirtschaft AG (Verbund AG)
Mag. Josef Halbmayer MBA	Degree in Business Administration from Johannes Kepler University Linz ; Master of Business Administration from the University of Toronto (Canada) Member of the Board of Management of ÖBB-Holding AG (CFO) since 2008; before that, member of the Board of Management of ÖBB-Personenverkehr AG, and member of the Board of Management of Wiener Privatbank Immobilieninvest AG and Österreichische Post AG

External supervisory board mandates or similar offices not listed in this report:

Mag. Christian Kern:

- Member of the Supervisory Board of FK Austria AG

This office has been approved by the Supervisory Board.

WORK PRINCIPLES AND ALLOCATION OF RESPONSIBILITIES

The Rules of Procedure govern the allocation of responsibilities and collaboration of Board of Management members. Additionally, the Rules of Procedure specify the information and reporting obligations of the Board of Management, as well as all actions that require the approval of the Supervisory Board. The latter include the material transactions of key subsidiaries.

Notwithstanding the overall joint responsibility of the Board of Management, the Supervisory Board has allocated responsibilities to the individual members of the Board of Management as follows:

Mag. Christian Kern	Mag. Josef Halbmayr MBA
Group strategy and corporate development, strategic Group HR management, Group communications and marketing, Group law and the Board of Management Secretariat, QSU/Production/Technology, strategic Group purchasing	Group accounting, financial statements and taxes, Group controlling, Group finance, strategic Group IT management
Compliance, Group auditing	

Mag. Christian Kern is Chairman of the Board of Management.

MANAGEMENT REMUNERATION (EUR)

The remuneration system is comprised of fixed and variable salary components. Variable remuneration is paid out in the following year as target achievement can only be ascertained once the financial statements for the year have been finalized. Accordingly, the figures represent the variable remuneration for the financial year 2013 that was paid to management in 2014.

Fixed remuneration	Variable remuneration	Total remuneration
839	884	1,723

SUPERVISORY BOARD

Supervisory Board activities are governed primarily by the Aktiengesetz [Stock Corporation Act], the Articles of Association of ÖBB-Holding AG, the Rules of Procedure of the Supervisory Board, and the B-PCGK.

MEMBERS OF THE SUPERVISORY BOARD

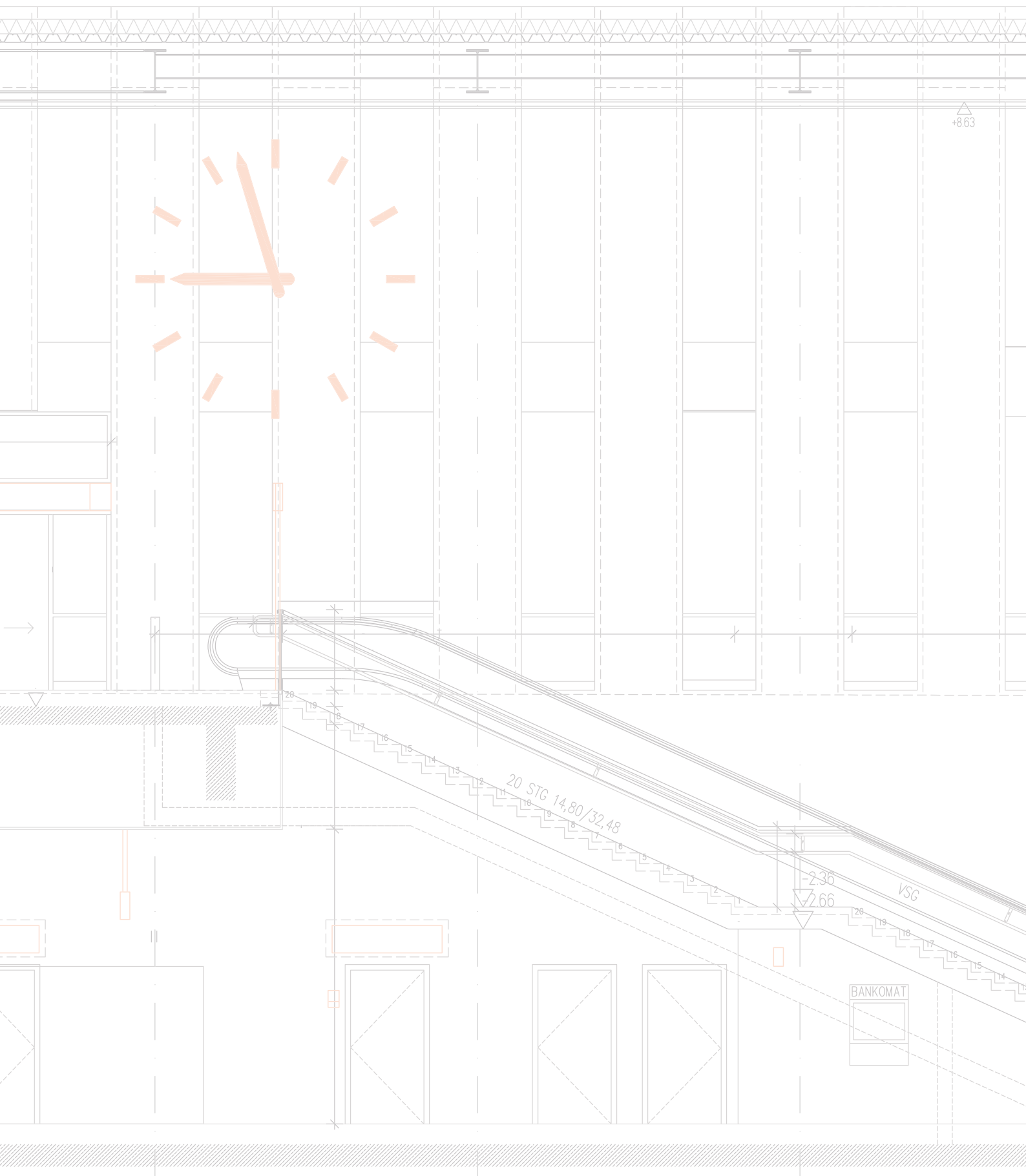
Name	Birth year	Initial appointment	End of current term
Mag. Brigitte Ederer Chair since September 11, 2014	1956	Feb. 28, 2014	Annual General Meeting 2015
DI Horst Pöchlhammer Chair until August 13, 2014	1938	June 26, 2007	August 13, 2014
KR Mag. Dr. Ludwig Scharinger First Vice Chair	1942	June 25, 2012	Annual General Meeting 2015
DI Herbert Kasser Second Vice Chair	1964	April 27, 2007	Annual General Meeting 2015
KR Kurt Eder	1946	Aug. 13, 2008	Annual General Meeting 2015
Dr. Gertrude Tumpel-Gugerell	1952	Aug. 18, 2011	Annual General Meeting 2015
Dr. Leopold Specht	1956	April 27, 2007	Annual General Meeting 2015
Lic. rer. pol. Paul Blumenthal	1955	Jan. 18, 2010	Annual General Meeting 2015
Roman Hebenstreit Employee representative, Third Vice Chair since 27 June 2012	1971		Indefinite
Gottfried Winkler Employee representative	1956		Indefinite
Mag. Andreas Martinsich Employee representative	1964		Indefinite
Günter Blumthaler Employee representative	1968		Indefinite

SUPERVISORY BOARD REMUNERATION

Pursuant to the resolution by the Ordinary Annual General Meetings in 2014, the shareholder representatives on Supervisory Boards of ÖBB Group companies in Austria are entitled to the following amounts and elements of remuneration. Members of management and employees are excluded from this remuneration. The remuneration owed to civil servants who are members of the Supervisory Board is paid into the account of the Federal Ministry of Finance. Employee representatives do not receive Supervisory Board remuneration.

Remuneration	Attendance fee
• EUR 9,000 annual base fee per member of the Supervisory Board • Chair: 100% additional fee • Vice Chairs: 50% additional fee • Membership on other Supervisory Boards within ÖBB Group: additional 50% of the base fee per company, maximum 100%	• EUR 200 per Supervisory Board member for each meeting of the Supervisory Board, Executive Committee, or any other committee

Members of a Supervisory Board may also claim reimbursement of actual invoiced expenses incurred in connection with their office.



Consolidated Management Report

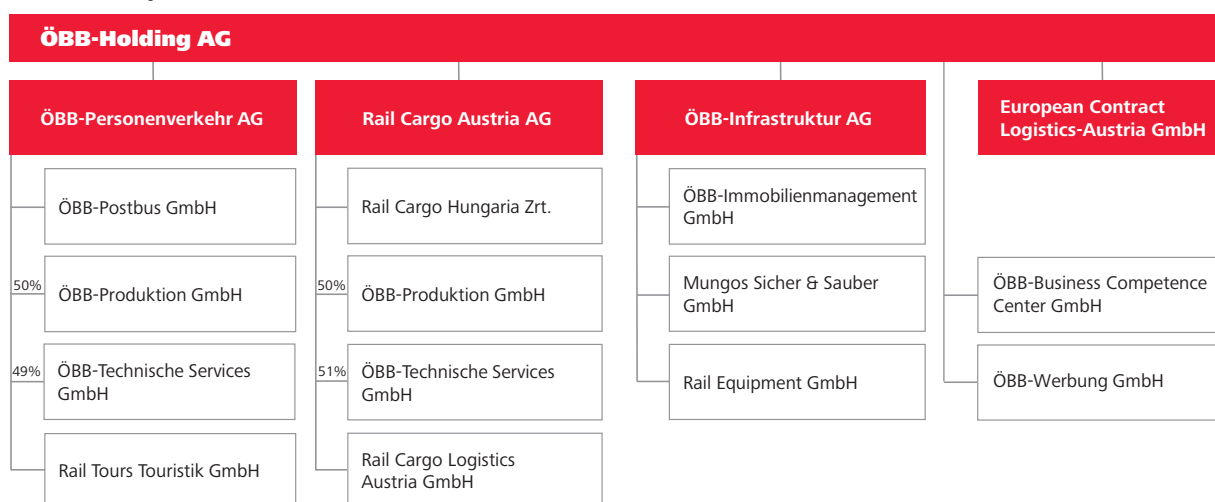
Insights & outlook. Business performance of ÖBB Group and its sub-groups in financial year 2014, outlook and development opportunities.

Consolidated Management Report

This Management Report complements the Consolidated Financial Statements of Österreichische Bundesbahnen-Holding Aktiengesellschaft, Vienna, (hereinafter referred to as “ÖBB Group”) whose preparation is mandatory pursuant to Article 244 UGB [Austrian Commercial Code] and which are submitted to the Commercial Court Vienna under Company Register number FN 247642 f. The Consolidated Financial Statements as of December 31, 2014 were prepared pursuant to Article 245a (2) UGB in accordance with the International Financial Reporting Standards (“IFRS/IAS”) issued by the International Accounting Standards Board (“IASB”), the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and the interpretations of the Standards Interpretation Committee (“SIC”), which entered into force and were adopted by the European Union as of December 31, 2014. In addition, a subsidiary of Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter referred to as “ÖBB-Holding AG”), the company ÖBB-Infrastruktur Aktiengesellschaft, is obligated to prepare sub-group Consolidated Financial Statements pursuant to Article 245 (5) UGB because it issued bonds listed for trade in a regulated market. The sub-group financial statements of ÖBB-Infrastruktur Aktiengesellschaft are submitted to the Commercial Court Vienna under Company Register number FN 71396 w.

A. Group Structure and Investments

ÖBB Group structure



As of December 31, 2014
This chart contains a selection
of major companies in the ÖBB Group.

The Austrian Federal Railways are structured in accordance with the Bundesbahnstrukturgesetz [Federal Railways Structure Act]. ÖBB-Holding Aktiengesellschaft (hereinafter “AG”) has been at the top of the holding structure since 2005; as parent company it is responsible for the strategic orientation of the entire Group.

The Republic of Austria holds 100% of the shares in the Company, and the Bundesministerium für Verkehr, Innovation und Technologie [Federal Ministry of Transport, Innovation and Technology] (BMVIT) manages the shares.

ÖBB-Holding AG holds all the shares in ÖBB-Personenverkehr AG, Rail Cargo Austria AG and ÖBB-Infrastruktur AG. These three corporations and their respective subsidiaries are hereinafter referred to as ÖBB-Personenverkehr sub-group, Rail Cargo Austria sub-group and ÖBB-Infrastruktur sub-group. Since January 1, 2014, European Contract Logistics – Austria GmbH has existed in the market as a direct subsidiary of ÖBB-Holding AG after outsourcing of the Contract Logistics area from Rail Cargo Austria AG and subsequent transfer to ÖBB-Holding AG; it offers cargo, partial and full-load transportation and warehouse logistics solutions. On January 1, 2014, ÖBB-Shared Service Center GmbH was merged into ÖBB-IKT GmbH as the absorbing company and renamed ÖBB-Business Competence Center GmbH. ÖBB-Business Competence Center GmbH provides intra-group services (Shared Services), particularly in the areas of human resources, information and communication technology, purchasing and procurement, and accounting. ÖBB-Werbung GmbH is the internal service provider for marketing activities and is externally responsible for the marketing of all ÖBB advertising space. The main tasks of **ÖBB-Holding AG** are

- exercising shareholder rights,
- the consistent strategic orientation of the ÖBB Group,

- the overall coordination of the establishment and implementation of the corporate strategies within the companies, and
- ensuring transparency regarding the public funds used.

The **ÖBB-Personenverkehr** sub-group is the leading mobility service provider in Austria. The ÖBB-Personenverkehr sub-group is responsible for the design of the offer, the coordination of the service provision process, the marketing and sales and for the financing of the passenger transport services. Together with the subsidiary ÖBB-Postbus GmbH, ÖBB-Personenverkehr AG provides a perfectly coordinated offer in train and bus transport.

Rail Cargo Austria AG is the international freight subsidiary which, together with its subsidiaries and associated companies, operates under the umbrella brand of the Rail Cargo Group (RCG). Based on the domestic markets in Austria and Hungary, it aims at maintaining its market leadership in Austria while further developing its market position between the North Sea, Black Sea, and Mediterranean. As a specialist for railway-related transport services with additional forwarding services, the Rail Cargo Austria sub-group provides an environmentally friendly, sophisticated, reliable and cost-effective transport and logistics system, combined with professional services.

The common subsidiaries of ÖBB-Personenverkehr AG and Rail Cargo Austria AG, ÖBB-Produktion GmbH and ÖBB-Technische Services-Gesellschaft mbH, provide services in the fields of traction and maintenance of rail vehicles.

The **ÖBB-Infrastruktur** sub-group operates 1,110 railway stations (goods and passenger transport) and the railway infrastructure in Austria, which are primarily used by companies of the ÖBB-Personenverkehr and Rail Cargo Austria sub-groups and other railway operators not affiliated with the ÖBB Group.

In order to increase the information content, the developments and aspects of the sub-groups will be detailed separately in some sections of this Management Report.

Number of investments by sub-group

	Sub-group (including double counts)					DC ²⁾	Total (without DC) ¹⁾
	ÖBB- Personen- verkehr	Rail Cargo Austria	ÖBB- Infrastruktur	Others	Total		
Investments >50%	6	40	23	9	78	1	79
<i>thereof abroad</i>	1	34	0	4	39	0	39
Investments 20-50%	3	17	3	2	25	-3	22
<i>thereof abroad</i>	0	12	1	1	14	0	14
Investments < 20%	3	4	4	1	12	-1	11
<i>thereof abroad</i>	3	4	1	1	9	-1	8
Total	12	61	30	12	115	-3	112
<i>thereof abroad</i>	4	50	2	6	62	-1	61

¹⁾ only companies that can be influenced directly

²⁾ double count: subsidiary whose shares are held by several sub-groups

The **Overview of Investments in the Notes to the Consolidated Financial Statements** lists all investments of the ÖBB Group. The above table only gives a summary by sub-group and country.

Outside Austria, the ÖBB Group holds investments in 61 companies whose registered offices are located in the following countries: Hungary (13), the Czech Republic (8), Italy (6), Romania (5), Slovenia (4), Belgium (3), the Netherlands (3), Slovakia (3), Bulgaria (2), Germany (2), Greece (2), Croatia (2), Poland (2), Serbia (2) and one investment each in Bosnia and Herzegovina, Russia, Switzerland, and Turkey.

B. General Conditions and Market Environment

B.1. General economic conditions

The optimistic indicators at the turn of the year 2013/14 gave way to fears of a new recession starting from the 3rd quarter of 2014. This was brought on by economic developments in both Austria and in Germany. Industrial production was stagnant in the second half of the year in both countries.

In 2014, the banking crisis slowed lending and investing activities in the real economy in the Eurozone. The central banks of Japan, the USA and the Eurozone continue to pursue a “cheap money policy”. The most visible results are price increases in equities and real estate.

For 2015, it is hoped that the decline in the euro exchange rate relative to the US dollar and the Chinese yuan will boost exports. The Eurozone growth forecast of 1.7% for 2015 has been reduced to 0.9% since spring. However, the economic outlooks for China (+7.3%) and the USA (+3.1%) have held steady.

Global economic situation (Change in real % compared to the prior year)

Gross domestic product	2013	2014	2015
Austria	0.2	0.4	0.5
Euro Zone	-0.5	0.8	0.9
EU	0.0	1.3	1.4
USA	2.2	2.2	3.1
China	7.7	7.3	7.3
World trade	2.7	3.7	4.0

Source: WIFO, December 2014, Forecast for 2014 to 2016

Maritime indicators provide no reason for optimism regarding the development of world trade at the beginning of 2015. The Baltic Dry Index, which indicates the price trend for commodity shipments, is considered a leading indicator. After an interim high in November 2014, it fell by 700 points to a new low.

The economic situation slightly improved in the markets of Rail Cargo Group in 2014. For 2015, a slight improvement is expected compared to 2014. Growth in Austria, Germany and Belgium should be in the range of 0.5% to 1%. In Slovenia, the Czech Republic, Slovakia, Poland, Hungary, Romania and Turkey growth rates of about 2% to 3% are expected. In Croatia, Italy and Serbia, stagnation should basically continue to prevail.

Inflation in the RCG markets in 2014 was mainly between 0% and 1% (exceptions: Turkey 8.9%, Bulgaria -0.8%). For 2015, inflation of about 1.5% to 2.5% is expected (Turkey 6.3%).

Economic situation in RCG markets (Change in real % compared to the prior year)

Gross domestic product	2013	2014	2015
RCG markets average*	0.5	1.2	1.0
Austria	0.2	0.4	0.5
Hungary	1.5	3.3	2.2
Italy	-1.9	-0.4	0.4
Slovenia	-1.0	2.4	1.8
Czech Republic	-0.7	2.4	2.5
Romania	3.5	2.6	2.9

Source: Consensus Economics, IHS, WIFO / September 2014

*Weighted by RCG transport services

In 2014, Austria's growth of 0.4% again remained far behind the 1.7% growth originally anticipated by economic researchers. For 2015, the increase in gross domestic product is forecast to be 0.5%. The drastic drop in crude oil prices could provide a tailwind for the economy in 2015. However, this advantage could be more than offset by the turmoil surrounding Greek sovereign debt and the economic consequences of the ongoing crisis in Ukraine.

Key data and forecasts for the economic situation in Austria

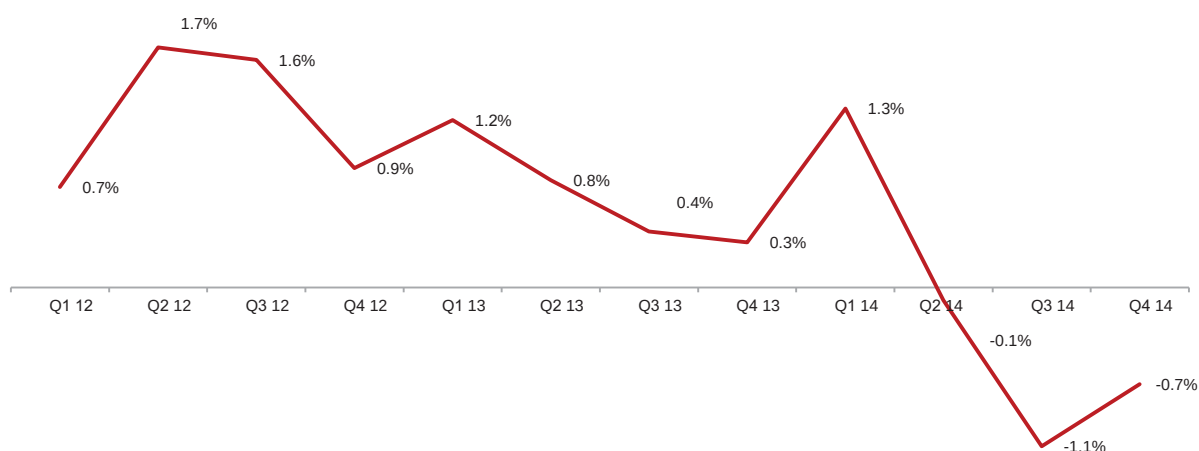
Parameter	Unit	2013	2014	2015
Gross domestic product		0.2	0.4	0.5
Market growth Austria*		1.9	3.0	3.5
Goods exports	Change in % compared to the prior year (real)	2.8	1.2	2.5
Goods imports		0.2	0.9	2.5
Manufacture of goods		0.6	0.2	1.0
Gross capital investment		-1.5	1.4	1.1
Crude oil price (Brent)	Change in % compared to the prior year	-2.6	-8.0	-25.0
Net borrowing of the state	% of the GDP	-1.5	-3.0	-2.4
Inflation rate	%	2.1	1.6	1.5
Unemployment rate	% of the labor force	4.9	5.0	5.3

Source: WIFO, December 2014, Forecast for 2014 to 2016

* Change in real imports of partner countries weighted with Austrian export shares

The development of the components “production of goods” and “merchandise import / export” is in particular crucial for rail freight. The increase in imports and exports of goods in 2014 was once again well below the forecasts. It is hoped that the forecast 2015 growth of 3.5% will be achieved. The manufacture of goods remained virtually stagnant in 2014, contrary to the original expectation of growth of 3.5%. Industrial production slipped surprisingly into negative territory in the second half of 2014. For 2015, an increase of 2.5% in the manufacturing sector is expected.¹

Development of industrial production (excluding construction, change compared to the same quarter last year):

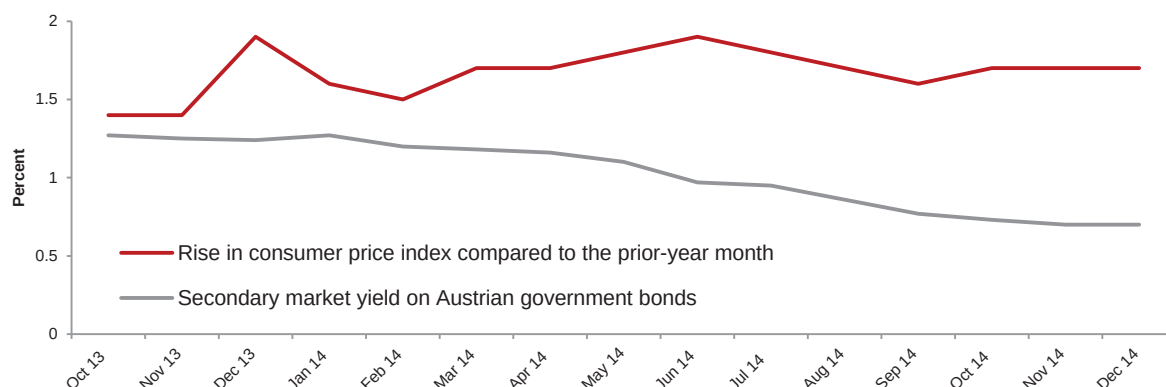


Source: Statistik Austria, production index ÖNACE 2008 (Ø 2010=100), EU harmonized working day adjusted

¹WIFO, Forecast for 2014 and 2015, September 17, 2014

Capital markets and national budgets

Development of the capital costs and the consumer price index



Source: OeNB and Statistik Austria

The interest rate level of government bonds is crucial for the borrowing terms and conditions for ÖBB-Infrastruktur AG. Due to the liability assumed by the Austrian government for the bonds and certain loans, the interest rate of new issues strongly depends on the interest rates Austrian government bonds. The secondary market yield on government bonds increased briefly again at the end of 2013 to over 1%, but has since fallen to 0.6%. Except in December, inflation was between 1.5% and 2%. This is about 1% higher than the secondary market yield on government bonds. The secondary market yield applies to a bond mix, with relatively short residual maturities. Long-term bonds are also affected by the current low interest rates, although on a much higher level. This means that ÖBB-Infrastruktur AG can continue to finance its borrowings on favorable terms. And in 2015 too, bond issues are expected to benefit from the continued relatively good credit of the Austrian state. At the end of February 2014, the outlook for the Republic of Austria was increased from negative to stable by the rating agency Moody's, with an unchanged top score of Aaa. At the end of September 2014, Standard & Poor's confirmed the AA+ (stable) rating of the Republic of Austria. Rating agency Fitch lowered its AAA rating to AA+ in January 2015. As with Moody's, the outlook is designated as stable.

B.2. Political and regulatory framework on the European level

Recast of the First Railway Package

At the end of October 2012, the revision of the First Railway Package (Recast) was agreed on the European level. Under this package, the national legislature would have to implement the provisions by no later than June 2015. A preliminary draft bill to amend the Railway Act has been proposed. Major changes include the restructuring and redefinition of the minimum access package and service facilities or services. In particular, access to service facilities and the provision of services is regulated in detail. The responsibilities of the Rail Control Commission were expanded considerably; this applies, inter alia, to monitoring and inspection rights.

In the context of the Single European Railway Area Committee (SERAC), nine implementing acts will be negotiated on individual articles of the amendment. These are directly applicable and do not require separate implementation into national law. According to the legal opinion of the Federal Ministry for Transport, Innovation and Technology (BMVIT), the implementing acts, however, are not binding until the entry into force of the recasts, otherwise the national scope for implementation inherent to a Directive is restricted.

Completed implementing acts

- Article 5 Powers of the Regulating Authority: inter alia, increased disclosure requirements
- Article 15 Rail Market Monitoring: statistical obligations
- Article 25 EU Licenses for Railway Operators

Implementing acts under negotiation

- Article 7/ Art 31 (1) Essential Facilities: non-discriminatory access to service facilities / services (including maintenance facilities, stations, sidings, freight terminals)
- Article 31 (3) Direct Costs: laying down procedures for the calculation of the costs directly incurred by train operation. In addition, any supplements that the infrastructure manager may define are standardized. Negotiations at the EU level have been completed, voting will follow in spring 2015
- Article 31 (5) Noise Differentiated Usage Fee: Negotiations initially completed, currently in Inter-Service Consultation (Commission-internal, inter-service consultation of all units and departments that could be interested in or affected by it)
- Article 32 (4) ETCS Differentiated Usage Fee: Tax incentives for further expansion of ERTMS, vote scheduled for June 2015
- Article 41 Candidates: Provides a list of criteria for infrastructure users and governs definitions, prepayments and preparation of tenders
- Article 42 (1) Master Agreements: New rules concerning the allocation of capacity, minimizing bureaucracy and ensuring the protection of business secrets

Due to the scope of the contents of the regulations, it is not certain that there will be timely completion and entry into force by June 2015.

Fourth Railway Package

In order to further liberalize and harmonize the European railway transport market, in January 2013 the European Commission submitted the following drafts for the 4th Railway Package, consisting of three Directives and two Regulations:

- Further opening up of the national railway passenger transport market, including a revision of the regulation on public service contracts (1370/2007) which would result in an obligation to tender instead of allowing the choice between tendering and direct award;
- Unbundling of railway infrastructure companies and railway operators: this means that vertically integrated companies and a holding structure like that of ÖBB can only be maintained if strict “Chinese walls” are maintained to ensure the necessary legal, financial, and operational independence;
- Further development of the role of the European Railway Agency (ERA) with respect to the standardization of vehicle registrations and safety regulations (regulation) as well as changes in the safety and interoperability directives.

The negotiations between the European Commission, the European Parliament and the European Council are currently underway.

The first reading of the European Parliament on the entire package was held in February 2014. Negotiations are currently taking place in the Council of Ministers. The primary issue is whether the acts on the technical aspects (interoperability, security, European Railway Agency) should be given priority and the other two politically oriented acts should be separated from the package.

A decision on the separation of rail infrastructure companies and railway operators is not expected before spring 2015, and agreement on all the contents of the package is not expected before mid-2015. Up to that time, the contents of the package may still change. If the core requirements of the Commission proposal are adopted in full, a strong impact on the ÖBB Group is to be expected. The Parliament has already proposed amendments that recognize the strengths of holding structures and foresee longer transition periods with market opening.

Trans-European Transport Network (TEN-T) and Connecting Europe Facility (CEF)

At the end of 2013, regulations on the guidelines for the Trans-European Transport Network (TEN-T guidelines) and the Connecting Europe Facility (CEF) regulation were enacted. These regulations represent the guidelines for European funding of the Trans-European Networks.

The purpose of the TEN-T Regulation is to establish missing links, especially in cross-border transport, to improve the quality of infrastructure in the new Member States, incl. developing the East-West connections, to increase the networking of transport (multimodal) and to efficiently use available funds in such a way as to achieve a reduction in the greenhouse gas emissions caused by traffic by 60% by 2050 (White Paper Transport 2011), and to improve interoperability.

The overall network comprises a core network (completion by 2030) that consists of the infrastructure systems with the greatest strategic importance and offering the highest added value in Europe. The complementary network (completion by 2050) ensures the greatest possible accessibility of all the regions in all the member states.

The core network corridors have been established for the implementation of the core network. The preparation of the working plan for the implementation of the core network corridors takes place in so-called corridor forums, chaired by the European Commission, which has appointed a “European coordinator” for each core network corridor. ÖBB Infrastruktur AG takes part in the corridor forums in its function as a rail infrastructure operator. The draft work plan for the implementation of the core network corridors was developed by the end of 2014.

Four strategically important axes in Austria are included in both the core network and the budget for 2014 to 2020:

- the Baltic-Adriatic axis (in Austria: the Northern railway, Pontebbana with the new Semmering base tunnel and the Koralm railway Vienna – Bratislava)
- the Corridor East – Eastern Mediterranean (in Austria: the Northern railway, Eastern railway, Vienna – Bratislava)
- the Scandinavia – Mediterranean corridor (in Austria: Brenner axis)
- the Rhine – Danube corridor (in Austria: Danube axis)

The TEN-T Regulation provides additional guidance on technical requirements. In addition to using the TSI (Technical Specifications of Interoperability) the complementary network must be fully electrified by 2050 and equipped with ERTMS (European Rail Traffic Management System). Additional requirements that the infrastructure of the core network must fulfill are a standard gauge of 1,435 mm, and for freight lines the requirement of a 22.5 t axle load, 100km/h and a train length of 740 m.

Under the headline “Connecting Europe Facility” (CEF), the draft for the multi-annual financial framework of the EU (2014 to 2020) provides for an increased concentration of funds for the extension of the Trans-European Transport Network.

The CEF was laid down in the plenary of the European Parliament with a total amount of EUR26.2 billion for transport projects in the period from 2014 to 2020. On September 11, 2014, a first call for project proposals was issued, with a planned budget of approximately EUR 12 billion. In collaboration with BMVIT, ÖBB Infrastruktur AG submitted project proposals for co-financing, concerning in particular the Brenner base tunnel and the Baltic-Adriatic corridor.

Megatrucks (“Gigaliners”)

On April 15, 2013, the European Commission presented a legislative amendment proposal for Directive 96/53/EC laying down for certain road vehicles circulating within the Community the maximum authorized dimensions in national and cross-border transport and the maximum authorized weights in international traffic.

The cross-border allowance of megatrucks would in particular have a negative impact on the competitiveness of rail freight, e.g., rail transport switching back to the road, the impairment of combined traffic by larger truck dimensions as well as the necessary changes to the road and rail infrastructure and the deterioration of road safety and adverse environmental effects. In a joint decision in Luxembourg on June 5, 2014, the EU transport ministers established that the prohibition on megatrucks will remain in place in Europe. In doing so, the Council of Ministers is following the decision of the European Parliament, which had previously rejected the approval proposed by the European Commission for oversized trucks to cross borders. The Ministers approved the proposal to improve the safety and aerodynamics of trucks - but with no increase in cargo space. The conclusion of the second reading is scheduled for 2015.

Passenger rights

The Commission intends to issue interpretive guidelines for the Regulation to make their views known and to clarify current controversial issues to by legal definitions e.g. the rights and obligations of passengers on missed connections (Article 16) or the meaning of “delay” (Article 17). Originally scheduled for autumn 2014, the guidelines have been delayed to May 2015 because of the new allocation of responsibilities within the European Commission² and are now in “Inter-Service Consultation” of the various services. New projects - even if they are only aids to interpretation - must now always be handled not only by the technically competent office, but must also be signed by First Vice President Timmermans, who is responsible for “smart regulation”. In this framework, ÖBB, together with CER, was invited for consultation in spring 2015. It is not yet clear whether the topic of “force majeure” will be treated as part of the dialogue negotiations on the Technical Pillar of the Fourth Railway Package, as the Commission has not yet expressed its opinion on this matter. An amendment to the Regulation is expected in 2016.

² The new Commission is now divided into *clusters* in which a Vice-President of the Commission manages a specific task field, which is then composed of several Commissioners whose areas fall into the respective cluster.

B.3. Market environment

Passenger transport market environment

Development of overall passenger transport

A preliminary estimate of the development of overall passenger transport in Austria indicates growth of 2.2% (growth in passenger-kilometers) in the railway sector in 2014. After a decline in the prior year, there was again growth of 2.9% in air transport. New registrations of passenger cars fell for the third year in a row, which fits in with the generally weak development of consumption in the last few years.

Parameters of passenger transport in Austria (change compared to the prior year in %)

Passenger transport	2012	2013	2014
All railway companies (passenger-kilometers)	4.1	5.2	0.6 *
Air transport (passengers)	3.1	-0.9	2.9 **
New registration of passenger cars	-5.7	-5.1	-4.9

*preliminary estimates for 2014, *preliminary estimates for 2014, not including transit passengers

Source: Statistik Austria, BMVIT, ÖBB-Personenverkehr, own calculations

Competition on the Vienna-Salzburg connection did not change dramatically in 2014 over the previous year. ÖBB was able to maintain its market share and even recorded a slight increase in passengers for this destination.

Market development in regional bus services is determined by demographic development and the increasing number of tenders since 2006.

Since liberalization in Germany in January 2013, long-distance bus services have rapidly become a serious competitor to long-distance rail transport. Previously, long-distance busses were not allowed, with only a few exceptions. Since the removal of the restrictions, the number of domestic connections has more than quadrupled; from 62 lines in January 2013 to 261 in January 2015. The German market leader, the Berlin company MeinFernbus, together with its Munich-based competitor FlixBus, have a nearly 75 percent market share. In early January 2015, the two companies announced their merger; they are currently merging their route networks and schedules. The two companies offer more than 10,000 connections and have a combined fleet of about 560 busses. Developments in Germany have an impact on the European market, and several Austrian destinations are also reached through border crossings, including Vienna, Graz, Linz, and Innsbruck. Austria is served internally by, for example, the Vienna-Graz route, which runs six times daily.

It can be assumed that long distance bus competition will increase on the Austrian market in the next few years, but not as dramatically as is currently the case in Germany. The reasons for these assumptions are the already lower price levels in long-distance transport in Austria, as well as the different topographical/demographic characteristics (e.g., in Germany there are many more large cities with the potential for point-to-point connections than in Austria). In addition, Austria is a railway-oriented country - which currently has "the most dedicated train passengers in the EU". On average, as a recent VCO analysis shows, Austrians rode 1,425 km by train per capita, passing France, the former leader.

Development of the ÖBB-Personenverkehr sub-group

Short-distance and regional passenger transport

With 201 million passengers, the sub-group ÖBB-Personenverkehr recorded an increase of 1 million travelers in local and regional passenger rail transport compared to 2013. A number of measures to increase customer satisfaction in the areas of cleanliness, customer information and sales were rolled out in local and regional transport in 2014.

In 2013, the decision was made to invest in 101 new short-distance traffic vehicles of the type "ÖBB cityjet". These vehicles will be introduced from the end of 2015 in regional and suburban railway traffic for the federal provinces of Vienna, Lower Austria, Upper Austria, and Styria. The high-quality equipment, technical soundness and good handling characteristics of this vehicle mean this investment will form the basis for sustained growth in Austrian railway traffic.

Long-distance passenger transport

With 34.0 million passengers, the sub-group ÖBB-Personenverkehr was able to keep the number of travelers in long-distance transport constant compared to 2013, in spite of increased competition. This is in line with the current trend towards travelling by rail. The opening of the Vienna Central Train Station in October 2014 offers rail travelers an even more attractive experience. Since the timetable change in December 2014, the first long-distance trains have been stopping there. Cooperative traffic with ČD makes it possible to offer a Prague-Vienna-Graz connection every two hours. For the first time, ÖBB-Fernverkehr is operating ICE trains to the Vienna Airport. Another important change in national long-distance traffic in 2014 was the reorganization of the Salzburg node and the resumption of two daily direct connections between Graz and Linz. An optimal connection was ensured between the railjet Budapest – Munich and the Intercity to Tyrol in Salzburg through the reorganization of the Salzburg node. As a result, the travel time from Vienna to Kufstein, Wörgl and Jenbach was shortened by up to 30 minutes. In international long-distance traffic, a direct Intercity connection from Vienna to Venice and a connection from Graz to Zurich has been available again since the rollout of the 2014 timetable.

International traffic also developed very positively in 2014: The Hungary and Italy markets developed particularly positively. Switzerland also saw a slight increase in passengers.

Bus transport

ÖBB-Postbus GmbH transported 224 million passengers in 2014. In line bus traffic (regional and inner-city bus transport), ÖBB Postbus holds a market share of 50%. ÖBB-Postbus GmbH has 2,200 busses, which cover a distance of 145 million kilometers per year on 900 lines (26,000 routes), i.e. more than 400,000 km per day. The subsidiary ČSAD AUTOBUSY České Budějovice a.s., which transports 7 million passengers per year in the Budweis region and travels a distance of 11 million km, is successful as well.

Goods transport market environment

Parameters of goods transport in Austria (change compared to the prior year in %)

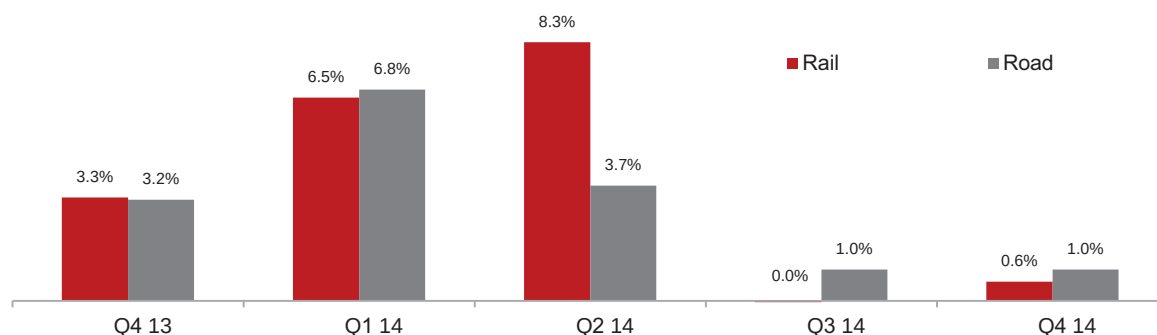
Goods transport	2012	2013	2014*
All railway companies (net tonne-kilometers)	-4.2	-1.1	4.6
Road (tonnage-kilometers)**	0.1	1.5	2.9
New registration of trucks	-3.6	0.1	-0.4
of which heavy goods vehicles***		13.0	-8.2

*preliminary estimates for 2014, **Estimate based on the ASFINAG traffic count data, ***N2 + N3 + articulated lorries

Source: Statistik Austria, BMVIT, ASFINAG, RCA

In the first half of 2014, goods traffic increased sharply in Austria, both on the road and on rail. After stagnating in the second half of the year, there was an increase of 4.6% (rail) and 2.9% (road). The data for rail includes an estimate for the development of the transport performance of private freight railways. The share of railways in freight transport over land (excluding pipelines) recorded a slight increase to 31.6% in 2014.

Development of goods transport volumes on the road and railways in Austria in 2014 and 2013:
(Change compared to the previous quarter)



Source: ASFINAG, ÖBB/RCA, Statistik Austria, ÖBB calculations, own calculations and estimates

Development of the overall railway goods transport in Austria and the major RCG markets

Rail freight in Hungary, Slovenia, Germany, Poland and Slovakia was stable to increasing, with Germany suffering losses in volume due to strikes (-2.4%) in 2014, while Hungary posted a significant rise in rail transport services (+5.5%).³

Market share and market environment

In addition to a series of so-called “presence countries”, the Rail Cargo Group operates mainly in Austria, Hungary, Slovenia, the Czech Republic and Romania. The market share of the Rail Cargo Group in goods transport by rail was 79% in Austria in 2014⁴. The share is about 70% in Hungary and about 12% in Slovenia. RCG market share is still relatively low in the Czech Republic (about 2.5%), in Italy (about 3.5%), and Romania (about 1%).⁵

In Austria, after an encouraging first half-year the Rail Cargo Group was confronted by declines in industrial production and corresponding weakness in demand for transport. The same applies to Germany. In Hungary, Slovakia, the Czech Republic, Poland, and Romania, the production index⁶ showed that initially strong industrial growth (5% to 10%) fell by about 50% in the second half of the year. Industrial production was stagnant in the second half of the year in Bulgaria. In Italy, it moved from stagnation to decline. Only Slovenia and Croatia recorded slight increases in production in the second half of the year.

In Austria at least the goods transport market shares of rail and road were largely unchanged in 2014. With continued low oil and diesel prices, this relationship could change in favor of road transport in 2015.

Development of the Rail Cargo Austria sub-group

Rail Cargo Logistics

Montane:

- The steel industry was subject to significant fluctuations in 2014. In Italy, some steel mills had to sharply reduce or even stop production during the year. This compares to a stable situation in Austria. Overall, the previous year's level was maintained.
- In the commodities area in particular, RCG is implementing innovative transportation solutions which provide for a separation of the rail carrier wagon from the body of the car. The body is based on the specific needs of the transported goods. Political decisions to reduce coal as fuel in power plants in future is a threat to international transport. Replacement quantities have been found that may partially offset this loss of business.

Automotive, building materials, consumer goods

- Sales and tonnage in the automotive sector improved compared to the previous year. In transit, however, there was strong competition from other railway undertakings, particularly on the Danube axis.
- In the building materials segment, the core business was stable – the trend is even slightly on the rise.
- In the consumer goods sector, sales did not drop to the degree expected despite the loss of a major customer (Lidl). Price pressure from road competitors is, however, clearly noticeable.
- Major customers in the automotive and building materials sector are bound by innovative offerings and multi-year contracts.

Petroleum / Agricultural / Chemical:

- In the petroleum/petrochemical sector, volumes were stable to slightly increasing on the recovery of transport, despite maintenance-related refinery shutdowns in Germany.
- In the chemicals segment, sales to industry stagnated, with increased cost reduction pressure motivating a switch from single-car shipments to groups of cars and entire trains. New freight forwarders/RUs are entering the market, but market shares in Austria and Hungary are disproportionately high. The competition in the transport of goods from the chemical and petroleum industry is particularly strong.
- In the agricultural sector, demand is seasonal and highly variable from year to year, depending on the harvest. In 2014, there was a positive volume and earnings trend. Hungary recorded a slight increase in market share. Exports to Italy were stronger in 2014.

³ Eurostat 2014

⁴ SCG Rail Control Report 2013, own estimate for 2014

⁵ own estimate based on RCG transport services and national railway transport services

⁶ Eurostat, Production in industry – total (excluding construction), 01/28/2015

Wood / Paper

- Continued improvements in the wood sector again improved the cost situation. The objective is to market long-term system trains, in particular to Italy and Slovenia (Koper). Due to strong dependence on the weather in the raw timber area, there was a negative trend in import traffic. The finished products/semi-finished products – lumber industry sector suffered from sales problems, especially from the second half of the year. In the panel industry, RCG participates in volume growth through internationalization. An aggressive entry of third-party RUs and trucks into the market makes it difficult to maintain RCG's high market share.
- Market share declined slightly in the paper sector. Strong competition from third-party RUs is being counteracted.

Rail Cargo Operator

Unaccompanied transport:

- In addition to an unfavorable imbalance of transport in the direction of the northwestern ports, there is strong competition for relations to the ports. There were also significant effects from the strike at partner Deutsche Bahn (DB). An intensive marketing campaign prevented serious disruption. Unrest in Syria and Iraq make it difficult to maintain volumes in connections to southern ports.
- Despite the impact of the strike at DB, which has also affected continental transport with Germany, RCG's offer on the Duisburg – Ljubljana route became well established. Volumes on the national network (NINA) are stable and will be further developed.
- Through a pioneering cooperation with BALO, the Turkish freight forwarders association, transport to Southeast Europe doubled. Despite the difficult environment, connections of ISU trains (innovative semi-trailer transfer system) were expanded in 2014, and continued healthy growth is expected.

Rolling Highway (Combined Road/Railway Transport)

- During the year, connections to Turkey had to be withdrawn because of changes in conditions for road permits. Connections to Turkey were also impacted by the unrest in the Middle East.
- Rolling highway transport through the Brenner base tunnel increased.

European Contract Logistics

In 2014, European Contract Logistics - Austria GmbH (ECL), with its subsidiaries, operated as an independent company on the market for the first year after outsourcing of the Contract Logistics area from Rail Cargo Austria AG and subsequent transfer to ÖBB-Holding AG. The year was characterized by a further sharpening of the competitive situation, particularly in the home market of Austria.

ECL's revenue was at the previous year's level. Slightly lower volumes (number of shipments -2%) were offset by the measures that were undertaken. International piece goods and LTL (*Less Than Full Truck Load*)/ FTL (Full Truck Load) business was successfully expanded during the year. As unique selling points of ECL, the leadership position was successfully defended and the rail share of 40% was maintained in 2014. ECL supports its customers achieve their sustainability objectives. In 2015, in addition to maintaining the leadership position, the major challenge will be to focus will be on further optimization of the company's profitability.

Market environment of the ÖBB-Infrastruktur sub-group

The sub-group ÖBB-Infrastruktur is influenced by many environmental factors such as economic, legal (recast of the 1st Railway Package, 4th Railway Package), political and technical developments (expansion of interoperability and harmonization of EU networks, alternative energy and drive systems).

As in the previous year, 31 railway operators were entitled to use the ÖBB infrastructure as of the end of 2014.

The state is under significantly increased pressure to save money due to the debt situation in the Eurozone. In this context, political debates on expenditures with respect to the restructuring of state budgets and related discussions on major infrastructure projects are to be expected.

In the energy sector, due to the difficult conditions on the electricity market, the main focus is currently on optimizing reinvestments in ageing hydropower plants, taking into account life cycle costs. Over the long term, a 25% expansion and optimization of domestic production (currently one-third of the annual needs) is targeted in order to reduce dependence on foreign energy sources.

Cost and price levels in the construction industry are significantly influenced by the relevant raw materials (basic materials and raw materials in the production process) and manufacturing products such as concrete, gravel, steel, copper, diesel and gasoline. The construction price index increased by 1.8% in the third quarter of 2014 as against the same period in the previous year. A moderate increase in prices was recorded in civil engineering and road construction (0.9% each). Prices in bridge construction were stagnant, and other civil engineering prices increased by 1.0%. Prices in building construction rose, with an increase of 2.5% in the comparable period⁷. The wholesale price index fell by 1.7% in the third quarter of 2014 as against the same period in the previous year. This comprises, for example, gas oil (incl. diesel) at minus 5.9%, aluminum at minus 2.8% and copper sheet at minus 0.4%; in contrast, stainless steel rose by 5.8%⁸. The Austrian Institute for Economic Research (WIFO) assumes stable and slight real growth for civil engineering over the medium term (2015 to 2017)⁹.

C. Economic report and outlook

C.1. Revenues

Structure of revenues by sub-group in mil. EUR	2014	2013	Change	Change in %
ÖBB-Personenverkehr sub-group	1,940.4	1,898.3	42.1	2%
Rail Cargo Austria sub-group *)	2,073.1	2,280.9	-207.8	-9%
ÖBB-Infrastruktur sub-group	2,176.1	2,155.3	20.8	1%
ÖBB-Holding AG and other companies *)	1,338.3	1,185.0	153.3	13%
less consolidation of sub-groups	-2,257.8	-2,280.3	22.5	1%
Group revenue acc. to Consolidated Financial Statements	5,270.1	5,239.2	30.9	1%
Other income (consolidated)	1,084.8	1,009.1	75.7	8%
Total income	6,354.9	6,248.3	106.6	2%
Total revenue per employee in thousands EUR	155	152	3	2%

*) ECL in 2013 included in the Rail Cargo Austria sub-group

In the 2014 financial year, the revenue of the ÖBB Group amounted to EUR 5,270.1 million (prior year: EUR 5,239.2 million). Total income amounted to EUR 6,354.9 million (prior year: EUR 6,248.3 million).

In spite of an increase in the average number of staff from 40,977 to 41,083 employees, the figure "Total income per employee"¹⁰ increased to kEUR155 (prior year: kEUR152). Unconsolidated revenue generated abroad, which amounts to EUR 1,379.7 million (prior year: EUR 1,382.3 million), as in the prior year, about 16%.

Revenue of the ÖBB-Personenverkehr sub-group

Overview	2014	2013	Change	Change in %
Revenue in mil. EUR	1,940.4	1,898.3	42.1	2%
<i>thereof public services contracted by the federal government</i>	635.6	618.8	16.8	3%
<i>of which traffic service orders of the countries and communities</i>	290.5	268.7	21.8	8%
Other income in mil. EUR	53.7	29.1	24.6	85%
Total income in mil. EUR	1,994.2	1,927.5	66.7	3%

Passengers in million	2014	2013	Change	Change in %
Long-distance railway transport	34	34	0	0%
Short-distance railway transport	201	200	1	1%
Total railway	235	234	1	0%
Bus	231	235	-4	-2%
Total	466	469	-3	-1%

With an increase of the number of railway passengers to 235 million passengers (prior year: 234 million passengers), the ÖBB-Personenverkehr sub-group achieved a 3% increase in total income. Passenger numbers in the bus corporate sector recorded a slight decrease to 231million passengers (prior year: 235 million passengers).

⁷ http://www.solidbau.at/home/artikel/aid/25252/p/1/Baukonjunktur/Baupreise_im_dritten_Quartal_gestiegen?analytics_from=highlight_dis

⁸ Statistik Austria

⁹ http://www.viboe.at/uploads/tx_viboeinkct/141127-Bauprognoze-WIFO.pdf

¹⁰ Total income per employee: total income / average number of employees

With respect to the revenue in financial year 2014, an increase of 2% to EUR 1,940.4 million (prior year: EUR 1,898.3 million) was recorded. Unconsolidated revenue generated abroad (excluding public services contracted by the federal government), which amounts to EUR 169.7 million (prior year: EUR 162.9 million) about 13% (prior year: 12%). As a result, revenue generated abroad increased by EUR 6.8 million or 4%.

EUR 635.6 million (prior year: EUR 618.8 million) of the revenue results from services contracted by the federal government (public services) EUR 290.5 million (prior year: EUR 268.7 million) from traffic service orders of the countries and communities.

Revenue of the Rail Cargo Austria sub-group

Overview	2014	2013	Change	Change in %
Net tonnes transported in mil. tonnes (consolidated)	110.1	109.3	0.8	1%
Revenue in mil. EUR *)	2,073.1	2,280.9	-207.8	-9%
<i>thereof public services contracted by the federal government</i>	82.0	77.6	4.4	6%
Other income in mil. EUR *)	91.7	122.9	-31.2	-25%
Total income in mil. EUR *)	2,164.8	2,403.9	-239.1	-10%

*) ECL in 2013 included in the Rail Cargo Austria sub-group

Due to the difficult economic situation, the total income of the Rail Cargo Austria sub-group decreased to EUR 2,164.8 million (prior year: EUR 2,403.9 million, incl. ECL). Unconsolidated revenue generated abroad, which amounts to EUR 1,104.7 million (prior year: EUR 1,169.1 million) as in the prior year about 37%. Revenue generated abroad increased by EUR 64.4 million or 6%.

In total, the revenue of the Rail Cargo Austria sub-group decreased by 9% to EUR 2,073.1 million (prior year: EUR 2,280.9 million, incl. ECL). The compensation of the federal government for the execution of public service orders accounted for EUR 82.0 million or 4% of revenue (prior year: EUR 77.6 million or 3%). ÖBB-Technische Services-Gesellschaft mbH accounted for EUR 351.5 million of this (prior year: EUR 337.5 million).

The volumes in tonnes constitute important performance indicators for the transport business in the Rail Cargo Austria sub-group.

The Rail Cargo Austria sub-group recorded an increase in consolidated volumes in goods transport from EUR109.3 million to 110.1 million tonnes.

Net tonnes transported in mil.	Conventional full-load transport		Unaccompanied combined transport		Combined road/railway transport		Contracted logistics*		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Rail Cargo Austria AG excl. abroad	61.6	60.2	14.4	14.3	7.6	7.5	0.0	1.4	83.6	83.4
Rail Cargo Austria AG abroad	6.7	5.3	5.2	1.8	1.1	1.5	0.0	0.0	13.0	8.6
Rail Cargo Hungaria Zrt.	30.2	30.2	2.5	2.3	0.0	0.0	0.0	0.0	32.7	32.5
Rail Cargo Romania s.r.l.	0.4	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.6	0.4
Rail Cargo Italia s.r.l.	1.0	1.2	1.1	1.3	0.0	0.0	0.0	0.0	2.1	2.5
Rail Cargo Carrier Kft.	2.8	3.6	0.0	0.0	0.0	0.0	0.0	0.0	2.8	3.6
Total not consolidated	102.7	100.9	23.4	19.7	8.7	9.0	0.0	1.4	134.8	131.0
less intra-group transports	-16.9	-16.6	-6.7	-3.6	-1.1	-1.5	0.0	0.0	-24.7	-21.7
Total consolidated	85.8	84.3	16.7	16.1	7.6	7.5	0.0	1.4	110.1	109.3

* outsourcing of the Contract Logistics area from Rail Cargo Austria AG and subsequent transfer to ÖBB-Holding AG

Revenue of the ÖBB-Infrastruktur sub-group

Overview	2014	2013	Change	Change in %
Mil. train-kilometers	145.1	142.8	2.3	2%
Total gross tonnage-kilometers in mil.	75,162.7	72,965.8	2,196.9	3%
Self-generated traction power from ÖBB power plants	668	718	-50	-7%
Traction power from overhead contact line in GWh	1,740	1,770	-30	-2%
Floor space incl. Exterior spaces rented out in thousands m ²	2,760	2,697	63	2%
Revenue in mil. EUR	2,176.1	2,155.3	20.8	1%
Other income in mil. EUR	938.6	892.1	46.5	5%
Total income in mil. EUR	3,114.7	3,047.4	67.3	2%

The revenues of the sub-group amounted to EUR 2,176.1 million (prior year: EUR 2,155.3 million), of which companies of the ÖBB Group accounted for EUR 709.8 million (prior year: EUR 717.4 million). Revenue is mainly generated in Austria. Revenue in the amount of EUR 17.5 million (prior year: EUR 23.6 million) was generated with companies abroad. This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Compared to prior year the train-kilometers increased to 145.1 million Tkm (prior year: 142.8 million Tkm).

Development of train-kilometers by type of transport in mil.	2014	2013	Change	Change in %
Passenger transport	96.8	95.6	1.2	1%
<i>thereof ÖBB Group</i>	92.1	91.2	0.9	1%
Goods transport	41.1	39.7	1.4	4%
<i>thereof ÖBB Group</i>	33.3	33.1	0.2	1%
Service trains and light engines	7.2	7.4	-0.2	-3%
<i>thereof ÖBB Group</i>	6.2	6.5	-0.3	-5%
Total	145.1	142.8	2.3	2%
<i>thereof ÖBB Group</i>	131.6	130.8	0.8	1%

In the 2014 financial year, the total gross ton-kilometers (TGTKm) increased to 2,196.9 million TGTKm. While external railway operators accounted for 9.8 billion TGTKm or 13% of the total in the 2013 financial year, in 2014 they accounted for 11.5 billion TGTKm, which corresponds to 15% of the total.

Development of gross tonnage-kilometers by type of transport in mil.	2014	2013	Change	Change in %
Passenger transport	28,794.0	28,348.5	445.5	2%
<i>thereof ÖBB Group</i>	27,320.7	26,991.5	329.2	1%
Goods transport	45,258.1	43,489.4	1,768.7	4%
<i>thereof ÖBB Group</i>	35,330.4	35,163.1	167.3	0%
Service trains and light engines	1,110.6	1,127.9	-17.3	-2%
<i>thereof ÖBB Group</i>	970.5	988.4	-17.9	-2%
Total	75,162.7	72,965.8	2,196.9	3%
<i>thereof ÖBB Group</i>	63,621.6	63,143.0	478.6	1%

Furthermore, revenue is generated in the power trade and the real estate sector.

Development of the electricity sector:

Traction power in GWh	2014	2013	Change	Change in %
Self-generated traction power from ÖBB power plants	668	718	-50	-7%
Consumption of traction power from the overhead contact line	1,740	1,770	-30	-2%

In power plants owned by the sub-group ÖBB-Infrastruktur 668 GWh (prior year: 718 GWh) traction power were produced in the 2014 financial year.

Development of the rentable areas:

Floor space incl. rentable exterior spaces in thousand m ²	2014	2013	Change	Change in %
Usage by external parties (outside the Group)	785	793	-8	-1%
Usage by ÖBB Group companies	893	843	50	6%
Vacant and public space	1,063	1,040	23	2%
Floor space	2,741	2,676	65	2%
Exterior spaces rented out	19	21	-2	-10%
Total portfolio	2,760	2,697	63	2%

The floor space of buildings incl. rentable exterior spaces amounted to 2.8 million m² (prior year: 2.7 million m²), almost one third of which is rented out to third parties. The rest is rented out within the Group, used by the ÖBB-Infrastruktur sub-group itself or consists of public and vacant spaces.

European Contract Logistics revenue

In 2014, European Contract Logistics - Austria GmbH, with its subsidiaries, operated as an independent company on the market for the first year after outsourcing of the Contract Logistics area from Rail Cargo Austria AG and subsequent transfer to ÖBB-Holding AG.

The volumes in tonnes constitute important performance indicators for the transport business.

Net tonnes transported in mil.	2014	2013
Transport logistics – national	0.4	0.4
Transport logistics – international	0.2	0.1
Total transport logistics	0.6	0.5
Freight transport – national	0.5	0.6
Freight transport – international	0.5	0.3
Total freight transport	1.0	0.9
Total	1.6	1.4

European Contract-Logistics – Austria GmbH, with its subsidiary European Contract Logistics – Czech Republic s.r.o., recorded an increase in net tonnes transport compared to the previous year of 1.4 million to 1.6 million tonnes.

Service orders/payments of the federal government, provinces and communities

Service orders/payments of the federal government, provinces and communities in mil. EUR	ÖBB- Personenverkehr	Rail Cargo Austria	ÖBB- Infrastruktur
Public services contracted with the federal government	635.6 (PY: 618.8)	82.0 (PY: 77.6)	-
Transport service orders with provinces and communities	290.5 (PY: 268.7)	-	-
Maintenance and operation	-	-	656.1 (PY: 645.7)
Infrastructure financing (annuity and refinancing for existing network)	-	-	1,074.3 (PY: 1,023.2)
Total	926.1 (PY: 887.5)	82.0 (PY: 77.6)	1,730.4 (PY: 1,668.9)

The payments made to the ÖBB-Personenverkehr sub-group result from public service agreements on short-distance and long-distance passenger transport by railway concluded with the federal government for several years. In the reporting year these amounted to EUR 635.6 million (prior year: EUR 618.8 million), and traffic service orders of the countries and communities totaled EUR 290.5 million (prior year: EUR 268.7 million). The increase in federal compensation resulted primarily from netbacks of existing services. This meant that the general increase in costs was reflected in the individual expense categories. The increase in service orders was due to capacity expansions. This mainly involved the Innviertel traffic concept, the Tiroler Oberland timetable concept, additional Vorarlberg orders and periodic service expansions in the eastern region.

The payments to the sub-group Rail Cargo Austria result from the provision of rail freight services in the production forms of single wagon traffic, unaccompanied combined traffic as well as rolling highway and are based on the "Beihilfenprogramm für die Erbringung von Schienengüterverkehrsleistungen in bestimmten Produktionsformen in Österreich" (Aid program for the provision of rail freight services in certain production forms in Austria) notified by the EU. Payments in the reporting year amounted to EUR 82.0 million (prior year: EUR 77.6 million).

On behalf of the Republic of Austria, ÖBB-Infrastruktur AG is operating a building program of historic dimensions until 2024. According to the grant agreement 2013 – 2018, the federal government shall bear 75% of the annual investments in expansion and reinvestments according to the master plan 2013 – 2018 (with the exception of the Brenner base tunnel) until 2016 and 80% for the years 2017 and 2018; for these investments, subsidies are granted in the form of an annuity allocated over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate corresponds to the rate respectively applicable for long-term financing measures of ÖBB-Infrastruktur AG. In 2014, this federal contribution amounts to EUR 576.9 million (prior year: EUR 517.5 million). For the provision, in particular the refinancing of the existing network, a grant in the amount of EUR 497.4 million (prior year: EUR 505.7 million) was made by the federal government.

In addition, the federal government provides a subsidy for the maintenance and operation of the infrastructure in the amount of EUR 656.1 million (prior year: EUR 645.7 million). This grant for the operation of the railway infrastructure is paid insofar and for as long as the revenues that can be achieved by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management.

C.2. Result of operations

Result of operations of the ÖBB Group

Overview	2014	2013	Change	Change in %
EBIT in mil. EUR	864.1	755.1	109	14%
EBIT margin in %	13.6%	12.1%	1.5%	13%
EBITDA in mil. EUR	1,722.8	1,584.0	138.8	9%
EBT in mil. EUR	171.7	102.5	69.2	68%
Return on equity in %	10.1%	6.5%	3.7%	57%
Return on assets in %	3.4%	3.1%	0.3%	10%

Structure of the Consolidated Profit and Loss Account in mil. EUR	2014	in % of total income	2013	in % of total income	Change	Change in %
Revenue	5,270.1	83%	5,239.2	84%	30.9	1%
Other own work capitalized	359.8	6%	359.2	6%	0.6	0%
Other revenue and increase/decrease of inventories	725.0	11%	649.9	10%	75.1	12%
Total income	6,354.9	100%	6,248.3	100%	106.6	2%
Cost of materials	387.0	6%	412.2	7%	-25.2	-6%
Purchased services	1,377.2	22%	1,380.7	22%	-3.5	0%
Personnel expenses	2,407.5	38%	2,341.3	37%	66.2	3%
Amortization (incl. impairment)	858.7	14%	829.0	13%	29.7	4%
Other operating expenses	460.4	7%	530.1	8%	-69.7	-13%
Total expenses	5,490.8	86%	5,493.3	88%	-2.5	0%
EBIT	864.1	14%	755.1	12%	109.0	14%
Financial result	-692.4	-11%	-652.6	-10%	-39.8	-6%
EBT	171.7	3%	102.5	2%	69.2	68%

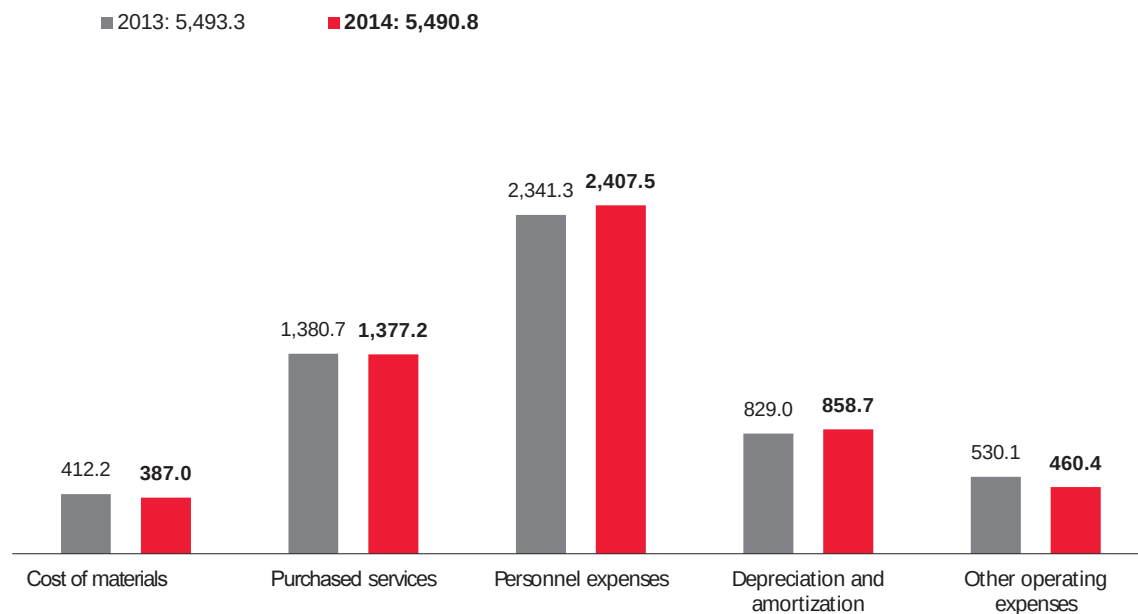
At EUR 6,354.9 million (prior year: EUR 6,248.3 million), total income increased slightly. The EBIT of the ÖBB Group increased by 14% to EUR 864.1 million (prior year: EUR 755.1 million). Accordingly, the EBIT margin improved¹¹ from 12.1% in the prior year to 13.6%. After the positive result of EUR 102.5 million in the prior year, a positive EBT of EUR 171.7 million was recorded. EBITDA¹² amounts to EUR 1,722.8 million (prior year: EUR 1,584.0 million). The return on equity increased to¹³ 10.1% (prior year: 6.5%), the return on assets amounted to¹⁴ 3.4% (prior year: 3.1%).

¹¹ EBIT margin: EBIT / total income

¹² EBITDA: EBIT + depreciation and amortization

¹³ Return on equity: EBT / shareholders' equity

¹⁴ Total return on equity: EBIT / total capital

Development of operating expenses in mil. EUR

In the 2014 financial year, total expenses decreased by EUR 2.5 million to EUR 5,490.8 million (prior year: EUR 5,493.3 million).

Personnel expenses decreased by 3% compared to the prior year to EUR 2,407.5 million (prior year: EUR 2,341.3 million) and still constitute the largest expense category. The increase is attributable, among other things, to the fact that a provision for recalculation of the advanced reporting date in the amount of EUR 113.0 million was to be formed. In addition, a Supreme Court decision made it possible to reverse liabilities for holiday loss pay in the amount of EUR 72.0 million, which improved results. The average personnel cost per employee amount to kEUR 59 (prior year: kEUR 57). The payroll ratio¹⁵ – which measures the share of personnel expenses in total income – rose slightly to 38% (prior year: 37%). More information on the personnel structure and the development of the number of staff is provided in Chapter E. Personnel Report.

Expenses for materials decreased to EUR 387.0 million (prior year: EUR 412.2 million). This item comprises expenses for purchased traction power amounting to EUR 101.5 million (prior year: EUR 123.8 million) and expenses for liquid fuels amounting to EUR 88.3 million (prior year: EUR 95.5 million).

At EUR 1,377.2 million (prior year: EUR 1,380.7 million), expenses for services received constitute the second largest expense category. This item primarily comprises fees for rented vehicles, transport services and infrastructure usage charges for third-party railways. Furthermore, this item comprises other services received consisting primarily of goods and services that cannot be capitalized in connection with repairs, maintenance, cleaning, and other services in the freight forwarding sector. The share of cost of materials and services in total income was 28% (prior year: 29%). Expenses for depreciation and amortization increased by EUR 29.7 million to EUR 858.7 million (prior year: EUR 829.0 million).

A reduction was achieved in operating expenses (-7% to EUR 112.0 million), non-income taxes and fees (-1% to EUR 41.9 million), provisions (-27% to EUR 11.6 million) and miscellaneous other expense (-22% to EUR 235.1 million). In contrast, increases were seen in rent, leasing, and licensing expenses (9% to EUR 32.1 million) and expenses for information technology and office supplies (22% to EUR 27.8 million). In total, other operating expenses fell by EUR 69.6 million or 13% to EUR 460.5 million (prior year: EUR 530.1 million).

For the 2014 financial year, the ÖBB Group presents a negative financial result amounting to EUR 692.4 million (prior year: EUR 652.6 million). Interest expense amounts to EUR 731.6 million (prior year: EUR 738.4 million).

¹⁵ Payroll ratio: personnel expenses / total income

Result of operations of the ÖBB-Personenverkehr sub-group

Overview	2014	2013	Change	Change in %
Revenue in mil. EUR	1,940.4	1,898.3	42.1	2%
Total income in mil. EUR	1,994.2	1,927.5	66.7	3%
Total expenses in mil. EUR	-1,893.1	-1,852.6	-40.5	-2%
EBIT in mil. EUR	101.1	74.9	26.2	35%
EBIT margin in %	5.1%	3.9%	1.2%	31%
EBITDA in mil. EUR	206.7	178.7	28.0	16%
Financial result in mil. EUR	-25.4	-16.3	-9.1	56%
EBT in mil. EUR	75.7	58.6	17.1	29%
Return on equity in %	11.6%	9.3%	2.3%	25%
Return on assets in %	3.6%	2.7%	0.9%	33%

The sub-group ÖBB-Personenverkehr increased revenue in the year under review by 2% to EUR 1,940.4 million (prior year: EUR 1,898.3 million). The cost of materials decreased by 5% to EUR 127.1 million (prior year: EUR 133.4 million). Following EBIT of EUR 74.9 million in 2013, the sub-group reported EBIT of EUR 101.1 million in financial year 2014. The financial result deteriorated to EUR -25.4 million (prior year: EUR -16.3 million). The sub-group reported EBT of EUR 75.7 million in financial year 2014 (prior year: EUR 58.6 million). Return on equity in 2014 was 11.6% (prior year: 9.3%), while return on total assets was 3.6% (prior year: 2.7%). Year on year, the EBIT margin increased from 3.9% to 5.1%. EBITDA amounted to EUR 206.7 million (prior year: EUR 178.7 million).

Personnel expenses for the sub-group increased slightly in financial year 2014, by EUR 5.1 million or 1% to EUR 377.4 million (prior year: EUR 372.3 million). The average personnel cost per employee amounted to kEUR 55 (prior year: kEUR 54). The ratio of personnel expenses to total income remained stable year on year, at 19%. The cost of materials, amounting to EUR 127.1 million (prior year: EUR 133.4 million) includes expenditure of EUR 37.5 million for traction power (prior year: EUR 39.4 million), and EUR 51.3 million for liquid fuels (prior year: EUR 55.6 million). Purchased services increased year on year, by 2% to EUR 1,097.8 million (prior year: EUR 1,073.9 million). The figure includes vehicle rental fees of EUR 30.9 million (prior year: EUR 22.1 million), transport service costs of EUR 481.7 million (prior year: EUR 477.4 million) and infrastructure usage charges for third-party railways amounting to EUR 302.0 million (prior year: EUR 291.1 million). The ratio of cost of materials and services to total income was 61% (prior year: 63%).

Result of operations of the Rail Cargo Austria sub-group

Overview	2014	2013	Change	Change in %
Revenue in mil. EUR	2,073.1	2,280.9	-207.8	-9%
Total income in mil. EUR	2,164.8	2,403.9	-239.1	-10%
Total expenses in mil. EUR	-2,061.2	-2,327.9	266.7	11%
EBIT in mil. EUR	103.6	76.0	27.6	36%
EBIT margin in %	4.8%	3.2%	1.6%	50%
EBITDA in mil. EUR	161.4	134.4	27.0	20%
Financial result in mil. EUR	-44.7	-17.6	-27.1	>100%
EBT in mil. EUR	58.9	58.4	0.5	1%
Return on equity in %	**)	**)	**)	**)
Return on assets in %	5.6%	3.9%	1.7%	44%

**) Ratio not meaningful

Financial year 2014 marked the successful completion of key steps in the implementation of the "Fit 2015" turnaround program. Sub-group Rail Cargo Austria was able to improve its result of operations (EBIT) to EUR 103.6 million (prior year: EUR 76.0 million), an increase of EUR 27.6 million in EBIT for the financial year. With a 10% decrease in total income to EUR 2,164.8 million (prior year: EUR 2,403.9 million), the EBIT margin was 4.8% after 3.2% in financial year 2013. The financial result decreased year on year, from EUR -17.6 million to EUR -44.7 million. Accordingly, EBT for 2014 is reported at EUR 58.9 million (prior year: EUR 58.4 million). The return on total assets amounted to 5.6% (prior year: 3.9%) and EBITDA to EUR 161.4 million (prior year: EUR 134.4 million).

Year on year, total expenses incurred by the sub-group Rail Cargo Austria decreased by 11%, to EUR 2,061.2 million (prior year: EUR 2,327.9 million). The cost of purchased services is the largest expense category and decreased in the year under review by 11%, to EUR 1,311.2 million (prior year: EUR 1,481.3 million). This item includes expenses for transport services, infrastructure usage charges including public services and personnel leasing, rent for railway and road vehicles and other services. In the year under review, personnel expenses decreased to EUR 372.1 million (prior year: EUR 418.7 million). With the headcount reduced, the average personnel cost per employee increased year on year, from kEUR 45 to kEUR 46. The ratio of personnel expenses to total income was unchanged year on year, at 17%. In total, the ratio of cost of materials and services to total income was 68% (prior year: 69%).

Result of operations of the ÖBB-Infrastruktur sub-group

Overview	2014	2013	Change	Change in %
Revenue in mil. EUR	2,176.1	2,155.3	20.8	1%
Total income in mil. EUR	3,114.7	3,047.4	67.3	2%
Total expenses in mil. EUR	-2,479.5	-2,441.1	-38.4	-2%
EBIT in mil. EUR	635.1	606.3	28.8	5%
EBIT margin in %	20.4%	19.9%	0.5%	3%
EBITDA in mil. EUR	1,279.9	1,222.7	57.2	5%
Financial result in mil. EUR	-600.5	-580.5	-20.0	-3%
EBT in mil. EUR	34.6	25.8	8.8	34%
Return on equity in %	2.9%	2.2%	0.7%	32%

Total income generated by sub-group ÖBB-Infrastruktur in the year under review amounted to EUR 3,114.7 million (prior year: EUR 3,047.4 million). With an average headcount of 16,963 (prior year: 16,122), income generated per employee was kEUR 184 (prior year: kEUR 189). This equates to an increase in total income of EUR 67.3 million or 2% compared to 2013.

The sub-group ÖBB-Infrastruktur reported EBIT of EUR 635.1 million in financial 2014 (prior year: EUR 606.3 million), with an EBIT margin¹⁶ of 20.4% (prior year: 19.9%).

The sub-group ÖBB-Infrastruktur generated a negative financial result in the year under review of EUR 600.5 million (prior year: EUR 580.5 million). In 2014, EBT amounted to EUR 34.6 million (prior year: EUR 25.8 million).

Total expenses incurred by the sub-group increased in 2014 by 2% to EUR 2,479.5 million (prior year: EUR 2,441.1 million). In 2014, personnel expenses constituted the largest cost item, rising 3% to EUR 1,074.7 million (prior year: EUR 1,044.0 million). The average personnel cost per employee was kEUR 63 (prior year: kEUR 65), which equates to a ratio of 35% (prior year: 34%) of personnel expenses to total income for the sub-group. Due to the operational responsibility of the sub-group, depreciation and amortization represent its second largest expense item. Following increased investment activity in previous years, this item increased in the year under review, by 5% to EUR 644.8 million (prior year: EUR 616.4 million). The cost of materials and services accounted for 14% (prior year: 13%) of total income.

¹⁶ EBIT margin: EBIT / total income

C.3. Net assets and financial position

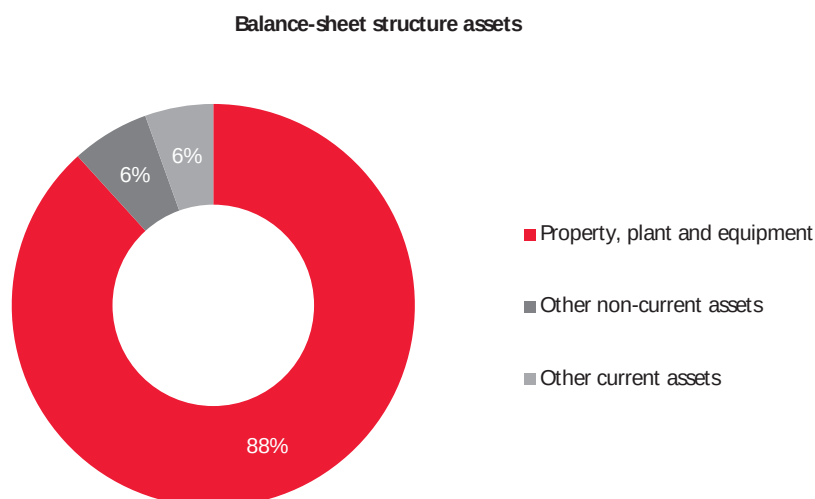
Net assets and financial position of the ÖBB Group

Overview	2014	2013	Change	Change in %
Total assets in mil. EUR	25,745.8	24,631.3	1,114.5	5%
PP&E-to-total-assets ratio in %	88%	89%	-1%	-1%
PP&E-to-net-worth ratio in %	7%	7%	0%	0%
PP&E-to-net-worth ratio II in %	101%	97%	4%	4%
Working capital in mil. EUR	116.2	8.9	107.3	>100%
Equity ratio in %	6.6%	6.5%	0.1%	2%
Cash-effective change of funds in mil. EUR	179.0	-383.9	562.9	-147%

Structure of the Statement of Financial Position in mil. EUR	Dec 31, 2012	Dec 31, 2013	Structure 2013	Dec 31, 2014	Structure 2014	Change from 2013 to 2014
Property, plant and equipment	20,748.9	21,765.5	89%	22,723.9	88%	958.4
Other non-current assets	1,697.1	1,556.1	6%	1,610.6	6%	54.5
Current assets	1,638.3	1,309.7	5%	1,411.3	6%	101.6
Total Assets	24,084.3	24,631.3	100%	25,745.8	100%	1,114.5
Shareholder's equity	1,430.8	1,588.9	7%	1,692.0	6%	103.1
Financial liabilities	20,177.3	20,778.4	84%	21,811.1	85%	1,032.7
Other liabilities	2,476.2	2,264.0	9%	2,242.7	9%	-21.3

Total assets of ÖBB Group increased in the year under review, by 5% to EUR 25,745.8 million (prior year: EUR 24,631.3 million), mainly as a result of investments in property, plant and equipment.

Assets



The ratio of property, plant and equipment to total assets (PP&E ratio¹⁷) was 88% (prior year: 89%) on the reporting date. These capital expenditures were primarily financed with borrowings through bond issues. As of December 31, 2014, the PP&E-to-net-worth ratio¹⁸ was unchanged year on year, at 7%. PP&E-to-net-worth ratio II, which includes non-current borrowings,¹⁹ was 101% (prior year: 97%).

¹⁷ PP&E ratio: PP&E / total assets

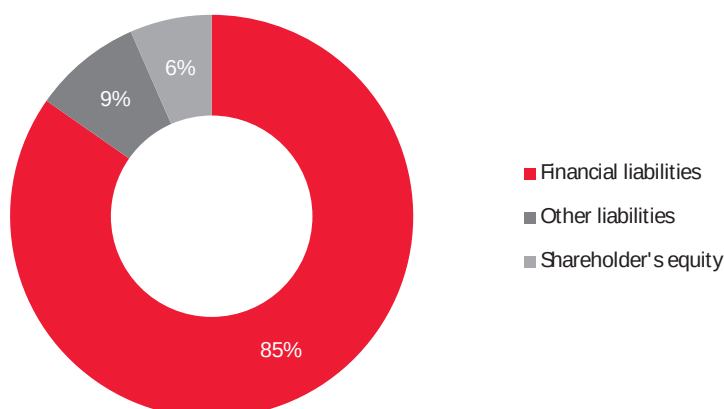
¹⁸ PP&E-to-net-worth ratio: Equity / Property, plant and equipment

¹⁹ PP&E-to-net-worth ratio II: (Equity + non-current borrowings) / PP&E

Working capital ²⁰ amounted to EUR 116.2 million (prior year: EUR 8.9 million). The increase is mainly due to higher prepayments for property, plant and equipment of EUR 49.5 million, and to lower trade payables of EUR 68.3 million.

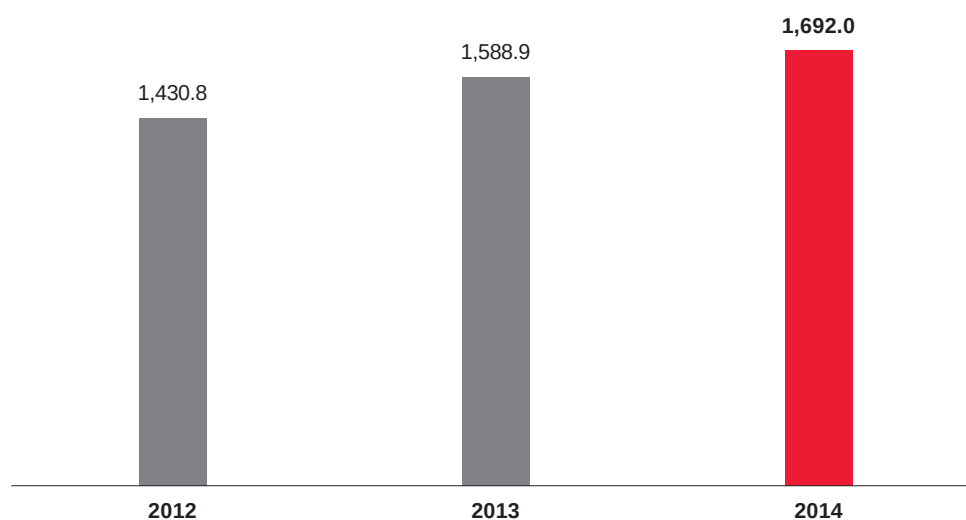
Total liabilities and stockholders' equity

Balance sheet structure total liabilities



As of December 31, 2014, the equity ratio ²¹ of ÖBB Group was 6.6% (prior year: 6.5%). The increase on the liabilities side is primarily due to issues of new bonds.

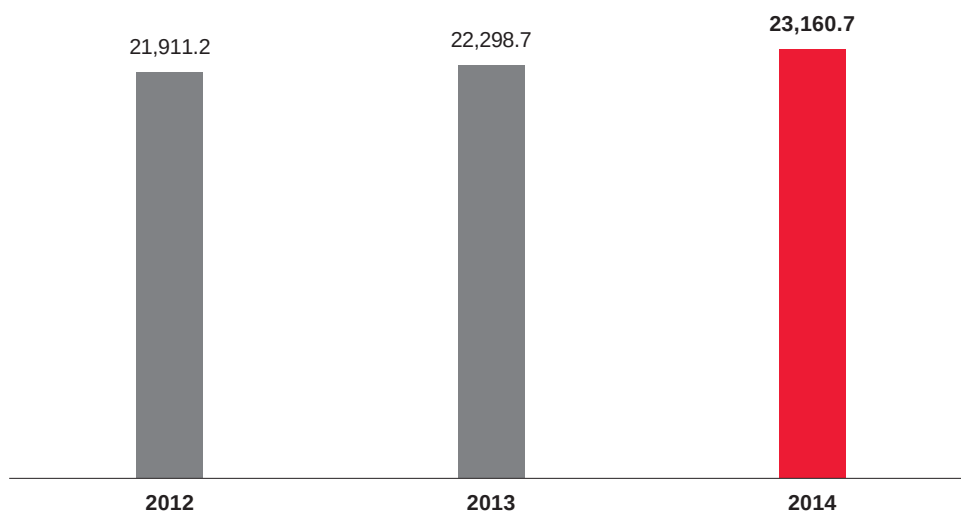
Development of shareholder's equity in mil. EUR



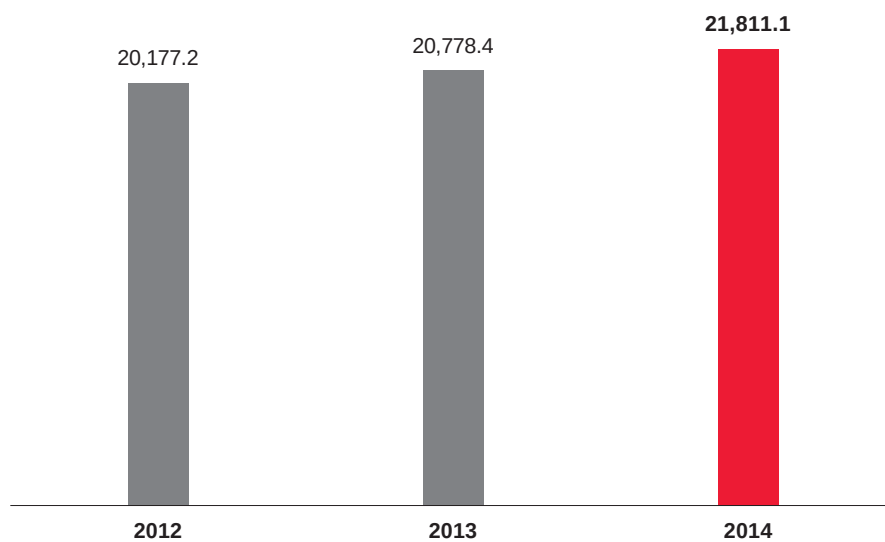
In 2014, liabilities of ÖBB Group totaled EUR 23,160.7 million (prior year: EUR 22,298.7 million). The external financing of the ÖBB Group is procured mainly through bonds. These bonds are recognized by ÖBB-Infrastruktur AG in an amount of EUR 15,208.2 million (prior year: EUR 14,376.4 million).

²⁰ Working capital: inventories (excl. real estate recovery projects) + trade receivables + advance payments on non-current assets – trade payables – advance payments on orders received

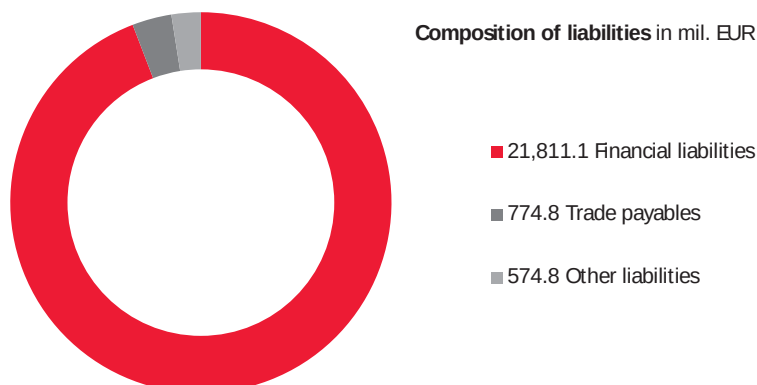
²¹ Equity ratio: Equity / total capital

Liabilities in mil. EUR

The financial liabilities of ÖBB Group comprise all liabilities from bonds and to banks and EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG [European Company for the Financing of Railroad Rolling Stock]. In total, financial liabilities in the year under review increased by 5% or EUR 1,032.7 million, to EUR 21,811.1 million (prior year: EUR 20,778.4 million).

Financial liabilities in mil. EUR

The composition of the liabilities in the year under review is presented in the diagram below:



The terms of the liabilities are summarized in the following table:

Terms of the liabilities in mil. EUR	Total	thereof current	in %	thereof non-current	in %
Financial liabilities	21,811.1	998.3	5%	20,812.8	95%
Trade payables	774.8	774.8	100%	0.0	0%
Other liabilities	574.8	505.3	88%	69.5	12%

Notes to the Consolidated Statement of Cash Flow

In the year under review, free cash flow²² increased to EUR -831.4 million (prior year: EUR -1,312.9 million). The change in cash and cash equivalents with effect on cash flow improved from EUR -383.9 million to EUR 179.0 million.

Abstract from the Group Cash Flow Statement in mil. EUR	Dec 31, 2014	Dec 31, 2013	Change
Cash flow from operating activity	980.3	630.8	349.5
Cash flow from investing activity	-1,811.7	-1,943.7	132.0
Free cash flow	-831.4	-1,312.9	481.5
Cash flow from financing activity	1,010.4	929.0	81.4
Cash-effective change of funds	179.0	-383.9	562.9

The detailed Consolidated Statement Cash Flow is included in the Notes to the Consolidated Financial Statements.

Net assets and financial position of the ÖBB-Personenverkehr sub-group

Overview	2014	2013	Change	Change in %
Total assets in mil. EUR	2,777.3	2,789.0	-11.7	0%
PP&E-to-total-assets ratio in %	69%	69%	0%	0%
PP&E-to-net-worth ratio in %	34%	33%	1%	3%
PP&E-to-net-worth ratio II in %	110%	111%	-1%	-1%
Equity ratio in %	24%	23%	1%	4%

²² Cash flow from operating activities + cash flow from investing activities

**Structure of the
Statement of Financial
Position**

in mil. EUR	Dec 31, 2012	Dec 31, 2013	Structure 2013	Dec 31, 2014	Structure 2014	Change from 2013 to 2014
Non-current assets	2,403.1	2,492.4	89%	2,432.7	88%	-59.7
Current assets	407.6	296.6	11%	344.6	12%	48.0
Total Assets	2,810.7	2,789.0	100%	2,777.3	100%	-11.7
Shareholder's equity	512.2	631.7	23%	654.7	24%	23.0
Non-current liabilities	1,691.5	1,517.8	54%	1,440.4	52%	-77.4
Current liabilities	607.0	639.5	23%	682.2	25%	42.7

In the year under review, total assets of sub-group ÖBB-Personenverkehr decreased by EUR 11.7 million to EUR 2,777.3 million (prior year: EUR 2,789.0 million). The ratio of property, plant and equipment to total assets (PP&E ratio) was 69% on the reporting date. As of the same date, the PP&E-to-net-worth ratio was 34% (prior year: 33%), and the PP&E-to-net-worth ratio II was 110% (prior year: 111%). Working capital amounted to EUR 65.9 million (prior year: EUR 91.3 million). After increasing capital by EUR 23.0 million to EUR 654.7 million (prior year: EUR 631.7 million), the equity ratio was 24% (prior year: 23%).

Overall, the liabilities of sub-group ÖBB-Personenverkehr decreased by 3% to EUR 1,909.9 million (prior year: EUR 1,968.4 million). In the year under review, the financial liabilities decreased by EUR 113.3 million or 7%, to EUR 1,546.2 million (prior year: EUR 1,659.5 million).

Net assets and financial position of the Rail Cargo Austria sub-group

Overview	2014	2013	Change	Change in %
Total assets in mil. EUR	1,862.3	1,936.6	-74.3	-4%
PP&E-to-total-assets ratio in %	37%	44%	-7%	-16%
PP&E-to-net-worth ratio in %	0%	-3%	3%	100%
Equity ratio in %	0%	-1%	1%	100%

**Structure of the Consolidated
Statement of Financial
Position**

in mil. EUR	Dec 31, 2012	Dec 31, 2013	Structure 2013	Dec 31, 2014	Structure 2014	Change from 2013 to 2014
Non-current assets	1,256.8	1,263.7	65%	1,075.2	58%	-188.5
Current assets	705.8	672.9	35%	787.1	42%	114.2
Total Assets	1,962.6	1,936.6	100%	1,862.3	100%	-74.3
Shareholder's equity	-97.2	-28.5	-1%	2.3	0%	30.8
Non-current liabilities	1,296.2	1,174.7	61%	984.4	53%	-190.3
Current liabilities	763.6	790.5	41%	875.5	47%	85.0

Year on year, the total assets of the sub-group decreased by EUR 74.3 million or 4%, to EUR 1,862.3 million (prior year: EUR 1,936.6 million). The ratio of property, plant and equipment to total assets (PP&E ratio) was 37% on the reporting date (prior year: 44%). The PP&E-to-net-worth ratio was 0% (prior year: -3%). Working capital totaled EUR 329.7 million (prior year: EUR 259.7 million). After increasing equity by EUR 30.8 million to EUR 2.3 million (prior year: EUR -28.5 million), the equity ratio was 0% as of December 31 (prior year: -1%).

The liabilities of the sub-group decreased overall by EUR 112.2 million or 6%, to EUR 1,699.6 million (prior year: EUR 1,811.8 million). Financial liabilities declined to EUR 1,312.9 million (prior year: EUR 1,414.9 million).

Net assets and financial position of the ÖBB-Infrastruktur sub-group

Overview	2014	2013	Change	Change in %
Total assets in mil. EUR	21,341.0	20,133.4	1,207.6	6%
PP&E-to-total-assets ratio in %	90%	91%	-1%	-1%
PP&E-to-net-worth ratio in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II in %	103%	98%	5%	5%
Equity ratio in %	6%	6%	0%	0%

Structure of the Consolidated Statement of Financial

Position in mil. EUR	Dec 31, 2012	Dec 31, 2013	Structure 2013	Dec 31, 2014	Structure 2014	Change from 2013 to 2014
Non-current assets	18,673.2	19,520.1	97%	20,547.0	96%	1,026.9
Current assets	1,052.0	613.3	3%	794.0	4%	180.7
Total Assets	19,725.2	20,133.4	100%	21,341.0	100%	1,207.6
Shareholder's equity	1,148.6	1,173.6	6%	1,198.5	6%	24.9
Non-current liabilities	15,760.4	16,749.5	83%	18,681.5	88%	1,932.0
Current liabilities	2,816.2	2,210.3	11%	1,461.0	7%	-749.3

Total assets of sub-group ÖBB-Infrastruktur increased by 6% to EUR 21,341.0 million as of year-end 2014 (prior year: EUR 20,133.4 million). The PP&E ratio was 90% (prior year: 91%), while the PP&E-to-net-worth ratio remained unchanged on the reporting date 2014 year on year, at 6%. PP&E-to-net-worth ratio II, which includes non-current borrowings, was 103% (prior year: 98%). Working capital amounted to EUR -310.0 million (prior year: EUR -404.4 million). After increasing equity by EUR 24.9 million to EUR 1,198.5 million (prior year: EUR 1,173.6 million), the equity ratio was 6%.

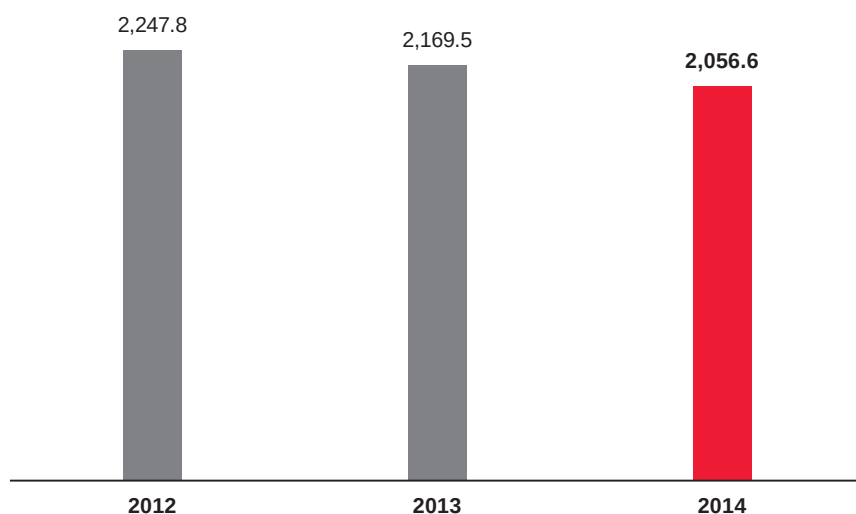
Overall, the liabilities of sub-group ÖBB-Infrastruktur increased in the year under review, by 6% to EUR 19,733.7 million (prior year: EUR 18,641.6 million). After financial liabilities increased by 7% to EUR 18,873.8 million (prior year: EUR 17,704.2 million), this category accounts for 96% (prior year: 95%) of all liabilities.

In financial year 2014, EUR 1.5 billion (prior year: EUR 2.1 billion) of fixed interest bonds were issued under the Euro medium-term note (EMTN) program ("Debt Issuance Program"), which was launched at EUR 10.0 billion in 2005 and increased to EUR 20.0 billion in 2011 for the purpose of financing capital expenditures on infrastructure and re-financing bonds at maturity.

C.4. Capital expenditure and financing measures

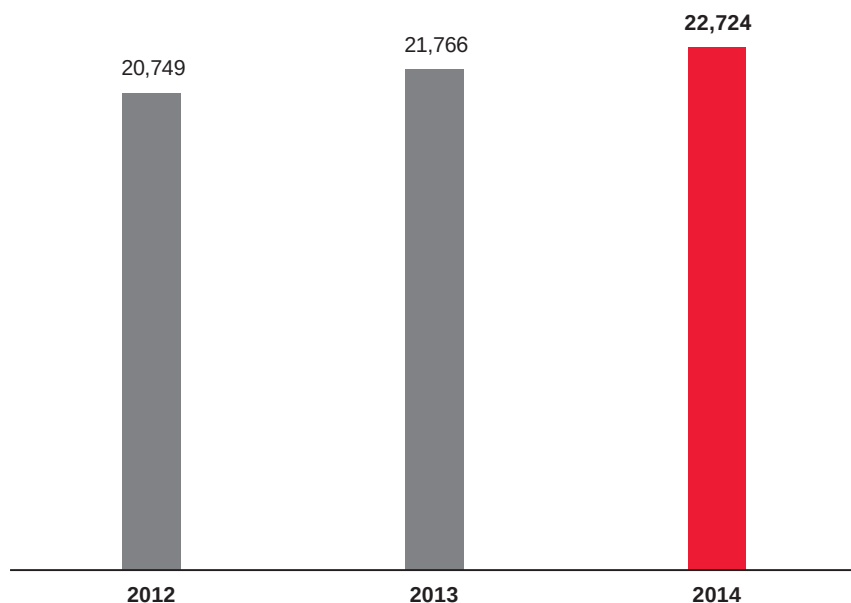
Overview	2014	2013	Change	Change in %
Capital expenditure in mil. EUR	2,056.6	2,169.5	-112.9	-5%
Capital expenditure ratio of total income in %	31%	34%	-3%	-9%
PP&E-to-total-assets ratio in %	9%	10%	-1%	-10%

Investments in mil. EUR



In the year under review, ÖBB Group invested EUR 2,056.6 million (prior year: EUR 2,169.5 million) in property, plant and equipment, and intangible assets. These capital expenditures are reported as additions to fixed assets and recognized at cost. The figure represents a capital expenditure ratio of 31% (prior year: 34%) of total income²³ or 9% (prior year: 10%) of property, plant and equipment as measured by the carrying amounts²⁴ as of January 1.

Tangible assets in mil. EUR

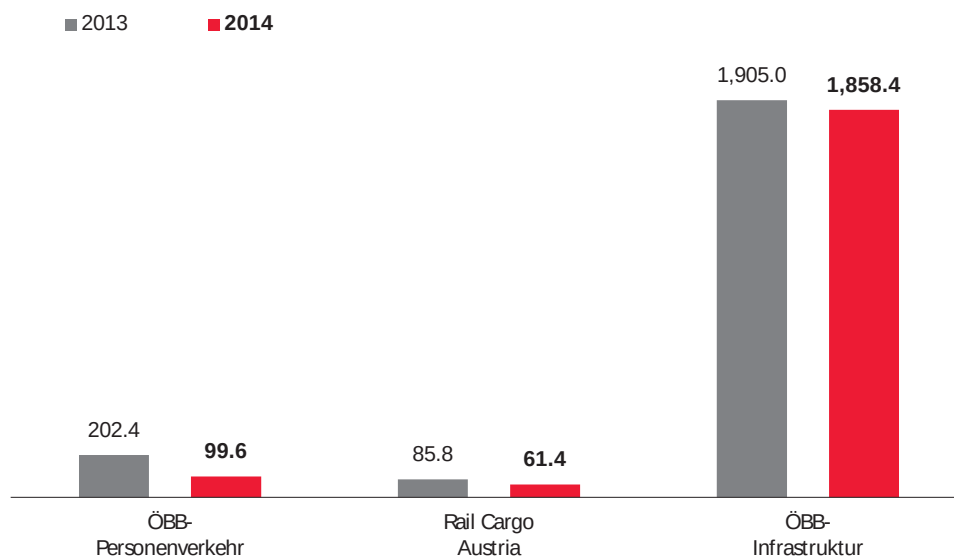


Of the total capital expenditure of EUR 2,056.6 million (prior year: EUR 2,169.5 million) the vast majority of the capital expenditure and financing measures, at EUR 1,858.4 million (prior year: EUR 1,905.0 million), is attributable to sub-group ÖBB-Infrastruktur. The carrying amount of the property, plant and equipment held by this sub-group, at EUR 19,270.7 million (prior year: EUR 18,245.7 million) accounts for about 85% (prior year: 84%) of the total property, plant and equipment held by ÖBB Group, which amounts to a total of EUR 22,723.9 million (prior year: EUR 21,765.5 million).

²³ Capital expenditure ratio: investment in property, plant and equipment / total income

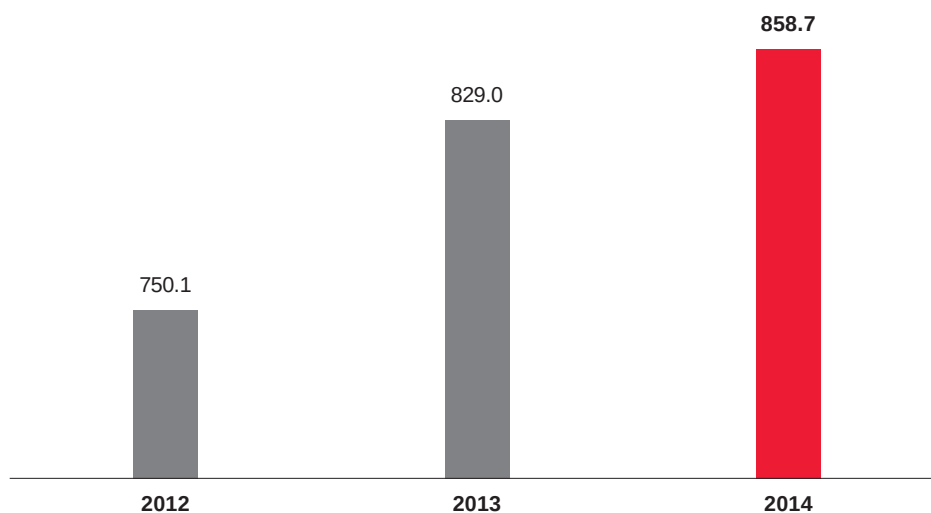
²⁴ Capital expenditure ratio: investment in property, plant and equipment / carrying amount of PP&E as of January 1.

Overview of investment by sub-group
in mil. EUR (before consolidation at group level)



Depreciation and amortization increased by EUR 29.7 million to EUR 858.7 million (prior year: EUR 829.0 million).

Development of the depreciation of the ÖBB Group in mil. EUR



Capital expenditure of the ÖBB-Personenverkehr sub-group

Overview	2014	2013	Change	Change in %
Capital expenditure in mil. EUR	99.6	202.4	-102.8	-51%
Capital expenditure ratio of total income in %	5%	10%	-5%	-50%
PP&E-to-total-assets ratio in %	5%	11%	-6%	-55%

In the year under review, sub-group ÖBB-Personenverkehr purchased intangible assets and property, plant and equipment (including prepayments) valued at EUR 99.6 million (prior year: EUR 202.4 million, of which EUR 150.0 million constituted prepayments on cityjets). This equates to a capital expenditure ratio of 5% (prior year: 10%) of total income or 5% (prior year: 11%) of property, plant and equipment as measured by the carrying amounts as of January 1.

Capital expenditures	Amount in mil. EUR
Short-distance traffic investments	13.6
Long-distance traffic investments	76.8
Technical equipment and machinery	5.4
Other property, plant and equipment investments	3.7
Software	0.1
Total capital expenditures	99.6

Capital expenditure of the Rail Cargo Austria sub-group

Overview	2014	2013	Change	Change in %
Capital expenditure in mil. EUR	61.4	85.8	-24.4	-28%
Capital expenditure ratio of total income in %	3%	3%	0%	0%
PP&E-to-total-assets ratio in %	7%	7%	0%	0%

In the year under review, sub-group Rail Cargo Austria invested EUR 61.4 million (prior year: EUR 85.8 million) in intangible assets and property, plant and equipment. As in 2013, this equates to a capital expenditure ratio of 3% to total income or 7% of property, plant and equipment as measured by the carrying amounts as of January 1.

Capital expenditures	Amount in mil. EUR
Property, plant and equipment	60.9
Rolling stock	22.8
Workshops	20.5
Other property, plant and equipment	17.6
Intangible assets	0.5
Total	61.4

Capital expenditure of the ÖBB-Infrastruktur sub-group

Overview	2014	2013	Change	Change in %
Capital expenditure in mil. EUR	1,858.4	1,905.0	-46.6	-2%
Capital expenditure ratio of total income in %	57%	61%	-4%	-7%
Capital expenditure ratio of carrying amounts in %	10%	11%	-1%	-9%

In total, the sub-group ÖBB-Infrastruktur invested EUR 1,858.4 million in financial year 2014 (prior year: EUR 1,905.0 million), equivalent to a capital expenditure ratio of 57% (prior year: 61%) to total income and 10% (prior year: 11%) of property, plant and equipment as measured by the carrying amounts as of January 1.

With a carrying amount of EUR 19,270.7 million (prior year: EUR 18,245.7 million), sub-group ÖBB-Infrastruktur accounts for about 85% (prior year: 84%) of the total property, plant and equipment held by ÖBB Group.

Areas of investment focus in 2014

Capital expenditures by ÖBB-Infrastruktur Group focused on the following investments in 2014:

- Four-track extension of the Western line (section Vienna – Wels);
- Four-track extension of the Lower Inn Valley route;
- Expansion of the southern section (Baltic-Adriatic Corridor);
- Construction of the Brenner Base Tunnel;
- Construction of freight terminals;
- Numerous local transport projects in large urban areas;
- Train stations;
- Improving tunnel safety on existing lines;
- Noise protection measures;
- Railway junctions; technical safety, conveyances, replacement measures, such as over- and underpasses;
- Construction of Park & Ride facilities;
- Large-scale capital expenditure, such as new tracks and switches.

Work focused on the following projects in the period under review: Completion of the St. Pölten–Loosdorf track (freight train bypass) (Lower Austria), completion of the Ybbs–Amstetten track (Lower Austria), eastern access to Linz Central Station (Upper Austria), selective two-track expansion between Linz – Selzthal (Upper Austria), four-track expansion of the Lower Inn Valley railway (Tyrol) (remaining work), expansion of the St. Margrethen–Lauterach track (Vorarlberg), Vienna Inzersdorf terminal (Vienna/Lower Austria), Semmering base tunnel (Lower Austria/Styria), Koralmtunnel (Styria/Carinthia), Koralmbahn sections Wettnannstätten – Deutschlandsberg (Styria) and Aich/Mittlern – Althofen/ Drau (Carinthia), and the Brenner base tunnel (Tyrol/Italy). Equally, the station initiative continued – in addition to the major Central Stations in Salzburg (Salzburg), Graz (Styria) and Vienna (Vienna), work progressed at numerous stations and stops, including the stations Hohenems (Vorarlberg), Ludesch (Vorarlberg), Brixlegg (Tyrol), Hallwang-Elixhausen (Salzburg), Schärding (Upper Austria), Gmunden (Upper Austria), Korneuburg (Lower Austria), Bruck/ Leitha (Lower Austria), Wolkersdorf (Lower Austria), Gänserndorf (Lower Austria), Hollabrunn (Lower Austria), Deutsch-Wagram (Lower Austria), St. Peter-Seitenstetten (Lower Austria), Neunkirchen (Lower Austria), Leobersdorf (Lower Austria), Neusiedl/See (Burgenland), Wildon (Styria), Judendorf-Straßengel (Styria), and the stops at Brünner Strasse (Vienna), Kammer-Schörfling (Upper Austria), Klagenfurt West (Carinthia), Paternion/Feistritz (Carinthia) and Weissenstein-Kellerberg (Carinthia).

C.5. Corporate strategy

Objectives and mission

ÖBB-Holding AG is the strategic controlling company of ÖBB Group. It is responsible for ensuring uniform strategic alignment to fully leverage advantages and synergies. Group directives specify, clear and practical rules that take account of the Group's purpose and govern cooperation and coordination among the companies, ensuring a uniform direction for the Group. The companies that make up ÖBB Group each develop their corporate strategies, which are then merged into a consistent Group strategy.

Research & development, environmental and sustainability issues, international relations and efforts to ensure a barrier-free railway system for people with mobility issues are Group-wide tasks for which ÖBB-Holding AG performs a coordinating function. The Group emphasizes collaboration with foreign railway operators, EU institutions and international advocacy groups. Key topics of interest for the Group include EU legislation and interoperability. Central services, such as Human Resources, Accounting Services, Purchasing and IT are provided by ÖBB-Business Competence Center GmbH.

Strategy and strategy implementation

FIT 2015 nearing completion

The FIT 2015 program was launched in 2010 and is now in its final push. Once again, all Group entities developed strategic and operational action plans in 2014, and have begun preparing for the next phase, which will run until 2020.

Strengthening and advancing Group and sub-group strategies Strategic initiatives within the Group

The Group-wide project "Speed Up," initiated by Board of Management of ÖBB-Holding AG, was launched in August 2014. With the help of external experts, this project aims to identify and eliminate bureaucratic hurdles and improve group-wide processes. The objective is to reduce bureaucracy and establish faster, more transparent decision-making channels – by simplifying processes and defining clear structures and responsibilities. By the end of the year, intra-company working groups had analyzed the current situation with respect to processes in use in the cross-functional areas of service and support, and identified possible solutions for improving process flows. The next step will be to derive and implement specific actions at both Group-wide and sub-group level. The primary aim of the project is to bundle and align human and financial resources within the company for the benefit of its customers.

Group-wide initiatives

- In its strategic planning process, ÖBB decided to position itself as a leading provider of integrated mobility. "Simply mobile" – looking ahead, customers will find it even easier and faster to reach their destination using various environmentally-friendly means of public transport – regardless of whether they are traveling in the city or out in the country.
- The content for the Group-wide program "Customer Service for Disruptions" was designed in 2013. The program aims to ensure better customer support when unscheduled events occur. Actions were specified in 2014, and implementation commenced. One of these measures was to analyze and design the creation and deployment of a rapid response team.
- The Group-wide program "Error Culture" was launched at the end of 2013. One of the factors driving success in railway safety is the open and professional handling of human errors. Appropriate measures were developed in 2014.
- For the Group project Corporate Voice, the voice of Chris Lohner was digitized with a text-to-speech system for use on public address systems in stations and trains, and call center announcements.

Group initiatives for organizational and human resource-related developments

ÖBB Group decided to streamline its management structure at the end of 2013, and continued to rigorously pursue this aim in 2014. For example, ÖBB-Shared Service Center GmbH and ÖBB-IKT GmbH were merged into one company, effective January 1, 2014, which is now called ÖBB-Business Competence Center GmbH. The completion of Group headquarters at Vienna Central Station marked another key milestone. Staff from ÖBB-Holding AG and 14 other ÖBB Group companies moved into the new building between September and November. The Group expects to save EUR 5.0 million each year, simply by locating some 1,700 employees together at one office and taking advantage of the resulting effects.

Passenger transport initiatives

The opening of the Vienna Central Train Station in October 2014 offers rail travelers an even more attractive experience. The Group will significantly improve its train service with the purchase of nine additional railjets, which will be deployed on the IC route between Vienna and Salzburg starting with the 2017 timetable, and of 101 ÖBB cityjets, which will be deployed in the regional and S-Bahn networks in the federal provinces of Vienna, Lower Austria, Upper Austria and Styria from the end of 2015 onwards. The fleet of railjets will gradually be upgraded to enable passengers to take bicycles on board. Further initiatives to improve passenger transport include WC signage and scent dispensers, the installation of information points in stations without dynamic passenger information systems, and the introduction of "comfort zones" in Talent and Desiro railcars. In addition, other transport associations have now been integrated into the ÖBB ticket shop for the first time. Transport association tickets can now be purchased for the federal provinces of Styria, Upper Austria, Carinthia and Vienna (zone 100). The Group plans to extend this service to the remaining federal provinces.

In addition, a sustainable, customer-oriented Sales Strategy 2020 was designed and approved for the sub-group ÖBB-Personenverkehr. Embedded within it are the actions for required for all relevant sales channels and systems to ensure that the ticket-selling service offered by ÖBB is both fit for the future and customer-friendly.

Freight transport initiatives

Rigorous implementation of the strategy for Rail Cargo Group continued in 2014 with the aim of becoming European champion in customer satisfaction and cost efficiency, and as an attractive employer.

Business activity was focused on rail logistics between the North, Mediterranean and Black Seas; non-core businesses were sold. The services portfolio was further optimized. Rail Cargo Group operates a dense international network comprising freight forwarders in 16 countries, operating companies in five countries, proprietary rail freight carriers in ten countries, a wagon operator and rolling stock workshops in three countries.

Rail Cargo Group invests in innovative rail logistics products to create value for customers and set itself apart in the marketplace. One example of such products are the tailor-made customer solutions built from individual service modules that can be combined as required and which link key business regions, such as the Sławków Shuttle (South Poland – North Italy), Anatolia Express (Germany – Turkey), etc.

A key cornerstone for the success of Rail Cargo Group is the strategic expansion of the European network and its own traction stock. The Group successfully expanded the number of carrier companies in 2014, through registration as a railway operator in Croatia and Slovakia, for example. Rail Cargo Group is setting new industry standards across Europe with its development, construction and deployment of innovative freight cars offering more flexible capacity utilization and optimized loading and unloading. One example of this is the Innofreight car servicing the enormous Stuttgart 21 construction site.

Infrastructure initiatives

ÖBB-Infrastruktur AG focuses clearly on its customers and its core business: the provision of equipment and facilities, and non-discriminating operation of ÖBB's railway network. One aim is to make access to the railways as easy as possible. Safety, punctuality and superb customer service rank high on its list of priorities. Generally speaking, the company wants to create the conditions for attractive mobility.

The Target Network 2025+ constitutes a uniform overall concept comprising the following elements derived from detailed market analysis and long-term demand forecasts (traffic forecast prepared by BMVIT):

- Evolution of ÖBB's route network, including train stations, based on criteria for system adequacy
- Operating centers and the implementation of the European Train Control System (ETCS) in ÖBB's route network
- Implementation of programs to ensure compliance with statutory regulations (tunnel safety, accessibility, noise protection)

The aim is to secure a high-performance infrastructure for Austria that is capable of operating key international routes in the European network. It will enable more volume to be shifted to rail transport, and forms the basis for a high-quality portfolio of (scheduled) transport services.

Concentration on core infrastructure business aims to focus the infrastructure portfolio on areas where a sustainable railway infrastructure is appropriate. Products and services that are not compatible with core business will be discontinued over the medium to long term.

C.6. Other important events and outlook

General conditions and challenges

Economic development is not expected to provide much of a tailwind for railway operators in 2015. The current oil price could produce resistance, as it favors road and air transport competitors. The Republic continues to support the expansion of the railway infrastructure, and thus makes an important contribution to GDP in times of weak economic growth and rising unemployment.

The mobility change that is being driven by engineering, demographic and social advancements continues to constitute both opportunity and risk for passenger rail transport. Never before have customers been able to obtain such extensive information on public transport so easily. At the same time, digitization is creating new competitors. Car sharing started as a supplement to public transport, but is increasingly evolving into a competitor. Added to which, new travel-share platforms are constantly emerging on the internet that generally underbid long-distance rail prices. Digital media are also one of the main reasons for the success of the long-distance bus services that recently started flooding the marketplace. Since their liberalization in Germany, long-distance bus services have rapidly become a serious competitor to long-distance rail transport.

New EU legislation will bring more precisely defined tasks for ÖBB sub-groups in 2015. New rules of application will govern competitors' access to essential facilities with the aim of facilitating market access. Appropriate separate accounting systems must be established in all affected areas. More detailed regulation of route prices could also come into effect before the end of 2015 with the aim of adapting infrastructure usage charges both to market conditions (by market segment) and the associated direct costs. Public service tenders will become mandatory for passenger rail transport projects from 2022 onwards.

Federal Public Corporate Governance Code (B-PCGK)

ÖBB Group wants to strengthen the trust of its customers, its employees, and the general public with its policy of transparent, quick and detailed information. As a company that operates on the capital markets and attracts a great deal of public interest, ÖBB Group aligns the organization and communication of its corporate governance to international standards and best practices, and, since April 11, 2014, to the Federal Public Corporate Governance Code (Public Corporate Governance Kodex des Bundes, B-PCGK) (prior to that, to the Austrian Corporate Governance Code).

An Extraordinary General Meeting held on March 31, 2014 resolved to amend the Articles of Association to implement the Federal Public Corporate Governance Code. The amendment to the Articles of Association became legally effective when it was entered in the Company Register on April 11, 2014. A separate report addresses the Group's compliance with the individual regulations.

Outlook for the ÖBB Group

A key area of focus in 2015 will be on strategic human resource planning. Further areas the Group intends to emphasize include ongoing efforts to raise customer satisfaction and product quality as well as securing investment and funding capacity.

The repetition of the staff survey took place at the beginning of 2015 as planned in order to evaluate the effectiveness of the measures put in place following the 2013 survey. This second Group-wide survey included not just all ÖBB Group companies in Austria and Hungary, but also, for the first time, all fully consolidated European subsidiaries of Rail Cargo Group, Postbus and Technical Services.

Outlook for the ÖBB-Personenverkehr sub-group

The purpose of the Fourth Railway Package is to implement the EU Commission's plans to liberalize all passenger rail transport in the Member States from December 2019 onwards. Since the Package also includes changes in the area of public services, ÖBB-Personenverkehr AG is intensely focused on developing a strategy that will secure its share in the local transport markets. In addition, the expansion of WLAN in train stations (lounges, halls, platforms) has commenced and will be gradually implemented in all major long-distance train stations and hubs over the coming years. Options for improving on-board WLAN and cell phone network availability are also being investigated with the aim of increasing customer satisfaction on trains. Plans for further capital expenditure include the purchase of new rolling stock, mainly to replace long-distance stock (IC and overnight trains).

Outlook for the Rail Cargo Austria sub-group

Rail Cargo Group expects the European freight transport market to pose further challenges in 2015 in light of stagnating demand in the marketplace due to economic weakness and surplus capacities as well as the overdue investments by numerous rail freight carriers – manifested by rolling stock that is prone to breakdowns – and the financial difficulties facing numerous logistics providers.

Sustainable success factors for RCG are organic, profitable growth through new products, vendor qualification, rigorous continuation of cost and process optimization, and capital expenditure for innovative rolling stock. In addition, further candidates for possible acquisition are being evaluated in the target markets of Rail Cargo Group.

Outlook for the ÖBB-Infrastruktur sub-group

Building on a new organizational structure, efforts in 2015 will focus on optimizing process organization and aligning business to a corporate culture that is customer friendly and process oriented.

Railway infrastructure expansion projects in 2015 will focus on:

- Continuing the four-track expansion of the Western line (e.g. Amstetten station conversion, St. Pölten freight train bypass)
- Terminals (e.g. Wolfurt, TWIN, Wels)
- Vienna Central Station – Fully operational
- Further expansion of the Southern line (e.g. new Semmering base tunnel and Koralmbahn)

- Expanding the Pottendorf line
- Completing Graz Central Station
- Brenner base tunnel
- Local transport projects in large urban areas and station buildings
- Transfer of routes to the province of Upper Austria ("Haager Lies", "Mühlkreisbahn", "Aschacherbahn"/ Transfer of the railway bridge in Linz to Linz AG)

Additional measures are planned that should culminate in achievement of the following objectives in 2015:

- Sustaining punctuality
- Reducing low-speed sections in the core network
- Improving customer information
- Further improving safety

D. Real estate management

ÖBB owns around 25,000 buildings, making it one of Austria's largest property owners. ÖBB-Immobilienmanagement GmbH – a wholly-owned subsidiary of ÖBB-Infrastruktur AG – provides integrated real estate services, primarily within ÖBB Group.

It develops and sells properties that are not necessary for operations, and is responsible for the life cycle management of an extensive portfolio of about 5,000 buildings and more than 1,000 stations and stops. The services portfolio comprises both commercial and technical facility management for every single building owned by ÖBB Group, including train stations, as well as the development and sale of properties not needed for operations. Across Austria, a team of around 760 employees ensures professional and efficient management of the extensive services portfolio.

The sub-group ÖBB-Infrastruktur was able to contribute EUR 86.8 million to profits in financial year 2014 from the sale of properties.

E. Human capital report

ÖBB Group ranks among Austria's largest employers. As of year-end 2014, the Group counted (including Rail Cargo Hungaria Group) 39,481 active employees (excluding apprentices). Year on year, the number of employees decreased slightly. ÖBB Group ranks among Austria's foremost training centers. As of year-end 2014, the Group employed 1,663 apprentices, together with a further 115 apprentices who were accepted through the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training). The average age was 44.0 (prior year: 43.6). As of December 31, 2014, women made up 11.7% of all employees (prior year: 11.5%).

The employee structure in the ÖBB Group

Number of employees (headcount)	Dec 31, 2014	Dec 31, 2013	Change		Average	
			Reporting date	in %	2014	2013
Employees	10,655	10,448	207	2%	10,593	10,396
Workers	5,130	4,814	316	7%	5,005	4,529
Tenured employees	23,696	24,251	-555	-2%	23,968	24,581
Total (excl. apprentices)	39,481	39,513	-32	0%	39,566	39,506
Apprentices *)	1,609	1,663	-54	-3%	1,517	1,471
Total (incl. apprentices)	41,090	41,176	-86	0%	41,083	40,977

*) In addition, in the 2014 financial year 115 apprentices were accepted through the foundation "Allgemeine Privatstiftung für berufliche Bildung".

Number of employees (FTE)	Dec 31, 2014	Dec 31, 2013	Change		Average	
			Reporting date	in %	2014	2013
Total (excl. apprentices)	39,125.8	39,182.0	-56.2	-0.1%	39,241.0	39,172.0
Apprentices *)	1,609.0	1,663.0	-54.0	-3.2%	1,517.0	1,471.0
Total (incl. apprentices)	40,734.8	40,845.0	-110.2	-0.3%	40,758.0	40,643.0

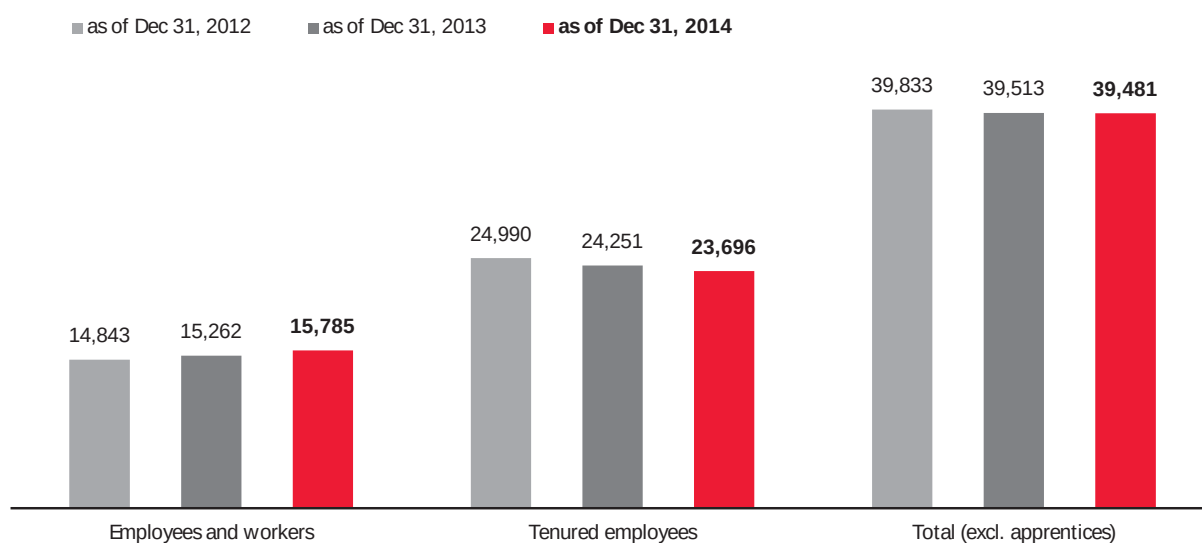
*) In addition, in the 2014 financial year 115 apprentices were accepted through the foundation "Allgemeine Privatstiftung für berufliche Bildung".

Tenured employees are ÖBB employees who are subject to the General Terms and Conditions of Employment with Österreichische Bundesbahnen (AVB), joined the company prior to January 1, 1995, and cannot be dismissed, pursuant to the provisions of the AVB.

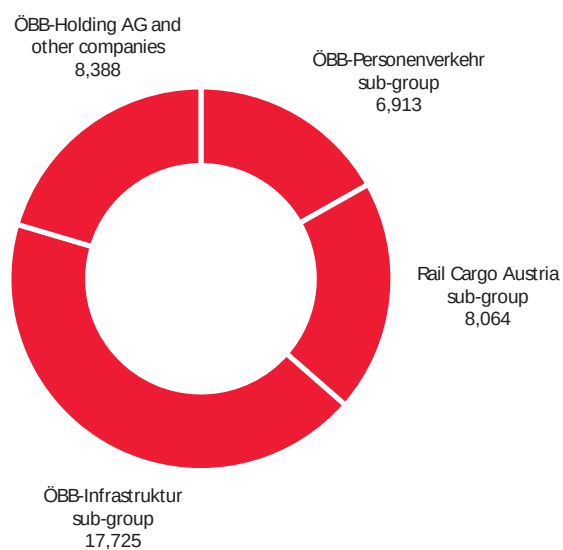
After peaking in 2006 at 2,971, a total of 509 AVB employees whose pension rights are governed by the provisions of the Federal Railways Pensions Act (Bundesbahn-Pensionsgesetz, BB-PG) retired in 2014; a decrease of more than 80%. As in 2012 and 2013, there were no compulsory retirements on organizational grounds in 2014. In the period from 2004 – 2011, a total of 8,552 employees retired on such grounds.

In 2014, ÖBB Group was able to further raise the retirement age to 59.4 (prior year: 59.0) and thus bring it close to the average age under General Social Insurance Law (ASVG), which was 60.7 in 2013.

Employee structure of the ÖBB Group



Distribution of employees as of Dec 31, 2014



Sub-group ÖBB-Infrastruktur was the most HR-intensive business unit in 2014, accounting for 43% of all employees.

Apprenticeship in the ÖBB Group

ÖBB Group is Austria's largest training center for technical apprenticeships, and offers 22 apprenticeship professions. The sub-groups ÖBB-Personenverkehr and Rail Cargo Austria mainly train apprentices in commercial professions, while ÖBB-Infrastruktur AG and ÖBB-Postbus GmbH predominantly offer technical apprenticeships. The training program is recognized by the state, and graduates regularly win numerous prizes and awards at vocational competitions each year. ÖBB also sponsors "Lehre mit Matura" [apprenticeship with qualification for university entrance] scheme, giving its apprentices an opportunity for further advancement. In addition to professional training, importance is also attached to developing social skills. As part of a cooperation project with Vienna Technical University, mechatronics apprentices were given the opportunity to participate in a 10-week on-the-job training program at the Institute of Applied Physics (Electronics Laboratory). A project developed ÖBB apprentices entitled "Years of Repression – Railways and National Socialism in Austria 1938-1945" was awarded the Anton Benya Prize.

Continued training

ÖBB Academy and education

ÖBB Academy is a corporate university that bundles strategically relevant advanced education programs for various management levels, experts, newcomers and talented employees at ÖBB Group. It promotes interdisciplinary networks that transcend hierarchies. Fall 2014 marked the completion of advanced training by participants in 14 instructional programs. The fourth program for university graduates – entitled "Trainees for Mobility" started in September 2014. Since 2011, some 750 employees have graduated from ÖBB Academy in a variety of disciplines and programs. An Alumni Club has been established as a forum for continued dialog among the graduates.

The Group-wide ÖBB Training Catalog was relaunched in financial year 2014. From 2015 onwards, a wide range of new training programs focusing on personal skills, management training, language and computer courses, and advanced job-related training schemes will be available for employees.

Human resource development schemes in the individual ÖBB Group companies ensure job-specific training to optimize railway operations. They also cover the training curricula specified by law. A broad range of training schemes focusing on social and method skills completes the portfolio.

Performance management

ÖBB Performance Management is a system for ensuring that the work results achieved by the individual Group companies and organizational units are consistent with the corporate strategy and associated Group objectives. It comprises three tools: Team target dialogs, individual employee meetings, and the MbO system.

Team target dialogs are an institutionalized executive management tool that is applied consistently throughout the Group to support the target definition process. Strategic Group or company objectives are understandably defined and agreed in a cascading top-down process. Appropriate objectives are defined and specific measures agreed by teams on the basis of uniform policies and common principles that apply throughout the Group. Team target dialogs are supported by experienced in-house facilitators.

Individual annual targets that extend beyond the team targets are defined in the individual employee meetings, and performance assessments, skills, training programs, personal feedback, and development opportunities are discussed between employee and supervisor.

The MbO (management by objectives) system defines the individual targets agreed with the managers in the ÖBB Group.

Succession planning

Succession planning was introduced along with its initial processes in 2013. Its objective is the early development of outstanding performers for management functions. The first steps focused on various methods of measuring the potential of the candidates in order to derive specific development plans. Evaluation of the program commenced in financial year 2014.

Employer Branding

A comprehensive employer branding strategy with corresponding performance indicators was developed in 2014 to ensure uniform presentation of the Group as an attractive employer. A new, Group-wide presentation of ÖBB as employer was developed under the motto "Ticket to a successful career" as a key element of the strategy.

In 2014, the ÖBB Employer Branding Team organized a total of 13 recruiting fairs, of which six targeted academics, and seven apprentices. The main target groups for the fairs in 2014 were potential apprentices as well as university students majoring in engineering and economics disciplines. Further employer branding measures, such as the trainee blog or participation in Girls' Day / Daughter Day, were continued. ÖBB ranked among the very best, for example, in Career's Best Recruiter survey, and was again among the top 50 most attractive employers in Austria (Universum Student Survey Austria).

Equality in the ÖBB Group

ÖBB actively promotes equal opportunities for men and women, including an Equal Opportunities Policy introduced in 2011 and a Diversity Officer, who was also appointed in 2011. The Group strives to ensure equal treatment irrespective of gender, age, ethnic origin, sexual orientation or disability, to promote equal opportunities and to better reconcile work and care responsibilities through special programs. Ten regional Equal Opportunities Officers advise and support colleagues who feel they are being discriminated against or treated unfairly due, for example, to their gender, ethnicity, sexual orientation or age. An Equal Opportunities Board supports the work of the regional Equal Opportunities Officers and ensures their continuous ongoing training.

The Diversity Charter 2020 details specific equal opportunity targets aimed at raising the share of women in the company and strengthening diversity:

- Steadily increasing the share of women to 20% when making new management appointments
- Steadily increasing the share of women to 20% when recruiting new staff
- Steadily increasing the share of women in the apprenticeship program to 20%
- Sustaining and steadily increasing the share of women at/to 25% in advanced training programs offered by ÖBB Academy.
- Sustaining and steadily increasing the share of women at/to 25% on the Supervisory Boards of ÖBB joint stock companies and limited liability companies in Austria (shareholder representatives)
- Monitoring the equal opportunities targets in quarterly reports

The equal opportunities targets are evaluated and submitted to management quarterly.

For example, numerous measures have been put in place to achieve the equal opportunities targets including targeted recruiting of female apprentices in particular, female quotas for ÖBB Academy training programs, career workshops for women and men from the entire ÖBB Group, the establishment of an ÖBB women's network, inclusion of the Charter goals in the team target dialogs and performance agreements, seminars on the Equal Treatment Act, as well as Gender & Diversity Management qualification programs for executives. These consistent efforts, which are backed up with strategic and measurable targets, earned the Group the DiversCity Award for large companies in June 2014.

To better reconcile work and family commitments, a system of child care by the hour, provided by Flying Nannies, was set up initially as a pilot project in the Vienna region. Production management at Rail Cargo Austria has undergone a systematic process aligned to best practices in establishing greater work-life balance.

Social benefits

ÖBB Group offers its employees the following voluntary social benefits, which have been grouped into a proprietary business unit – ÖBB-BCC GmbH – since May 2014: Staff canteens, child care, vacations in holiday homes/apartments, help with finding housing, and support for sports and cultural activities. Setting up this business unit not only optimizes the social benefits offered by the ÖBB Group but also underscores the value the ÖBB Group places on its employees.

In addition, the Group offers subsidized travel in Austria and abroad as well as aid and support if an employee has an accident at work or on the way to work, or suffers any other kind of emergency.

Health care management

The objective of the health care management is to maintain and support the ability to work and the health of the ÖBB employees. ÖBB's healthcare strategy has been improved with the help of representatives of its cooperation partner Versicherungsanstalt für Eisenbahnen und Bergbau (VAEB) [insurance institution for railway and mining]. The "ÖBB Healthcare Management" program has been extended to include "Healthcare as a Leadership Task" and "Coming Back to Work". "Healthcare as a Leadership Task" focuses on "healthy management" and "presence management" and fosters an appreciative approach by managers in interacting with their employees. The "Coming Back to Work" module, which is gradually being implemented throughout ÖBB Group, aims to support employees who have been sick and or hurt in regaining their ability to work, and to integrate them back into the work process as quickly as possible.

Placement service

Employees who are proclaimed no longer fit enough by a medical expert or who can no longer perform their original jobs following organizational streamlining and reorganization measures, are offered support, and if possible, retrained and placed in a new position through the placement service.

Working to retirement age

Now that the retirement age has been increased and employees are no longer asked to retire on organizational grounds, the number of older employees will increase significantly in the years to come. Two work time models have been developed, together with the employee representatives, aimed at helping these employees to stay healthy and capable of gainful employment for longer.

The Group was able to agree age-appropriate part-time work models with tenured employees from July 1, 2014 onwards – four years before meeting the requirements for statutory semi-retirement. With effect from January 1, 2015, the semi-retirement program originally set up only for employees insured under General Social Insurance Law (ASVG) as per Section 27 Unemployment Insurance Act (AIVG) can also be agreed with tenured employees, as they have by then also satisfied the requirement of paying mandatory unemployment insurance premiums for 15 years.

F. Research and development report

ÖBB is a major driver of innovation in the Austrian railway industry. As an integrated railway corporation, ÖBB places particular importance on optimizing and advancing the overall railway system. Of its research activities, 85% are attributable to four main clusters:

- Integrated, sustainable passenger mobility
- Intermodal, sustainable freight mobility
- Vehicle-track interaction, vehicle-infrastructure optimization
- Innovative construction engineering

A large number of projects are sponsored by national and European programs. "Shift²Rail", which forms part of the Horizon 2020 European initiative, will play a particularly important role. Working in partnership with other medium-sized European railways, ÖBB is striving to join Shift²Rail and work with all other stakeholders in the European railways sector over the next six years to increase the ability of the railways system to compete.

64 R&D projects were in progress in 2014. The total volume of ongoing R&D projects amounts to EUR 11.9 million (over the entire duration of the projects in progress, without deduction of sponsorship).

Examples of ongoing projects

Integrated passenger mobility / SMILE

In response to a tender issued by the Climate and Energy Fund in connection with its "Technology Lighthouses for Electromobility" sponsorship program, ÖBB has joined forces with eleven partners to launch the SMILE research project. SMILE aims to develop and test a prototype for a multimodal information, booking and payment system (mobility assistant) that assures a smart link between public transport, public private transport and electromobility programs. SMILE responds directly to the needs of customers, allowing them to organize and book entire trips easily and conveniently, in just a few steps.

Intermodal, sustainable freight mobility / CinderRailer

In railway transport, it is quite common for a freight train to travel fully loaded in one direction and empty in the other. As a result, productivity of no higher than 50% can be achieved, which "naturally" limits the ability to compete against road transport. The use of special-purpose rail cars exacerbates the situation even further since their usability for different types of freight is limited. The CinderRailer project is examining the transport of plaster, cinders and substitute fuels, which are currently moved in different containers and partially on the road. Modularization is the aim – to overcome productivity hurdles and develop productivity advantages over competing freight carriers while at the same time enhancing performance capability. Basically, the same carriers are always used, but with different container technologies, depending on the specific requirements. The project also aims to extend the possible uses of the containers themselves.

Rail transport mobility optimization - RTMO

Processes are being developed in collaboration with a leading mineral oil corporation, together with an IT solution for an integrated "end-to-end railway supply chain". Linking the currently different IT systems and processes encourages the company-wide, optimized and efficient planning of the means of transport, and improves the use

of resources for both customer and service provider. After successful completion of the pilot project, a European-wide rollout is planned.

Vehicle-track interaction / Active rotary dampers (ADD)

The Group-wide ADD project involves equipping Taurus locomotives with active rotary dampers. The aim is to assess the reduced wear on both wheels and tracks. ADD is using suitable metrology equipment on the tracks to measure the reduced wear and, based on the underlying wear model, aims to assess to how rotary dampers reduce track and wheel wear.

Innovative construction engineering / Absorption concrete - lightweight concrete that absorbs kinetic energy

This project is attempting to develop damping elements made of lightweight concrete to protect infrastructure against stone impact, avalanches, and vehicle collisions. Various types of lightweight concrete are being compared using the newly developed "absorption grade". The absorption grade is determined in experiments using specially developed test specimens.

G. Corporate Social Responsibility (CSR)

Social responsibility and sustainable actions are key foundations for the successful alignment and governance of ÖBB.

The existing Group-wide CSR strategy is tailored to the structural and measurable advancement of CSR issues over the coming years. The CSR strategy describes five key themes:

- Customers (customer dialogue, customer retention, customer safety, accessibility...)
- Employees (initial and further training, diversity and equal opportunities...)
- Economy (economic impact, risks & rewards, research...)
- Environment (climate protection & energy management, emissions, biodiversity, resources...)
- Society (role in the society, public interest, human rights...)

Areas of activity have been described and strategic directions specified for each theme based on the Global Reporting Initiative and/or ISO 26000.

CSR advancement is measured annually, based on CSR performance indicators and a CSR Report published every two years.

Summary of special CSR performance indicators at ÖBB

CSR Performance Indicators	2014	2013
Customers		
Customer satisfaction (overall score, "VCÖ-Bahntest" survey)	2.10	2.08
Bike & Ride facilities: number of single-track parking spaces	43,213	41,126
Park & Ride facilities: number of multi-track parking spaces	56,813	56,329
Employees		
Total number of employees of the ÖBB Group (as of 12/31)	41,090	41,176
Ratio of women employed by the ÖBB Group (in %)	11.7	11.5
ÖBB work accident rate (per 1,000 employees, rounded)	35	31
Economy		
Total investment volume (in mil. EUR)	2,056.6	2,169.5
Number of ÖBB research projects	64	70
Environment		
Total ÖBB power consumption in GWh (ÖBB+external)	2,141	2,164
Investments in noise protection on existing routes (in mil. EUR)	11.4	8.0
Managed protective forest (ha)	2,800	2,800
Society		
Number of apprentices (as of 12/31) *)	1,609	1,663
Ratio of female apprentices in % (as of 12/31)	14.1	13.5
Route network in km (operating length)	4,865	4,859

*) In addition, in the 2014 financial year 115 apprentices were accepted through the foundation "Allgemeine Privatstiftung für berufliche Bildung".

Summary of CSR activities in 2014

- Several initiatives took place with schools and universities in 2014. "Students Shaping Change" was an initiative that allowed school children to visit ÖBB facilities – such as the TS workshops in the Jedlersdorf suburb of Vienna – and take a look behind the scenes.

- One particular area of CSR focus in 2014 was raising awareness among ÖBB employees of the importance of sustainability.
- ÖBB & Bikes: ÖBB & Bikes is a task force charged with developing a uniform stand on the issue of ÖBB & bicycles, coordinating the Group-wide initiatives (program development), and strengthening ties with representatives from the relevant ministries and bicycle initiatives.

Certified management systems

- ÖBB Group companies work with certified management systems. In October 2014, ÖBB-Produktion GmbH obtained certification under environmental management standard ISO 14001 and OHSAS 18001 (occupational health and safety management standard).

Federal Energy Efficiency Act

Along with many other major corporations in Austria, ÖBB Group is affected by the Bundes-Energieeffizienzgesetz [Federal Energy Efficiency Act], which came into force in 2014. In fall 2014, a Group-wide task force worked on clarifying open issues regarding detailed interpretation of this law, and prepared for its implementation within ÖBB Group. From January 2015 onwards, the Group must begin complying with the obligations specified by the Federal Energy Efficiency Act. At the same time, ÖBB Group is very interested in developing a marketplace for energy efficiency measures, and in the possibility of acting as a so-called measure proposer.

Environment

ÖBB Group's environmental performance is managed and coordinated by ÖBB-Holding AG. Environmental protection is one of the CSR strategy themes of ÖBB Group - with defined areas of activity and strategic direction. The environmental areas of activity, which are subject to structured processing and continuous improvement, are as follows:

- Climate protection & energy management
- Emissions (noise, air pollution, etc.)
- Nature conservation & biodiversity
- Waste
- Resources

Summary of environmental activities in 2014

Climate protection & energy management

The Environment Agency Austria calculates the CO₂ footprint for ÖBB's transport sector each year. The greenhouse gas figures calculated for 2013, which were issued in summer 2014, demonstrate that ÖBB still offers major CO₂ advantages over other means of transport (average utilization was calculated in each case):

- Measured in passenger kilometers, ÖBB passenger rail transport emits, on average, 12 times less CO₂ than an automobile, and about 13 times less than an aircraft.
- The CO₂ comparison factor of the ÖBB-Postbus fleet versus automobiles is 1:2.3, which means that an average automobile emits more than double the CO₂ per passenger kilometer compared to an ÖBB-Postbus.
- The difference in CO₂ emissions is even greater in freight transport. Every tonne moved by ÖBB's freight transport operations emits 15 times less CO₂ than freight transported on an average truck.

ÖBB's rail transport services save Austria around 3 million tonnes of CO₂ each year.

Emissions (noise, air pollution, etc.)

ÖBB Group again took further noise protection measures in 2014, including the expansion of noise protection initiatives along existing routes.

Nature conservation & biodiversity

ÖBB tracks pass through and into nature. This entails a significant responsibility, which ÖBB Group actively embraces. Many different initiatives have been launched throughout the Group. Some examples of ÖBB's commitment include the implementation of alternative grazing methods in rail areas, or special research projects, such as the "Green Slopes" project focusing on the sensible management of vegetation areas. At the same time, ÖBB launched its first "Austria blooms" sustainability campaign in 2014: Rail passengers collect green points via app, which they can then invest directly in numerous ÖBB environmental projects.

Waste

The fundamental principles of efficient waste management include avoiding waste where possible, and properly recycling or disposing of the rest. This includes analysis of the waste management situation at ÖBB Group once a year. Waste management concepts developed by ÖBB sub-groups are collected and analyzed by a central unit. At the same time, the employees charged with waste management or waste law tasks need to be kept informed, which requires training programs with appropriate areas of focus. Numerous train stations were equipped with new waste collection bins in 2014 to encourage the proper collection of waste and increase the volume of recycling.

Resources

ÖBB Group has launched its own initiatives relating to this theme, which include the use of recyclable building materials, special literature containing information on sustainable procurement, fuel-saving competitions for Postbus drivers, or the Group-wide energy saving project. The latter aims to steadily reduce energy costs. Particular areas of project focus:

- Optimizing the energy-efficient driving of trains;
- Reducing the specific average consumption of ÖBB rail stock, and the Postbus and truck fleets;
- Raising energy awareness among all ÖBB employees;
- Monitoring energy and climate performance indicators.

Accessibility

ÖBB implemented numerous improvements aimed at helping people with restricted mobility to travel comfortably and without stress or barriers. They are based on the Bundes-Behindertengleichstellungsgesetz [Federal Law on Equal Opportunities for the Disabled]. Thus, a staged plan listing specific implementation steps up to the end of 2015 was first developed by ÖBB Group experts together with representatives of disability organizations. The steady elimination of barriers faced by people with mobility issues is assessed together with representatives of the restricted-mobility population to ensure optimum coordination of the measures.

Local transport

The modernization of the local transport fleet is progressing at high speed (deployment of new trains with barrier-free access). In 2014, 188 Talent coaches, 60 Desiro coaches and 67 double-decker cars were in use as barrier-free low-floor railcars.

Long-distance transport

Currently, 51 railjet coaches are in service. These are equipped with an installed lift and three spaces for persons in wheelchairs, each equipped with sockets for recharging wheelchair batteries. For visually impaired persons, tactile elements are always provided, and a suitable space is reserved for the guide dog. The multifunctional coaches (MFC) enable wheelchair travelers to travel comfortably in a sleeper compartment, together with an accompanying person.

Postbus

Since the end of 1999, all newly purchased low-floor vehicles have been equipped with mechanical or electric folding ramps. Making all seats suitable for disabled passengers is already standard practice. The special-purpose area is fitted with a restraint system. By 2014 around 71% of the bus fleet was wheelchair-accessible. Since 2006, EUR 7.7 million has been invested in additional equipment to enhance accessibility. As plans stand at present, the entire fleet of buses should be barrier free by 2020.

Infrastructure (stations)

By the end of 2015, ÖBB plans to ensure that all train stations and stops with a daily volume of 2,000 or more passengers as well as key train stations in district capitals are barrier free. As such, a total of 170 stations across Austria will be designed completely without barriers – allowing some 66% of all rail customers in Austria to enjoy modern and convenient train stations. The number of barrier-free train stations and stops will increase to 270 by 2025, by which time, 90% of all passengers will have access to barrier-free train stations and stops. Milestones marking the implementation of the staged plan since the last reporting year include the completion of Vienna Central Station, Salzburg Central Station, Attnang-Puchheim, Paternion-Feistritz, Gänserndorf, St. Peter-Seitenstetten and Kammer-Schörfling, and the start of station conversions at the Bruck an der Leitha, Neusiedl, Gmunden and Hollabrunn train stations. At the same time, more and more train stations are being equipped with elevators and guide systems for the visually impaired.

Website

The Group-wide ÖBB website and ÖBB travel portal www.oebb.at (which were relaunched in September 2010) are fully accessible both in terms of technology and content. The other companies of the ÖBB Group will upgrade their respective web pages to full accessibility in the next years. The website www.hauptbahnhof-wien.at is the official reference project for the new global Web Content Accessibility Guidelines and is the only German-language commercial site among the reference websites with an AA ranking.

Safety

ÖBB is proven to be one of the safest railways in Europe, and again ranked among the very best in 2014. Pro-active safety initiatives ensure that the stringent safety standards are upheld, with careful focus on improvements to meet national and international safety targets. Responsibly addressing safety risks strengthens the trust of not only of customers and employees but that of the owner of ÖBB as well, thus contributing significantly to the success of the Group.

H. Opportunities / Risk report

ÖBB Group is increasingly confronted with the opportunities and risks associated with the liberalization of European rail transport and the correspondingly fiercer competition. Based on updated evaluations or lessons learned, all identified opportunities/risks are continuously subjected to qualitative and quantitative assessment, particularly with respect to the possible impacts and likelihood of occurrence.

Opportunity / risk management in the ÖBB Group

The ÖBB Group defines opportunities and risks generally as events or developments that might cause a positive or negative deviation of results from the assumptions made during planning.

The opportunity/risk management procedure applies to all relevant business processes and key financial indicators in the main Group companies. The corporate Directive and the opportunity/risk management manual that are binding for the entire Group define rules, margins and minimum requirements of risk management for all entities involved. The first objective of the risk policy is unrestricted safeguarding of business operations. According to this, risks may only be taken if they are calculable and associated with an increase in income and in the company value. Comprehensive opportunity/risk identification, assessment, control and reporting procedures form the basis of this. This process is supported by risk management software. Following assessment and consolidation of the individual risks/opportunities in the corporate risk/opportunity platform, a report to the Board of Management of ÖBB-Holding AG is prepared which describes the major risks and respective counter-measures and/or opportunities. This ensures that Supervisory Board and Audit Committee of ÖBB-Holding AG and of the Group companies are provided with detailed information regarding the current opportunity/risk situation.

The opportunity/risk areas applicable since the introduction of the corporate opportunity/risk management system were not changed during the period under review. They ensure the structured and standardized registration and handling of all relevant opportunities and risks:

Strategy	Operations	Finance/ accounting
Sales/ Distribution	Staffing/ Management/ Organisation	Legal Department/ Liability
Purchasing/ Procurement	Data processing	Subsidiaries/ Holdings

For the year 2015, the most important opportunities and risks are allocated to the opportunity/risk fields as follows:

- **Strategy:** Risks arising from the non-achievement of fixed strategy objectives, above all in the sub-group Rail Cargo Austria. Stringent controlling procedures mitigate these risks.

- **Operations:** Risk of declining revenues and increased expenses caused by quality problems with assets, especially rolling stock and locomotives. This risk is mitigated by regularly inspecting the equipment. Training programs and information events are regularly held to mitigate the risk of accidents caused by ÖBB employees.
- **Finance/Accounting:** See the section entitled "Risks related to financial instruments".
- **Sales/Distribution:** Risks are inherent both in weaker economic growth and further competitors entering the market. These risks are mitigated by observing and analyzing customer behavior and adapting our portfolio of products and services accordingly. This also increases our opportunity to acquire new customers or increase transport volumes from existing customers.
- **Staffing/Management/Organization:** There is a risk here that failure to implement planned measures could lead to increases in personnel expenses.
- **Legal Department/Liability:** With the introduction of the "Code of Conduct", the risk of costs due to fines for infringement of provisions under anti-trust law will be reduced in the future. A Compliance Team was set up in 2013 to assist primarily in this area of risk as part of an early warning and monitoring system, with the ultimate aim of avoiding risk and thus preventing damage.
- **Purchasing/Procurement:** Fluctuating prices for various raw materials constitute the largest risk, but could also offer potential opportunities. To mitigate this risk, contracts can be appropriately formulated by observing and analyzing the market.
- **Data processing:** System failures can cause additional costs and loss of revenue in the operating business units. This risk is mitigated by an ongoing program to increase IT availability (e.g. server room equipment), confidentiality (e.g. staff training) and integrity (e.g. backups) of the data.
- **Subsidiaries/Holdings:** The largest risk lies in the depreciation of fixed assets following impairment testing or adjustments to the value of investments if they fail to reach budget targets.

According to Association Liability Law [Verbandverantwortlichkeitsgesetz], the regulation stipulating that companies can be held liable and convicted for punishable actions of their employees or decision-makers applies to ÖBB Group as well. The legal risk management system of the Group addresses this risk by identifying offenses under criminal law – such as negligence, environmental crimes and corruption - evaluating the current situation, and putting risk mitigation measures in place. Preventive measures have also been established by introducing monitoring and reporting systems and by issuing general behavior directives in the Code of Conduct. Further risk mitigation is ensured through appropriate training programs and clear assignment of responsibilities.

Risks related to financial instruments

Original financial instruments

Original financial instruments in the ÖBB Group (finance-related receivables and liabilities, trade receivables and payables, financial assets and securities classified as current assets) are reported in the Statement of Financial Position. Detailed information is provided in the respective statements in the Notes to the Consolidated Financial Statements.

Derivative financial instruments

ÖBB Group employs financial derivatives to hedge against risks associated with currencies, interest rate changes and raw material prices. The Group directives prohibit the issue or holding of derivative financial instruments for speculative purposes. Derivative financial instruments are concluded only with reference to a hedged item, and furthermore, the permissible financial transactions are defined by the Group directives. The recognition of financial derivatives is consistent with the applicable accounting standards.

Most derivatives (94% of the nominal value) are non-structured standard hedges (plain vanilla interest rate swaps and cross-currency interest rate swaps). Structured derivatives only account for a small portion, namely 6% of the nominal volume. These four structured derivatives constitute a total nominal volume of EUR 70.0 million and mature in 2016 and 2022. Please refer to Consolidated Financial Statements Note 36 for information about the termination of structured derivatives.

Risk definition and risk management with respect to financial instruments

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of Group companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that comprises, among others, guidelines and procedures for risk assessment, and for approving, reporting and monitoring financial instruments. The protection of Group company assets is the first priority for any and all financial activities. An important task of the Group Finance department, which is responsible for this, is the identification, assessment and limitation of financial risks. Risk limitation does not mean absolute elimination of financial risks, but reasonable and transparent control of quantifiable risk items within a specific framework for activities that has to be agreed with the respective Group companies. The most important financial risks are described in more detail below:

Liquidity risk

The primary aim of ÖBB Group in financial terms is to secure the necessary liquidity. Liquidity risk means the risk that a company might have difficulties meeting its obligations arising from financial liabilities that are settled by cash payment or by the supply of another financial asset. The main tasks of the Group Finance department of ÖBB Group therefore include planning cash flows, agreeing sufficient credit lines and adequately diversifying creditors to ensure a consistent flow of cash.

Interest rate risk

Risks arising from changes in market interest rates can affect the financial result of the ÖBB Group due to the structure of its Statement of Financial Position. The Group therefore strives to limit the influence of possible market interest rate fluctuations on results to a level agreed with all Group companies.

Financial derivatives for managing interest rate risks are transacted on the basis of portfolio analyses and recommendations by Group Finance, and of corresponding decisions by Group companies.

Foreign exchange rate risk

ÖBB Group companies are not exposed to any material currency risks. Most finance agreements are denominated in euros. Only the companies in Hungary and the Czech Republic account for a very small proportion of the borrowings in local currency.

There are no relevant exchange rate risks from cross-border leasing transactions, as the contractual liabilities in foreign currencies are for the most part matched by corresponding assets and receivables with matching volumes and maturity in the same amounts.

Derivative instruments that are suitable for the management of exchange rate risks (currency swaps) are concluded based on portfolio analyses and recommendations by the Group Finance department and on corresponding decisions of the Group companies.

Counterparty credit risk

Counterparty credit risk describes the potential loss from failure by business partners to honor their financial commitments (mainly money market transactions, investments, positive present value swap transactions). Compliance with the limits underlying the credit risk management and individually allocated to each financial partner is checked daily.

Apart from the original transactions with ÖBB's financing partners, counterparty risk also exists in connection with cross-border leases. For Cross-Border-Leasing transactions, security deposits, payment undertaking agreements and swaps were concluded with financial partners to pay lease payments during the term and the purchase price at the end of the term. Cross-border lease management handles the administration, execution, risk management, and economic termination of existing cross-border leases. It aims, specifically, to monitor all the rights and obligations arising from the transactions, to ensure execution in accordance with the agreements, to avoid risks, and to ensure the profitability of the entire portfolio.

In recent years, the Group has managed to significantly reduce the original volume of existing cross-border leases without having to reimburse the net present value benefit that was secured at the time of transaction. In 2014, two transactions were terminated early while maintaining the net present value benefit. ÖBB's strategy of actively managing the risk associated with the transactions and taking advantage of opportunities to terminate transactions under economically acceptable conditions has not changed, and will not change in future. Please refer to Consolidated Financial Statements Note 30.3 for more information on cross-border leases.

Internal control system

The members of the Boards of Management and the Managing Directors of the Group companies are aware of, and embrace their responsibility to establish an appropriate internal control system (ICS).

In addition to process monitoring procedures, the ICS at ÖBB Group is also highly focused on accounting issues. It supports the compliance with the relevant provisions and the given business policy (Compliance), ensures the correctness and reliability of the financial reporting (Financial Reporting), and supports the efficiency and profitability of the operational activities (Operations). It is based on the internationally acknowledged COSO framework (Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission) and provides the management with an accepted basis for analysis and control tasks.

The sub-groups themselves are responsible for the establishment and maintenance of the system.

In light of the size of the corporation, an Internal Audit function has been established within ÖBB Group, which is responsible for the underlying ICS framework. This framework describes the minimum standard to be implemented by the sub-groups. The Internal Audit function verifies the existence of an efficient ICS in the Group companies and checks certain ICS components based on an approved annual audit schedule. The results are submitted to the Audit Committee of the relevant Supervisory Board in the form of an activity report.

A Compliance function has also been set up to perform independent event-related audits with the support of the Compliance Officers in all sub-groups. Putting preventive measures in place is a further essential aspect of compliance.

The ICS is based on the principle that audit measures regarding essential/critical business processes are documented in a complete and comprehensible fashion, that the organizational structure is documented comprehensibly (organization chart, job description, functional description, etc.) and adjusted on a regular basis, and that the applicable regulations and internal specifications are widely known and available.

Key risks are identified, assessed and captured at regular intervals, based on the process documentation. Suitable monitoring activities are determined in order to reduce the risk to an appropriate level. Regular self-assessment with rotating areas of key focus and documented results makes sure the monitoring procedures are effective.

ICS documentation within ÖBB Group has been standardized with respect to minimum requirements, and was published in 2012 in the form of a compulsory minimum standard for implementation throughout the entire Group. Moreover, the organizational units of the Group are responsible for standardized and computerized documentation of the key checks defined within the processes, including the risk areas and corresponding test steps. Reports to management are also based on this non-editable, annotated and verifiable data.

When the auditors audit the annual financial statements, the ICS also forms part of the auditing mandate inasmuch as is necessary to perform the type and extent of the key audit tasks. The resulting findings are submitted to the Audit Committee of the Supervisory Board.

As far as the pre-accounting processes are concerned, further standardization was achieved in 2013 when the relevant workflows were transferred to a Group-wide financial shared-service unit. This standardization, which is also relevant from an ICS perspective, was further improved in 2014, not least by setting up a shared services company – ÖBB-Business Competence Center GmbH.

SAP R/3 software is used to account for all business transactions within ÖBB Group, although some foreign subsidiaries also use other software solutions. As such, data transfers within the Group are largely automated, or upload files are sent to ÖBB-Holding AG for central processing of the data in the SAP Netweaver BI consolidation system.

Corporate accounting is based on an IFRS Group Manual (published and regularly updated by the Accounting department at ÖBB-Holding AG), which specifies and communicates important accounting requirements based on IFRS for the entire Group. The Accounting team is regularly trained on new developments in accounting to avoid any risk of accidental misstatement.

The information provided in the Notes to the Consolidated Financial Statement is compiled using software purchased by ÖBB-Holding AG specifically for this purpose. After the audit by local auditors (in accordance with Austrian statutory regulations and principles of due and proper auditing of financial statements, the International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the General Terms and Conditions for Audits within ÖBB Group), all subsidiaries deliver extensive Reporting Packages comprising all the relevant accounting data (income statement, statement of financial position, cash flow statement, notes) required for the preparation of the Consolidated Financial Statements. The audit is confirmed by a "Report on the IFRS Group Reporting Package"; this report has to be submitted in order for the respective Reporting Package to be processed. This external control system constitutes a supporting element of the ICS.

The Supervisory Board is informed about the economic development of the Group in regular intervals, in particular within the framework of the mandatory audit committee of ÖBB-Holding AG, by means of consolidated presentations.

I. Significant events after the reporting date

Information on this chapter is provided in Note 36 in the Notes to the Consolidated Financial Statements.

J. Notes on the Management Report

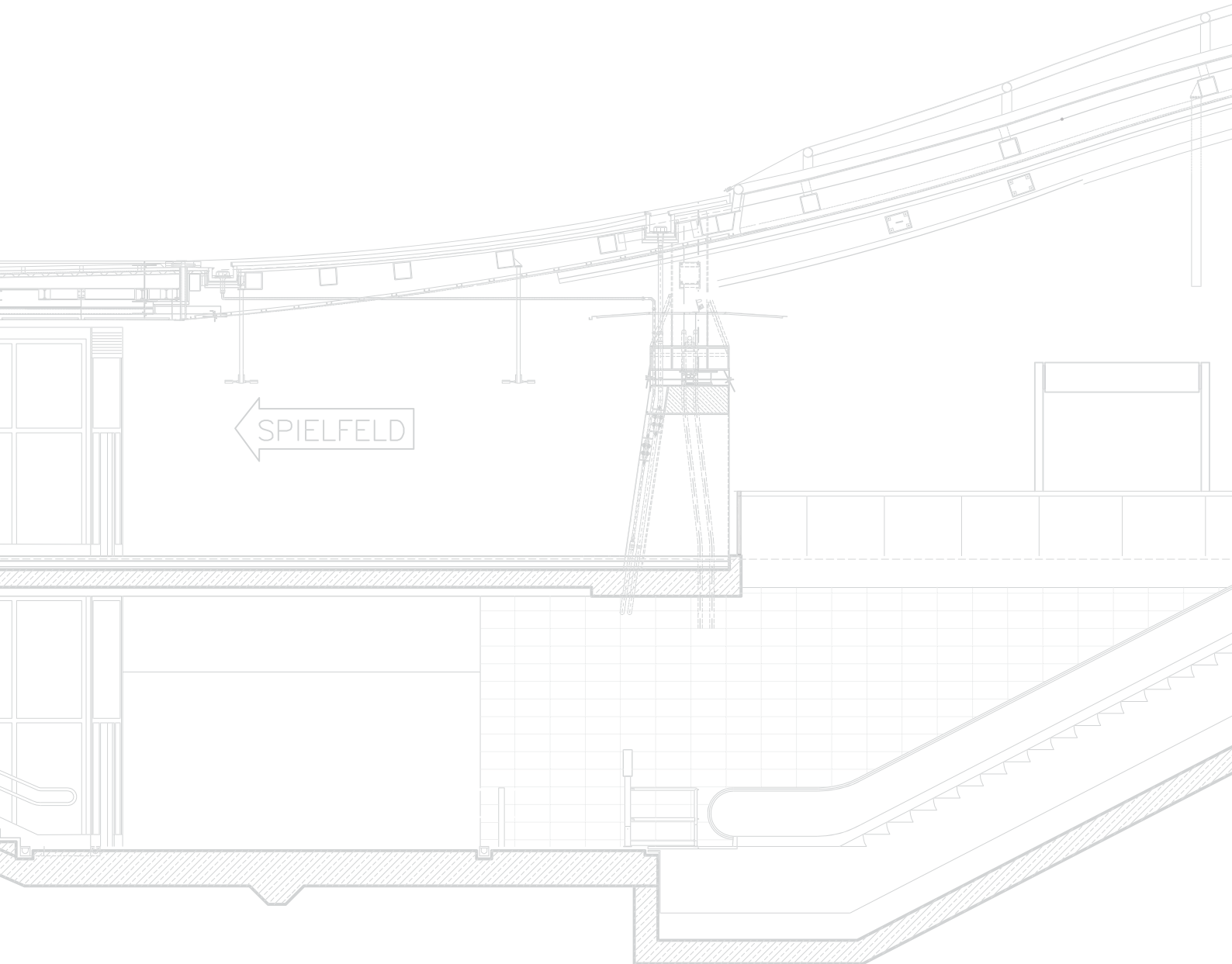
This Management Report contains statements and forecasts referring to the future development of the Group and the economic environment in which it operates. Any and all forecasts were made based on the information available at the time of compilation. Actual developments may therefore differ from the expectations described in the Management Report.

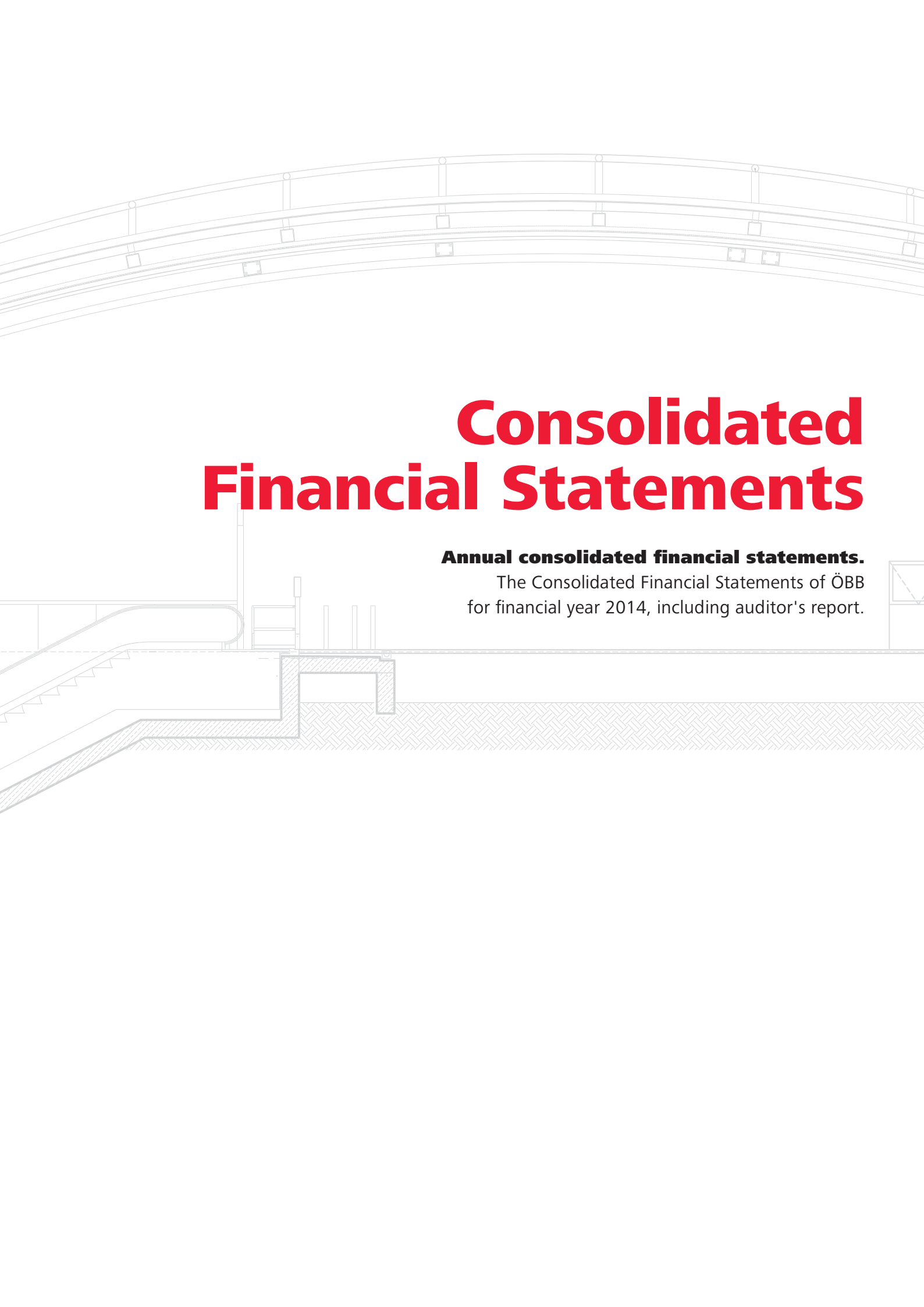
Vienna, March 26, 2015

The Board of Management

Mag. Christian Kern m.p.

Mag. Josef Halbmayer MBA m.p.





Consolidated Financial Statements

Annual consolidated financial statements.

The Consolidated Financial Statements of ÖBB
for financial year 2014, including auditor's report.

Consolidated Financial Statements

Consolidated Income Statement 2014

	Note	2014 in kEUR	2013 in kEUR
Revenue	4	5,270,086.9	5,239,217.6
Change in finished goods, work in progress and services not yet chargeable		851.1	1,043.3
Other own work capitalized	5	359,810.2	359,208.5
Other operating income	6	724,163.5	648,864.8
Total revenue		6,354,911.7	6,248,334.2
Cost of materials and purchased services	7	-1,764,134.4	-1,792,947.8
Personnel expenses	8	-2,407,463.2	-2,341,255.1
Depreciation and amortization	9	-858,742.7	-828,967.7
Other operating expenses	10	-460,470.4	-530,081.4
Earnings before interest and taxes (EBIT excluding investments recorded at equity)		864,101.0	755,082.2
Earnings of investments recorded at equity	17	381.0	15,270.1
Interest income	11	46,621.0	61,692.6
Interest expenses	11	-731,596.3	-738,355.5
Other financial income	12	62,648.1	41,853.4
Other financial expenses	12	-70,486.4	-33,026.0
Financial result (incl. Earnings of investments recorded at equity)		-692,432.6	-652,565.5
Earnings before income taxes (EBT)		171,668.4	102,516.8
Income taxes	13	-4,890.6	-622.7
Net income		166,777.8	101,894.1
Consolidated net income attributable on a pro rata basis:			
to the shareholder of the parent company		165,923.8	102,006.8
to non-controlling interests		854.0	-112.7

Consolidated Statement of Comprehensive Income 2014

	Note	2014 in kEUR	2013 in kEUR
Net income		166,777.8	101,894.1
Remeasurement gains (losses) on defined benefit plans		-9,695.7	-821.6
Income taxes		603.3	13.1
Items that will never be reclassified ("recycled") subsequently to the income statement		-9,092.4	-808.5
Cash flow hedges	24	-43,132.8	67,852.0
Available for sale reserve	24	1,706.2	-7,587.0
Unrealized income from currency translation	24	-15,508.7	-5,860.7
Items that are or may be reclassified ("recycled") subsequently to the income statement		-56,935.3	54,404.3
Other comprehensive income		-66,027.7	53,595.8
Comprehensive income		100,750.1	155,489.9
Comprehensive income attributable on a pro rata basis:			
to the shareholder of the parent company		99,896.1	155,602.6
to non-controlling interests		854.0	-112.7

Consolidated Statement of Financial Position December 31, 2014

Assets	Note	Dec 31, 2014 in kEUR	Dec 31, 2013 in kEUR
Non-current assets			
Property, plant and equipment	14	22,723,912.7	21,765,462.9
Intangible assets	15	594,969.8	608,159.2
Investment property	16	129,752.6	128,245.9
Investments recorded at equity	17	59,245.4	56,538.3
Other financial assets	18	586,552.8	535,286.3
Other receivables and assets	20	171,949.1	169,135.5
Deferred tax assets	13	68,058.4	58,795.4
		24,334,440.8	23,321,623.5
Current assets			
Inventories	21	216,752.9	231,115.6
Trade receivables	20	501,501.1	519,993.6
Other receivables and assets	20	297,532.6	313,574.3
Income tax receivables	13	343.1	385.3
Other financial assets	18	55,507.5	72,045.8
Non-current assets held for sale	19	1,836.4	16,269.7
Cash and cash equivalents	22	337,857.9	156,273.9
		1,411,331.5	1,309,658.2
		25,745,772.3	24,631,281.7
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	23	1,900,000.0	1,900,000.0
Additional paid-in capital	24	260,812.2	260,812.2
Other reserves	24	-162,488.0	-105,552.7
Retained earnings	24	-312,217.7	-471,578.1
Equity attributable to the shareholder of the parent company		1,686,106.5	1,583,681.4
Non-controlling interests	24	5,915.0	5,199.5
		1,692,021.5	1,588,880.9
Non-current liabilities			
Financial liabilities	25	20,812,799.4	19,048,200.5
Provisions	26	460,538.9	435,066.2
Other liabilities	27	69,508.7	127,674.7
Deferred tax liabilities	13	5,216.9	5,441.7
		21,348,063.9	19,616,383.1
Current liabilities			
Financial liabilities	25	998,276.7	1,730,238.1
Provisions	26	427,322.5	303,235.0
Trade payables	27	774,786.0	843,113.6
Other liabilities	27	505,301.7	549,431.0
		2,705,686.9	3,426,017.7
		25,745,772.3	24,631,281.7

Consolidated Statement of Cash Flow 2014

	Note	2014 in kEUR	2013 in kEUR
Earnings before income taxes (EBT)		171,669	102,516
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	1,049,504	1,028,282
+ Depreciation / - appreciation on non-current financial assets		978	-322
- Amortization of investment grants	9	-190,761	-199,314
+ Losses / - gains on disposal of property, plant and equipment and intangible assets		-22,772	11,289
+ Losses / - gains on disposal of financial assets		-4,443	160
- Gains on exchange rates / + losses on exchange rates		6,901	-1,155
- Other non-cash income / + other non-cash expenses		-7,549	-21,329
+ Interest expenses	11	731,596	738,356
- Interest income	11	-46,621	-61,693
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	14,124	-8,108
- Increase / + decrease in trade receivables and other assets		44,281	90,608
+ Increase / - decrease in trade payables and other liabilities		-178,680	-346,728
+ Increase / - decrease in provisions	26	145,276	13,423
- Interest paid		-739,288	-719,614
+ Interest received		13,403	12,940
- Income tax paid	13	-7,289	-8,541
Cash flow from operating activities a)		980,329	630,770
+ Proceeds from disposal of property, plant and equipment and intangible assets		92,766	42,537
- Expenditures for property, plant and equipment and intangible assets	14, 15	-2,014,069	-2,115,047
+ Proceeds from disposal of financial assets		2,980	175
- Expenditures for investments in financial assets		-55,440	-1,275
+ Proceeds / -repayments of investment grants	14, 15	157,591	139,455
+ Proceeds from the sale of consolidated subsidiaries and other business units		2,293	206
- Expenditures for the acquisition of consolidated companies and other business units		0	-11,779
+ Dividends received		2,127	1,939
+ Redemption of loans granted / - grant of loans (from investing activities)		-3	141
Cash flow from investing activities b)		-1,811,755	-1,943,648
- Payments to non-controlling interests		0	-1,888
+ Proceeds from issue of bonds and loans	25	2,197,827	2,282,790
- Redemption of bonds and loans		-1,142,730	-1,312,937
- Payment of finance lease receivables		-50,663	-39,121
+ Proceeds from grant of loans / - redemption of other loans		5,950	150
Cash flow from financing activities c)		1,010,384	928,994
Cash flow from operating activities a)		980,329	630,770
Cash flow from investing activities b)		-1,811,755	-1,943,648
Free Cash Flow (a+b)		-831,426	-1,312,879
<i>Funds at the beginning of the period</i>		149,605	534,182
Change resulting from the basis of consolidation		0	0
Foreign currency translation		1,715	-693
Change in the funds resulting from cash flows (a+b+c)		178,958	-383,884
Funds at the end of the period		330,278	149,605

For details on the composition of the fund, please refer to Note 34.

Consolidated Statement of Changes in Shareholders' Equity 2014

in kEUR	Equity attributable to the shareholder of the parent company							
	Share capital	Additional paid-in capital	Cash flow hedge reserve	Other reserves	Foreign currency translation	Retained earnings	Total	Non-controlling interests
				Available for sale reserve				Total shareholder's equity
As of January 01, 2013	1,900,000.0	260,812.2	-151,095.8	16,549.4	-25,410.6	-571,647.9	1,429,207.2	1,608.9
Net income for the year						102,006.8	102,006.8	-112.7
Other comprehensive income			67,852.0	-7,587.0	-5,860.7	-808.5	53,595.8	
Comprehensive income			67,852.0	-7,587.0	-5,860.7	101,198.3	155,602.6	-112.7
Other changes						-1,128.4	-1,128.4	3,703.3
As of December 31, 2013	1,900,000.0	260,812.2	-83,243.8	8,962.4	-31,271.3	-471,578.1	1,583,681.4	5,199.5

in kEUR	Equity attributable to the shareholder of the parent company							
	Share capital	Additional paid-in capital	Cash flow hedge reserve	Other reserves	Foreign currency translation	Retained earnings	Total	Non-controlling interests
				Available for sale reserve				Total shareholder's equity
As of January 01, 2014	1,900,000.0	260,812.2	-83,243.8	8,962.4	-31,271.3	-471,578.1	1,583,681.4	5,199.5
Net income for the year						165,923.8	165,923.8	854.0
Other comprehensive income			-43,132.8	1,706.2	-15,508.7	-9,092.4	-66,027.7	
Comprehensive income			-43,132.8	1,706.2	-15,508.7	156,831.4	99,896.1	854.0
Distributions								
Other changes						2,529.0	2,529.0	-138.5
As of December 31, 2014	1,900,000.0	260,812.2	-126,376.6	10,668.6	-46,780.0	-312,217.8	1,686,106.5	5,915.0

The number of shares remains unchanged at 190,000.

Further details on the Statement of Changes in Shareholders' Equity can be found in Notes 23 and 24.

Notes to the Consolidated Financial Statements as of December 31, 2014

A. BASIS AND METHODS

Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter referred to as "ÖBB-Holding AG") and its subsidiaries constitute the Österreichische Bundesbahnen-Holding Aktiengesellschaft Group (hereinafter referred to as "ÖBB Group").

ÖBB-Holding AG is a stock corporation incorporated as the controlling company of the ÖBB Group in 2004 pursuant to Article 2 (1) Bundesbahngesetz [Austrian Federal Railways Act] as amended by the BundesbahnstrukturG [Federal Railway Structure Act] according to BGBl. [Federal Law Gazette] I no. 138/2003 and having its registered office in Vienna. The address of the registered office is: Am Hauptbahnhof 2, 1100 Vienna, Austria. The ÖBB Group is registered in the Company Register at the Commercial Court Vienna under number FN 247642 f. This is also where the Consolidated Financial Statements are filed.

ÖBB-Holding AG is the strategic controlling company of the ÖBB Group, holding all of the shares of the three stock corporations (sub-groups) ÖBB-Personenverkehr Aktiengesellschaft, Rail Cargo Austria Aktiengesellschaft and ÖBB-Infrastruktur Aktiengesellschaft (hereinafter "AG" instead of "Aktiengesellschaft"). The sub-groups are hereinafter referred to as ÖBB-Personenverkehr sub-group, Rail Cargo Austria sub-group and ÖBB Infrastruktur sub-group. In the following, the sub-groups will be described in the context of segment reporting.

Pursuant to Article 245 (5) UGB [Austrian Commercial Code], one subsidiary of ÖBB-Holding AG, namely ÖBB-Infrastruktur AG, is obligated to prepare separate sub-group financial statements in accordance with IFRS because it has issued bonds listed for trade in the regulated market at the Vienna Stock Exchange. The sub-group financial statements of ÖBB-Infrastruktur AG are submitted to the Commercial Court Vienna under Company Register number FN 71396 w.

1. Accounting principles

In accordance with Article 244 of the UGB [Austrian Commercial Code], ÖBB-Holding AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as of December 31, 2014 were prepared pursuant to Article 245a (2) UGB [Austrian Commercial Code] in conjunction with the "IFRS Regulation" in accordance with the International Financial Reporting Standards ("IFRS", "IAS") issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", "SIC"), which became effective and were endorsed by the European Union until December 31, 2014, along with the additional requirements under Article 245a UGB. With these Consolidated Financial Statements according to IFRS, ÖBB-Holding AG issues exempting Consolidated Financial Statements pursuant to Article 245a UGB [Austrian Commercial Code] in accordance with internationally accepted accounting principles.

The Consolidated Financial Statements are presented in euros (EUR). All amounts indicated in these Notes are presented in million EUR, unless another currency unit is indicated. Rounding differences may occur as the rounded presentation includes figures not shown that are subject to precise internal calculation.

Disclosure on amended and new IFRS regulations

The following standards and interpretations were amended compared to the Consolidated Financial Statements as of December 31, 2013 or were to be applied initially on a mandatory basis due to the endorsement by the EU or due to the regulation coming into effect. These standards affect the Consolidated Financial Statements only if they are marked "yes" in the respective column of the following table.

Revised and amended standards/ interpretations		Effective as of ¹⁾	Impact on the Consolidated Financial Statements
IFRS 10	Consolidated Financial Statements	Jan 01, 2014	no
IFRS 11	Joint Arrangements	Jan 01, 2014	no
IFRS 12	Disclosure of Interests in Other Entities	Jan 01, 2014	yes
IAS 27	Consolidated and Separate Financial Statements	Jan 01, 2014	no
IAS 28	Investments in Associates and Joint Ventures	Jan 01, 2014	no
IAS 32	Financial Instruments: Presentation	Jan 01, 2014	no
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Jan 01, 2014	no

¹⁾ applicable for financial years starting on or after the indicated date

IFRS 10 Consolidated Financial Statements und IFRS 11 Joint Arrangements

IFRS 10 replaces the regulations on Consolidated Financial Statements of IAS 27 Consolidated and Separate Financial Statements and SIC-12 (Consolidation – Special Purpose Entities). The IASB has now set out the principle of control as a uniform principle with IFRS 10. Control exists under IFRS 10 if the following three conditions are met on a cumulative basis. An entity has power over the investee, is exposed to variable returns from its involvement with the investee and is able to use its power over the investee to affect the amount of the investor's return. Control was previously defined as the ability to determine the financial and business policy of an entity in order to derive benefit from its operations.

IFRS 11 replaces IAS 31 and SIC-13 and governs the classification of joint arrangements. A joint arrangement is defined as a contractual agreement whereby two or more parties exercise joint control. In IFRS 11, a distinction is now made between just two types of joint arrangements – joint operations and joint ventures. The classification of a joint arrangement as a joint operation or as a joint venture depends on the rights and obligations of the parties to the arrangement. A joint operation is when two or more entities come to an arrangement under which they have direct rights from the assets and obligations from the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures must be accounted for using the equity method, while in joint operations each joint operator recognizes its assets, liabilities, revenues and expenses.

The Board of Management has examined the classification of the Group's investments and reassessed these with due regard to the regulations under IFRS 10 and 11. This did not result in changes to the basis of consolidation or the type of consolidation for the subsidiaries.

IFRS12 Disclosure of Interests in Other Entities

IFRS 12 defines the required disclosures for entities that prepare their financial statements in accordance with IFRS 10 and IFRS 11.

Outlook on future IFRS amendments

The following standards and interpretations were issued by the IASB and were endorsed by the EU with the exception of those labeled with footnote 2. The option of applying individual standards at an earlier stage was not exercised. The potential impact of the new and amended standards is currently being evaluated.

Standards/ interpretations		Effective as of ¹⁾	Expected impact on the Consolidated Financial Statements
New standards and interpretations			
IFRS 14	Regulatory deferral accounts	Jan 01, 2016 ²⁾	no
IFRS 15	Revenue from Contracts with Customers	Jan 01, 2017 ²⁾	currently evaluated
IFRS 9	Financial instruments	Jan 01, 2018 ²⁾	yes
IFRIC 21	Levies	Jun 17, 2014	no
Amended standards and interpretations			
IAS 19	Recognition of contributions from employees or third parties for a defined benefit plan	Jan 01, 2015	no
	Improvements to IFRS, cycle 2010-2012	Jan 01, 2015	no
	Improvements to IFRS, cycle 2011-2013	Jan 01, 2015	no
	Improvements to IFRS, cycle 2012-2014	Jan 01, 2016 ²⁾	no
IFRS 10 and IAS 28	Sales or contributions of assets between an investor and its associate/joint venture	Jan 01, 2016 ²⁾	no
IFRS 11	Acquisition of an interest in a joint operation	Jan 01, 2016 ²⁾	currently evaluated
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	Jan 01, 2016 ²⁾	no
IAS 16 and IAS 41	Agriculture: Bearer Plants	Jan 01, 2016 ²⁾	no
IAS 27	Equity Method in Separate Financial Statements	Jan 01, 2016 ²⁾	no

1) applicable for financial years starting on or after the indicated date.

2) not yet adopted by the EU

IFRS 15 includes a five-step model to be applied to revenue from contracts with customers (with a few exceptions). The type of transaction or the sector of the entity are not relevant. IFRS 15 contains additional qualitative and quantitative disclosure obligations. These are aimed at enabling users of the financial statements to understand the nature, amount, timing and the uncertainties of revenue and the resulting cash flows arising from contracts with customers. The impact of IFRS 15 on the Group is currently being evaluated by working groups. In terms of sales revenue and other operating income, no changes are expected in the amount and time of revenue recognition with respect to goods, passenger and baggage transport, the contributions from the federal

government in accordance with Art. 42 of the Federal Railways Act for infrastructure operation, infrastructure usage charges, revenue from traffic service orders and revenue from energy supply. A detailed analysis is now being conducted with respect to the remaining sales revenue and other operating income which amount to 19.4% of total income (sales revenues and other operating income).

IFRS 9 concerns the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment of financial assets. The application of the improvements of IFRS 9 will have an effect on the classification and measurement of financial assets as well as hedge accounting, but will not affect the classification and measurement of financial liabilities in the consolidated financial-statements.

IFRS 11 is amended regarding the accounting for acquisitions of an interest in a joint operation that constitutes a business, as defined in IFRS 3. The acquired of such interests shall apply all of the principles on business combinations accounting in IFRS 3 that do not conflict with the guidance in IFRS 11. The determination as to whether the acquisition of an interest in a joint operation exists is evaluated at the date of first application.

2. Consolidation principles and basis of consolidation

Consolidation principles

Reporting date

The reporting date for all fully consolidated companies included in the Consolidated Financial Statements is December 31.

Foreign currency translation

Foreign currencies are translated in accordance with the functional currency concept. The functional currency of all subsidiaries included in the Consolidated Financial Statements is the respective national currency. The Consolidated Financial Statements are presented in euros, the functional currency of the parent company.

Foreign currency transactions are first translated into the functional currency by the Group companies at the spot rate applicable on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at each reporting date at the respective spot rate. Translation differences from financial assets and financial liabilities are recognized in the financial expenses or financial income as relevant. All other currency translation differences are recognized through profit or loss in other operating income or expense. Non-monetary items measured at cost denominated in a foreign currency are translated at the rate applicable on the date of the transaction. Non-monetary items measured at fair value denominated in a foreign currency are translated at the rate applicable at the time the fair value is determined.

The annual financial statements of the foreign subsidiaries included in the Consolidated Financial Statements are translated according to the modified closing rate method. The equity items are measured at the historical rates of the initial consolidation reporting date, and the other items in the Statement of Financial Position are measured at the foreign exchange reference rates of Österreichische Nationalbank [Austrian National Bank] (OeNB) applicable at the reporting date. The items of the Income Statement are translated at the annual average rates. Differences resulting from foreign currency translation are recognized in other comprehensive income. As long as the subsidiary is included in the basis of consolidation, the translation differences are continued in the consolidated shareholders' equity. If subsidiaries leave the basis of consolidation, the corresponding translation differences are recognized in the consolidated net income.

As the principal market of the ÖBB Group is in Austria, sales in foreign currencies account only for a small portion. The exchange rates of important currencies developed as follows (source: reference rates of the European Central Bank (ECB) according to www.oenb.at):

rounded in EUR	Reporting date rate		Annual average rate	
	Dec 31, 2014	Dec 31, 2013	2014	2013
Czech Korunas (CZK)	27.735	27.427	27.536	25.980
Bosnia and Herzegovina Convertible Mark (BAM)	1.956	1.956	1.956	1.956
Croatian Kuna (HRK)	7.658	7.627	7.634	7.579
Hungarian Forint (HUF)	315.540	297.040	308.710	296.870
Polish Zloty (PLN)	4.273	4.154	4.184	4.198
Romanian Leu (RON)	4.483	4.471	4.444	4.419
Russian Ruble (RUB)	72.337	45.325	50.952	42.337
New Turkish Lira (TRY)	2.832	2.961	2.907	2.534
US Dollar (USD)	1.214	1.379	1.329	1.328

Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee if it is exposed or has rights to variable returns from its involvement with the investee and has the ability to exercise control over the investee to affect the amount of these returns. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date the Group obtains control until the expiration of control.

Accordingly, the results of operations of the businesses acquired or sold during the reporting year are included in the Consolidated Income Statement and in the other comprehensive income from the date of acquisition or until the date of disposal respectively. If the Group loses control of a subsidiary it derecognizes the assets and liabilities of the subsidiary and other equity components.

Accounting and measurement methods are applied consistently by all subsidiaries in the ÖBB Group.

Business combinations

Business combinations are accounted for according to the purchase method. The acquisition costs are measured at the total of the consideration transferred, measured at fair value at the acquisition date, plus the non-controlling interests in the acquired company. For each business combination, the acquirer measures the non-controlling interests in the acquired company at the corresponding share of the identifiable net assets of the acquired company. Any costs incurred in the course of the business combination are recognized as expense in other operating expenses.

When an entity is acquired, the Group assesses the suitable classification and designation of the financial assets acquired and liabilities assumed in accordance with the contractual terms, economic circumstances and general conditions given at the time of the acquisition. This also includes a separation of the embedded derivatives embedded in a host contract. In case of business combinations carried out in stages, the equity share in the acquired company previously held by the acquirer is re-measured at fair value at the time of the acquisition, and the resulting profit or loss is recognized in the income statement in the current period. Any agreed contingent consideration is recognized at the fair value at the time of the acquisition. Subsequent changes in the fair value of contingent consideration which constitute an asset or a liability are recognized either in the income statement or in other comprehensive income according to IAS 39. Contingent consideration classified as equity is not re-measured, and its payment is accounted for in the shareholders' equity.

At initial recognition, goodwill is measured at cost, determined as the excess amount of the total consideration transferred plus the amount of the non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets acquired, the difference is recognized in the income statement. After the initial recognition, goodwill is measured at cost less cumulative impairment charges. For the purpose of the impairment test and from the time of acquisition, the goodwill acquired in the course of a business combination is allocated to those cash-generating units of the Group that are expected to generate synergies from the business combination, irrespective of whether other assets or liabilities of the acquired entity are attributed to these cash-generating units.

When goodwill has been allocated to a cash-generating unit and a business unit of it is sold, the goodwill attributable to this business unit is taken into account in determining the carrying amount of the business unit and the proceeds from the sale of this business unit. The amount of the goodwill sold is determined on the basis of the relative values of the business unit sold and the remaining part of the cash-generating unit.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over the decision-making processes.

Except for investments classified as held for sale, shares in associated companies are included in the Consolidated Financial Statements using the equity method of accounting. They are initially recognized at cost, which is adjusted to reflect changes in the interest of the ÖBB Group in the net assets subsequent to the acquisition date and to reflect losses resulting from impairment. Losses exceeding the interest of the ÖBB Group in an associated company are not recognized, unless a commitment for additional contributions exists.

If the acquisition cost of the interest acquired by the ÖBB Group exceeds the fair values of the identifiable assets and liabilities of the associated company at the date of acquisition, such excess amount is accounted for as goodwill included in the value of the investment. If the acquisition cost of the interest acquired by the ÖBB Group is less than the fair values of the identifiable assets and liabilities at the date of acquisition (i.e. discount upon acquisition), the difference is recognized in the income statement in the period the acquisition occurred.

Joint ventures

A joint arrangement is an arrangement in which two or more parties have joint control. A joint arrangement is defined by the following characteristics: the parties are bound by a contractual agreement in which joint control is allocated to two or more parties to the agreement.

A joint venture is a contractual arrangement regarding an economic activity in which two or more parties have joint control, whereby the parties have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for in the Consolidated Financial Statements using the equity method.

Elimination of intercompany accounts

Receivables are offset with the corresponding liabilities and provisions between the subsidiaries included in the Consolidated Financial Statements in the course of the elimination of intercompany accounts. Assets and liabilities amounting to a total of EUR 2.4 billion (previous year: EUR 2.2 billion) were consolidated inside the Group.

Revenue and expense elimination

All intra-group expenses and revenues are eliminated in the course of the revenue and expense elimination. When assets are constructed by the ÖBB Group itself, any revenue arising therefrom is reclassified to own work capitalized after elimination of the unrealized profits. Within the EBIT, total income in the amount of EUR 3.5 billion (previous year: EUR 3.4 billion) was offset against the respective expenses.

Unrealized profit elimination

Unrealized profits resulting from intra-group sales of assets or asset construction and from contribution of assets to subsidiaries were eliminated in the Consolidated Financial Statements.

Composition of and change in the basis of consolidation

In addition to ÖBB-Holding AG 56 (previous year: 56) the basis of consolidation includes 8 (previous year: 9) associated companies and one (previous year: one) joint venture which are accounted for using the equity method, and therefore a total of 66 (previous year: 67) companies. The companies included in the Consolidated Financial Statements are indicated in Note 35. It lists all investments of the ÖBB Group with the type of consolidation. Companies consolidated in the years 2013 and 2014 subsidiaries for which the type of consolidation changed are disclosed separately in the list of investments in Note 35.

The basis of consolidation is defined to enable the Consolidated Financial Statements to give a true and fair view of the net assets, financial position and results of operations of the ÖBB Group. The subsidiaries not consolidated are those with a small business volume whose revenues, assets and liabilities jointly account for less than 1% of the consolidated amounts.

Changes to the basis of consolidation in 2013 and 2014

The basis of consolidation has developed as follows:

Basis of consolidation	Full consolidation	Consolidation using the equity method	Total
As of Jan 01, 2013	60	13	73
<i>thereof foreign companies</i>	30	7	37
Mergers	-3	0	-3
Change E to V	1	-1	0
Final consolidation	-1	-2	-3
As of Dec 31, 2013	57	10	67
<i>thereof foreign companies</i>	28	5	33
Mergers	-2	0	-2
Initial consolidation	4	1	5
Change in basis of consolidation	0	-2	-2
Disposal (sale)	-2	0	-2
As of Dec 31, 2014	57	9	66
<i>thereof foreign companies</i>	26	6	32

Notes 32 and 35 expand on the changes in the basis of consolidation.

Goodwill is indicated in the schedule of assets provided in Note 15. The effects of the final consolidation of subsidiaries or interests in subsidiaries are recognized in other operating income, other operating expenses or in earnings of investments recorded using the equity method in the Income Statement.

Company sales

The sale of Burgysped, S.L. on June 12, 2014 to an acquirer not affiliated with the Group can be noted as a significant company sale. The net assets sold amount to EUR 1.4 million. The consideration received amounts to EUR 1.8 million, with a gain realized of EUR 0.4 million recognized through profit or loss. The net cash inflow amounts to EUR 1.6 million.

All shares (100%) in the affiliated company ÖBB-Telekom GmbH were sold in an agreement dated August 4, 2014. The cash consideration received amounts to EUR 2.2 million. The net assets sold amount to EUR 1.5 million. A gain of EUR 0.7 million was realized and reported in other operating income. The net cash inflow amounts to EUR 1.2 million.

In 2013 the company contributed EUR 3.3 million to total income and EUR 2.3 million to total expense in the Consolidated Financial Statements. Net income for the year after taxes was EUR 0.1 million.

The assets and liabilities deducted as a result of loss of control are made up as follows:

	Burgysped, S.L. in mil. EUR	ÖBB-Telekom GmbH in mil. EUR
Property, plant and equipment	0,0 *)	0.2
Trade receivables	3.3	0.5
Cash and cash equivalents	0.2	1.0
Current liabilities	-2.1	-0.1
Non-current provisions	0.0	-0.1
Net assets sold	1.4	1.5

*) small amount

Effects of the changes in the basis of consolidation on the financial position and result of operations

The changes in the basis of consolidation described above have the following effects on the Consolidated Financial Statements:

Development of the statement of financial position in mil. EUR, rounded	Jan 01, 2013	Change in basis of consolidation	EUR Currency and consolidation effects	Dec 31, 2013	Change in basis of consolidation	EUR Currency and consolidation effects	Dec 31, 2014
Non-current assets	22,446.0	8.5	867.1	23,321.6	-0.7	1,013.5	24,334.4
Current assets	1,638.3	21.7	-350.3	1,309.7	0.4	101.3	1,411.4
Balance sheet total	24,084.3	30.2	516.8	24,631.3	-0.3	1,114.8	25,745.8
Shareholder's equity	1,430.8	9.0	149.1	1,588.9	1.2	101.9	1,692.0
Non-current liabilities	18,934.9	2.3	679.2	19,616.4	-0.6	1,732.3	21,348.1
Current liabilities	3,718.6	18.9	-311.5	3,426.0	-0.9	-719.4	2,705.7
Balance sheet total	24,084.3	30.2	516.8	24,631.3	-0.3	1,114.8	25,745.8

Income statement development in mil. EUR, rounded	2012	Change in basis of consolidation	EUR Currency effects	2013	Change in basis of consolidation	EUR Currency effects	2014
Total revenue	6,216.2	21.7	10.4	6,248.3	-1.2	107.8	6,354.9
Total expenses	-5,515.3	-20.6	42.6	-5,493.3	0.1	2.4	-5,490.8
Financial result	-626.4	-0.1	-26.1	-652.6	-0.8	-39.0	-692.4

The column "Organic" includes changes that do not result from changes in the basis of consolidation.

Further details are provided in Note 35.

3. Summary of significant accounting policies

Basis of preparation of financial statements

The Consolidated Financial Statements are prepared on the basis of amortized cost, with the exception of derivative financial instruments and available-for-sale financial instruments that were measured at fair value. The carrying amounts of the assets and liabilities recognized in the Statement of Financial Position and designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to reflect changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognized at cost less depreciation and possible impairments. Cost includes certain expenses incurred e.g. in the course of the construction or development of the rail infrastructure network, such as acquisition cost, material and personnel expenses, directly attributable fixed and variable overhead, the present value of obligations resulting from demolition, disposal of assets and restoration of sites, and borrowing costs directly attributable to qualifying assets. VAT charged by suppliers with a subsequent entitlement to input tax deduction is not included in cost. Property, plant and equipment under a finance lease are recognized at the lower of the present value of the minimum lease payments or its fair value.

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated economic useful life, and recognized in depreciation and amortization in the Consolidated Income Statement. Leased property, plant and equipment (held under finance leases) and fixtures in third-party buildings are also depreciated over their estimated useful life if ownership is expected to be transferred at the end of the lease term. Otherwise, they are depreciated over the shorter of the lease term or the useful life. Assets with costs of up to EUR 400.00 are classified as low-value assets and are expensed as incurred due to their insignificance.

The useful lives are:

	Years
Buildings	
Substructure	20–150
Superstructure	10–50
Roadbed and track	35–40
Automobiles and trucks	5–50
Technical equipment and machinery	
Security and telecommunications equipment	4–30
High-voltage and lightning equipment	15–50
Tools and equipment	4–20
Machinery	9–15

Residual carrying amounts and remaining useful lives are reviewed each year as of the reporting date.

Costs for maintenance and repair are expensed as incurred, whereas replacements and value-improving investments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and resulting gains or losses are recognized in other operating income or expenses. The useful lives and the methods of depreciation presented above are also applied to assets presented in the line item “Investment property”.

Grants related to assets

The ÖBB Group receives public grants that are essentially granted as assets. Government grants are recognized in the Statement of Financial Position when it is certain that the grant will be received and all attached conditions will be complied with. Asset-related grants, in particular investment grants, are deducted directly from the cost of the related assets. The depreciation expenses less income from the amortization of these grants are recognized in the Consolidated Income Statement.

Goodwill and other intangible assets

Goodwill

The positive difference between the cost of acquisition of a company and the fair value of the interest of the ÖBB Group in the net assets of the acquired company at the time of acquisition constitutes the goodwill. Goodwill generated through the acquisition of a company is recognized in intangible assets. The recognized goodwill is subject to an annual impairment test and measured at its original cost less accumulated impairments. Impairment reversals are not permitted. For the purpose of impairment testing, the goodwill is allocated to cash-generating units. Allocations are made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that generated the goodwill.

Other intangible assets

The ÖBB Group does not account for any significant other intangible assets with indefinite useful lives. Amortized intangible assets are recognized at cost less amortization on a straight-line basis. Assets with costs of up to EUR 400.00 are classified as low-value assets expensed as incurred due to their insignificance.

The scheduled straight-line amortization is based on the following useful lives:

	Years
Investment grants	3–150
Concessions	4–20
Software	2–20
Other intangible assets	5–30

Investment grants are amortized depending on the useful life of the asset for which the grant was paid. The useful life can be up to 80 years in individual cases, but in general, it is 20 years.

In principle, investment grants are amortized over the useful life of the asset for which the grant was received.

Impairment of property, plant and equipment and intangible assets

Methodology

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. The impairment test is performed for all items of property, plant and equipment and intangible assets. In accordance with the provisions of IAS 36, an impairment loss is recognized if the carrying amount exceeds the higher value which results from the fair value less cost to sell and value in use. The fair value less cost to sell corresponds to the amount that can be obtained in an arm's length sales transaction. The value in use corresponds to the discounted estimated future net cash flows that are expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognized in the item depreciation and amortization in the Consolidated Income Statement.

If changes in circumstances indicate that the carrying amount of an asset exceeds its fair value, the value in use is calculated in the context of the impairment test. The value in use is determined by estimating the future cash flows of the cash-generating units based on the business plans that were derived from past results and the best estimates of management of future developments. The growth rates assumed in the business plans (budget 2015 and medium-term plan 2016 – 2020) reflect the weighted average growth rates based on market estimates. Cash flow forecasts going beyond the period covered by the business plan are based on steady growth rates for subsequent years and do not exceed the long-term weighted average growth rate for the industry and the country in which the cash-generating unit operates.

If the recoverable amount of the cash-generating unit exceeds its carrying value, no impairment exists for the relevant cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying value, an impairment loss is recorded for this unit. The impairment loss associated with the cash-generating unit is allocated first of all to the goodwill and then proportionately to the other assets of the cash-generating unit, although the remaining assets of the cash-generating unit may not be written down to an amount which is below their recoverable amount. The reductions in the carrying amount represent expenses from the impairment of the individual assets.

If there is any indication that an impairment of assets no longer exists, the ÖBB Group must reverse the impairment wholly or partially in the consolidated net profit up to a maximum of the amortized cost. Impairment reversals are not permitted for goodwill.

Following the adoption of the medium-term planning by the Supervisory Board, regular checks are now made to ascertain whether a triggering condition for impairment exists. Additional checks are made in the event that current findings from the business development or changes in premises indicate a significant change in the value in use during the year.

Structure of the cash-generating units and calculation premises

Each cash-generating unit consists of a part or a number of legally independent companies. The delimitation criteria for the cash-generating units are based on the structure of business operations and correspond to the business areas and business activities. A brief description of these business units is provided in Note 33. ÖBB-Produktion GmbH is allocated to the Rail Cargo Austria segment and the ÖBB-Personenverkehr segment on a pro rata basis.

Cash-generating units of ÖBB-Personenverkehr

The delimitation criteria for the cash-generating units are based on the structure of business operations and correspond to the following business areas and business activities: rail passenger transport, bus passenger

transport and services. The business units essentially consist of ÖBB-Personenverkehr AG and ÖBB-Postbus GmbH and are categorized as two cash-generating units.

There were no indicators of potential impairment as of December 31, 2014 and therefore no impairment test was conducted. As of the reporting date, a test was conducted to determine if indications were present that an impairment recognized on an asset of the cash-generating unit ÖBB-Personenverkehr AG no longer existed or had decreased. If such indications were present, the impairment would have to be reversed either in whole or in part. There were no such indications as of the reporting date.

Cash-generating units of Rail Cargo Austria:

The Rail Cargo Group was reorganized in the financial year 2013. The aim was to simplify the larger structure, thereby simplifying the management and control scheme. This was achieved by focusing on rail logistics with transition to benchmark-compatible areas, which are broken down as follows:

- Shipping: Rail Cargo Logistics (RCL) – rail freight forwarding with industry expertise
- Operator: Rail Cargo Operator (RCO) – high-frequency long haul shuttles (intermodal, conventional, mix) between economic regions
- Carrier: Rail Cargo Carrier (RCC) – RU (railway undertaking = carrier service) for Group-owned traction stock (e.g. base load, single car transport)
- Cars: Rail Cargo Wagon (RCW) – wagon lessor
- TS: Technical Services (TS) – Maintenance of rolling stock

The objectives of this organizational structure are:

- Focus on the core competency of rail logistics
- Transparency through simplification, five non-overlapping business with their own business models and markets (internal, external)
- Pooling of expertise, resources and responsibility
- Benchmarking capability
- Consistent brand architecture

In planning and reporting, the organizational structure described was consistently implemented in the entire sub-group starting in 2013. As the structure of the cash-generating units must follow the management and control scheme, an adjustment to the structure of the cash-generating units was the logical result. Due to the sale of European-Contract Logistics – Austria GmbH to ÖBB-Holding AG in 2013, the cash-generating unit Contract Logistics (KL) is no longer part of the Rail Cargo Group.

A weighted average cost of capital reflecting the interest requirements of the capital market for granting loans and equity to the cash-generating unit Rail Cargo Austria is used for discounting. Risks and taxes are taken into account by means of various deductions.

For the cash flow projections after the planning period (accounted for by a perpetual annuity) the impairment test growth rates which correspond to a realistic assessment of the specific market development were assumed. An unvarying growth factor of 1.33% (2/3 of the rate of inflation) was used for the perpetuity starting from 2020. This is based on the assumption that two-thirds of price increases from inflation can be passed onto end customers.

The following discount rates were applied:

For the cash-generating units of Rail Cargo Austria	Shipping (RCL)	Operator (RCO)	Carrier (RCC)	Car (RCW)	TS *)
as of Dec 31, 2014					
Austria					
Before tax					
Interest rate 2015 - 2020	9.2%	9.0%	9.2%	9.5%	7.1%
Interest rate perpetuity	7.8%	7.6%	7.9%	8.2%	5.8%
After tax					
Interest rate 2015 - 2020	7.3%	7.3%	7.3%	7.3%	5.7%
Interest rate perpetuity	6.0%	6.0%	6.0%	6.0%	4.3%
Hungary					
Before tax					
Interest rate 2015 - 2020	10.6%	10.7%	10.6%	10.5%	8.6%
Interest rate perpetuity	9.3%	9.4%	9.2%	9.2%	7.3%
After tax					
Interest rate 2015 - 2020	9.0%	9.0%	9.0%	9.0%	7.3%
Interest rate perpetuity	7.7%	7.7%	7.7%	7.7%	5.9%

*) Slovakia – individual rate of interest is immaterial and therefore not listed

For the cash-generating units of Rail Cargo Austria	Shipping (RCL)	Operator (RCO)	Carrier (RCC)	Car (RCW)	TS *)
as of Dec 31, 2013					
Austria					
Before tax					
Interest rate 2014 - 2019	9.7%	10.0%	9.6%	9.5%	7.9%
Interest rate perpetuity	8.4%	8.6%	8.2%	8.2%	6.6%
After tax					
Interest rate 2014 - 2019	7.7%	7.7%	7.7%	7.7%	6.3%
Interest rate perpetuity	6.4%	6.4%	6.4%	6.4%	5.0%
Hungary					
Before tax					
Interest rate 2014 - 2019	11.3%	11.3%	11.2%	11.0%	9.6%
Interest rate perpetuity	10.0%	10.0%	9.8%	9.7%	8.3%
After tax					
Interest rate 2014 - 2019	9.5%	9.5%	9.5%	9.5%	8.0%
Interest rate perpetuity	8.2%	8.2%	8.2%	8.2%	6.7%

*) Slovakia – individual rate of interest is immaterial and therefore not listed

The pre-tax discount rates shown were calculated by the method of internal rate of return. The value in use of the cash-generating units is determined based on the after-tax discount rates. The specified pre-tax discount rates are for information purposes only.

Intra-group transfer pricing based on estimates in line with the market of the companies involved was taken into account in the cash flow forecasts. The cost of capital was calculated separately for the Rail Cargo Group, independently from the rest of the ÖBB Group. No risk and resource consolidation with the rest of the ÖBB Group was applied and no uniform cost of capital was used throughout the Group.

Cash-generating units of ÖBB-Infrastruktur:

No indicators of impairment were identified for any cash-generating unit either for 2013 or for 2014 and therefore no impairment tests were performed. For the rail infrastructure cash-generating unit, no indicators currently exist due to the following preamble to the grant agreement in accordance with Art 42 of the Federal Railways Act. "ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Article 31 of the Federal Railways Act. The basis for the financing of the Company is given in Article 47 of the Federal Railways Act, according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfill its tasks and maintain the availability of its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Article 42 (6) of the Federal Railways Act. The

commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Article 42 (1) and (2) of the Federal Railways Act. It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their respective terms, is to permanently guarantee the value of the assets of the ÖBB-Infrastruktur AG sub-group used for the tasks pursuant to Article 31 of the Federal Railways Act, which also conforms to the official task according to the Federal Railways Act."

Further details are contained in Notes 9, 14 and 15.

Impairment of investments in associated companies and joint ventures

Subsequent to the application of the equity method according to IAS 28.31 and IFRS 11 it has to be determined at each reporting date as to whether there is any objective indication of an impairment of the carrying amount in accordance with IAS 39.58 et seqq. If indicators are identified, the recoverable amount of the investment must be determined in accordance with IAS 36 Impairment of Assets. If there is an impairment, the investment must be written down accordingly. If associated companies or joint ventures are affected by the impairment, such impairment is recognized in the line item "Earnings of investments accounted for using the equity method". Reference is made to the previous paragraph regarding Art. 42 of the Federal Railways Act in relation to any impairment of the Galleria di Base del Brennero – Brenner Basistunnel BBT SE.

Non-current assets held for sale

Assets held for sale are measured at the lower of its carrying amount or its fair value less cost to sell. Assets classified as "held for sale" are not depreciated and reported in a separate line item in the Statement of Financial Position. Gains or losses from the sale of these assets are recorded together with the gains or losses from the disposal of property, plant and equipment and intangible assets as other operating income or expenses or, in case of an investment, in the other financial result. Further details are provided in Note 19.

Financial instruments

General information

Financial assets and liabilities are recognized when the ÖBB Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when:

- all the contractual rights to the cash flows from the financial asset have expired or been settled or
- all risks and rewards arising from the asset have been transferred to another party or
- the power to control the financial asset has been transferred to another party in its entirety.

A financial liability may only be derecognized when it has been extinguished, i.e. when the contractual obligation has been settled or cancelled or has expired. Regular purchases and sales of financial assets are recognized at the settlement date (date of fulfillment). Derivative financial instruments are recognized at the date of conclusion (trade date).

Financial assets and liabilities are initially recognized at the fair value of the consideration given or received. Transaction costs are included in the initial recognition, except in the case of financial instruments measured at fair value through profit or loss.

Cash and cash equivalents

The ÖBB Group recognizes cash on hand, cash in bank and highly liquid financial investments with remaining maturities of three months or less as cash and cash equivalents. Money market deposits with original maturities of more than three months are classified as current financial assets along with securities. Cash and cash equivalents represent the funds for the Statement of Cash Flow. More information can be found in Note 34.

Financial assets and liabilities

Financial instruments disclosed in the Statement of Financial Position as financial assets are measured at their fair value with the exception of loans and receivables. The financial instruments disclosed in the Statement of Financial Position as financial liabilities are measured at amortized cost. Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognized through profit or loss or in other comprehensive income (cash flow hedge reserve), depending on whether the derivative financial instrument is used to hedge the fair value of an item recognized in the Statement of Financial Position (fair value hedge) or fluctuations in future cash flows (cash flow hedge). For derivative financial instruments designated as fair value hedges, changes of the fair value of the hedged asset or liability and of the derivative financial instrument are recognized in the Income Statement. For derivative financial instruments designated as cash flow hedges, changes in the fair value of the effective portion of the hedging instrument are recognized via the other comprehensive income in equity (cash flow hedge reserve). The effects stated in the cash flow hedge reserve are recognized in income when the underlying is recognized in income. Changes in the fair value of the ineffective portion of the hedge and changes in the fair value of derivative financial instruments not classified as a hedge are recognized in the Income Statement immediately. See Note 29.2. on the hedge accounting.

Changes in the fair value of derivative financial instruments not designated as a hedging instrument are recognized in profit or loss.

In accordance with IAS 39, the ÖBB Group classifies securities and certain non-current financial instruments as available-for-sale (AFS) and measures them at fair value. Unrealized gains and losses are recognized in the other comprehensive income.

Non-current derivative financial instruments (interest swaps for hedging purposes) are divided into a current and a non-current portion based on the discounted payment streams in the applicable time frames. If a derivative financial instrument has an overall clearly negative fair value, any current positive portion is not recognized as a current asset because this presentation would be misleading in light of the clearly negative fair value, and is thus reported collectively as non-current liability. The same applies to the reverse case of a derivative financial instrument with an overall clearly positive fair value and a negative fair value of the current portion.

The impairment test for securities is based on a two-step approach, which examines whether the carrying amount or cost differs significantly from the fair value of the securities, and the period of time for which such a difference exists. Losses from impairments are recognized in income in the period in the other financial result.

If there is an indication that an impairment no longer exists, the ÖBB Group has to reverse all or part of the impairment in profit or loss, unless these financial assets are carried at cost or are equity instruments classified as "available for sale". For equity instruments classified as "available for sale" and carried at cost, reversal of the impairment is not permitted. For equity instruments classified as "available for sale" and measured at fair value, any increase in the fair value is recognized in the other comprehensive income.

Trade receivables

Trade receivables are recognized at the lower of amortized cost or fair value. Impairments are recognized if collection of the claims can no longer be expected due to customer-specific circumstances. If such doubts regarding the collection of the receivables occur, these receivables are measured at the lower realizable amount and specific allowances are recognized on the basis of identifiable risks. Impairment indications include significant financial difficulties of the contractual partner, insolvency proceedings initiated against the debtor, unsuccessful dunning and execution attempts, effective breach of contract (e.g. default or failure to pay) and other information raising doubts about the solvency of the debtor. The debtor's creditworthiness is considered accordingly in determining the amount of impairment. As soon as the irrecoverability of the receivable has been determined, the receivable is derecognized.

Construction contracts, if significant, are recognized according to the "percentage of completion" method.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade receivables and payables, receivables due from and liabilities due to related companies approximate their fair values. The fair values of available-for-sale securities result from directly or indirectly derivable prices. The fair value of non-current financial liabilities and swap agreements is based on the present value of future cash flows, discounted at the ÖBB Group's estimated current interest rate at which comparable financial instruments may be concluded. Existing credit risk is considered when determining the fair values.

The ÖBB Group estimates whether the fair value of assets for which no quoted prices are available – mainly investments – corresponds to their carrying amount based on the latest financial information available. These assets are subject to impairment testing if the investment generates losses over an extended period or in the event of significant changes in the business environment. For further information on accounting and measurement methods see Note 29.

Inventories

Inventories include material and parts used primarily for the expansion, maintenance and repair of defects of the Group's own railway networks and real estate under development to prepare for disposal. Materials and spare parts are measured at the lower of cost or net realizable value, with cost being determined on the basis of the moving average cost method. The net realizable value is determined based on the estimated selling price in the ordinary course of business, less estimated production cost to complete and selling costs still to be incurred. Self-manufactured inventories and reconditioned reusable materials are capitalized at production cost. Allowances are recorded to value are made for obsolete inventory and excessive production cost from self-manufactured inventories.

For spare parts and materials, replacement costs are deemed to be the best available measure of their net realizable value.

Also presented in inventories is real estate which is no longer used in operations and is now under development for later sale ("real estate recovery projects"). These are former railway station and system facilities or business premises which were used for continuous operations. They consist of significant projects being developed on a large scale. Real estate recovery projects are either held for sale in the ordinary course of business, in preparation for sale, or designated for such preparation.

They are recognized at cost and measured at the reporting date at the lower of carrying amount or net realizable value. The net realizable value is the estimated selling price less expected development and selling costs yet to be incurred.

The cost of inventories includes all costs of purchase, development and processing, as well as any other costs incurred to bring the inventories to their present condition.

If the production costs exceed the net realizable value a write-down is recorded.

Provisions

Provisions are recognized when current, legal or actual obligations to a third party from preceding events were assumed or exist which will probably result in payments made by the ÖBB Group, and the amount can be reliably estimated. Non-current provisions are recognized at their present value. For further information see Note 26.2.

Leases

Lease agreements in which the ÖBB Group as lessee assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Otherwise, they are classified as operating leases. Property, plant and equipment acquired by way of finance leasing is recognized at the lower of the leased item's fair value or the present value of the minimum lease payments at inception of the lease, less depreciation and impairment losses.

If substantially all risks and rewards of ownership are attributable to the ÖBB Group as lessor, the leased item is recognized by the ÖBB Group. The leased item is recognized according to the regulations applicable to the asset in accordance with IAS 16. Information on the accounting and measurement method for cross-border leasing transactions is provided in Note 30.3.

Lease agreements in which the ÖBB Group as lessor essentially transfers substantial all of the risks and rewards associated with an asset must be classified as finance leases. Otherwise they are operating leases. Lease receivables are recognized at the amount of the net investment from the lease.

Employee benefit commitments

The ÖBB Group has entered into only one individual contractual pension obligation for a former member of the Board of Management. Apart from this obligation, there are only defined contribution plans with respect to pensions. The ÖBB Group pays contributions to publicly or privately administered pension and severance insurance plans on a mandatory or contractual basis for these defined contribution plans. Apart from the contribution payments, there are no further payment obligations. The regular contributions are recognized as personnel expenses in the respective period.

All other obligations (severance payments and anniversary bonuses) result from unfunded defined benefit plans for which adequate provisions are recognized. The ÖBB Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19. The remeasurement of net defined benefit obligations according to IAS 19.127 contains only actuarial gains or losses. The future defined benefit obligations are measured in accordance with actuarial principles and are based on an objective estimate of the discounting factor and compensation increases along with turnover. According to this method, the company henceforth recognizes actuarial gains and losses from provisions for severance payments immediately and fully directly in other comprehensive income and those from provisions for anniversary bonuses in personnel expenses. For further information see Note 26.1.

Changes in existing provisions for disposal, restoration and similar liabilities

In accordance with IAS 16, the cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Provisions for disposal, restoration and similar obligations are measured in accordance with the regulations of IAS 37. The effects of changes in the measurement of existing provisions for disposal, restoration and similar obligations are accounted for in accordance with IFRIC 1. The provisions require that any increase of such a liability that reflects the passage of time shall be recognized in the Income Statement. Changes in the measurement resulting from changes in the estimated maturity or the amount of the outflow of resources required to fulfill the obligation or from changes in the discount rate shall be added to or deducted from the cost of the relevant asset in the current period. The amount deducted from the cost of the asset may not exceed its carrying amount. If the adjustment results in an addition to the cost of an asset, the ÖBB Group will examine whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset shall be tested for impairment and any impairment losses is recognized accordingly.

Revenue recognition

Revenue is recorded when the risks and rewards are transferred or when the service has been rendered, when the amount of revenue can reliably be determined and it is sufficiently probable that the economic benefit will flow to the ÖBB Group.

Grants related to income

Grants related to expenses awarded to the ÖBB Group are recognized in the Income Statement and in line with the timing of expenses immediately upon fulfillment of the preconditions. Reference is made to Note 32 regarding the particular features of the grants for financing of the infrastructure.

Interest, royalties and dividends

Interest is recognized using the effective interest method in accordance with IAS 39. Dividends are recognized when the shareholder's right to receive payment is established. Usage fees such as rents are recognized on an accrual basis in accordance with the provisions of the relevant agreement. Turnover rental fees are rental payments which are settled depending on the revenue realized by the lessee, and are recognized when the amount of rent can reliably be determined.

In accordance with IAS 23, borrowing costs for significant qualifying assets are capitalized.

Research and development costs

In accordance with IAS 38, research costs refer to original and planned research performed to gain new scientific or technical knowledge and understanding, and they are recognized as expenses in the period in which they were incurred. Development costs are defined as costs incurred for using research findings to achieve technical and commercial feasibility. If development costs cannot be separated from research costs, the development costs are recognized as expenses in the period in which they were incurred in accordance with IAS 38. If the capitalization requirements of IAS 38 are not met, research and development costs are recognized as expenses in the period in which they were incurred. If the capitalization requirements of IAS 38 are met, development costs are capitalized as intangible assets.

Income taxes

In accordance with Article 50 (2) of the Federal Railways Act as amended by BGBl. No. 95/2009, ÖBB-Infrastruktur AG has been exempt from federal taxes as of 2005, except for turnover tax, from federal administration fees and from court charges and juridical administration fees to the extent that such taxes and duties result from the execution of the respective tasks under the Federal Railways Act.

The following business areas of ÖBB-Infrastruktur AG were essentially categorized as subject to income tax:

- Income from energy power transactions
- The provision of services not related to railway infrastructure,
- Management of real estate not representing railway assets as defined in Article 10a of the Federal Railways Act;
- Investment administration.

In December 2005, a tax group contract was concluded with ÖBB-Holding AG as head of the tax group and the majority of the ÖBB Group companies as group members. At present, the corporate tax group does not include any foreign companies. The financial claims and obligations arising from the tax group contract are based on the current financial result of each member of the group. Positive tax amounts are charged at the corporate income tax rate valid in the year of the financial statements, while negative tax amounts are compensated only insofar as they can be realized in the group.

The primacy of sub-group consideration and the principle of equal treatment of all participants in the company group within the respective sub-group apply for the usage of financial losses; in addition, the principle of equal treatment of all participants in the company group applies for inter-sub-group usage of financial losses.

Deferred taxes

Deferred taxes are recognized - taking the exception clauses under IAS 12.15 and IAS 12.24 into account – for all temporary differences between the tax base of the assets/liabilities and their carrying amounts in the IFRS financial statements (liability method), insofar as these assets and liabilities are related to the business operation that is not exempt from income taxes.

However, if deferred taxes arise from the initial recognition of an asset or a liability resulting from a transaction other than a business combination which neither affects the accounting profit or loss nor the taxable profit at the time of the transaction, no deferred taxes are recognized at the time of initial recognition and thereafter.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associated companies are recognized, unless the ÖBB Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future due to this influence.

Deferred taxes are measured at the tax rates (and under the tax regulations) that have been enacted or substantially enacted on the reporting date and that are expected to apply in the period when the deferred tax assets are realized or the deferred tax liabilities are expected to be settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences or loss carry-forwards can be utilized.

If income taxes relate to items that are recognized in the other comprehensive income in the same or a different period, deferred taxes are also recognized in other comprehensive income.

Use of estimates and judgment

The preparation of the Consolidated Financial Statements requires the Board of Management to make estimates and assumptions that may affect the amounts of assets, liabilities and contingent liabilities reported at the reporting date and the amounts of income and expenses of the period under review. Actual results may differ from these estimates. All estimates and assumptions are updated on a regular basis and are based on experience and other factors including expectations with respect to future events deemed to be reasonable under the given circumstances.

In applying the accounting policies of the ÖBB Group, the Board has made estimates and has proceeded particularly responsibly when doing so. The useful lives were reviewed. The economic risk was properly taken into account by carefully measuring the provisions in the required amount. The adequacy of the value adjustments was reviewed. The parameters for the impairment test of the cash-generating units have been updated in accordance with interest rates and the industry standard benchmarks. The actuarial and financial determinations for the measurement of severance payments and anniversary bonuses were determined responsibly. The activation of goodwill is exclusively based on external expertise.

The Board of Management has made estimates in applying the accounting policies of the ÖBB Group. Additionally, as of the reporting date, the Board of Management made key assumptions concerning the future and identified key sources of estimation uncertainty at the reporting date which bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

a. Employee benefit plans

Obligations for severance payments and anniversary bonuses are measured by applying parameters such as the expected discount rate, long-term salary increases and staff turnover. If the development of the relevant parameters differs significantly from the expectations, this can have a significant effect on the provisions and, as a result, on the net personnel expenses of the ÖBB Group. The impact of possible changes of parameters is disclosed in Note 26.1.

b. Impairments

Impairment testing of intangible assets and tangible assets is generally based on discounted estimated future net cash flows that are expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Factors such as lower sales and the resulting decreases in net cash flows and changes in the discount rates used can lead to impairments. Impairment tests were performed on the reporting dates which last led to impairment charges in 2010, after the usage value back then was below the current carrying values in some cases.

A sensitivity analysis showed that with a change in the discount rate by +/- 0.25% in 2013 there would have been no need for impairment or a reversal of EUR 50.8 million, respectively. The sensitivity analysis for 2014 can be found in the table below.

Sensitivity analysis of impairment/ reversal requirement		Increase in the parameter/ Increase in the impairment requirement			Decrease in the parameter/ Effect on reversal requirement		
CGU		RCC	RCW	TS	RCC	RCW	TS
Assumptions	Change in assumption in %	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR
Interest rate	+/-0.25	41.6	40.1	16.5	20.2	0.0	20.8
Perpetuity	EBIT +/-2.5% and growth of +/-0.1%	0.0	35.6	0.0	11.4	0.0	16.6

Of goodwill amounting to EUR 176.7 million (previous year: EUR 186.4 million) EUR 153.9 million (previous year: EUR 163.6 million) is attributable to the RCC segment, EUR 22.4 million (previous year: EUR 22.4 million) to the RCL segment and EUR 0.4 million (previous year: EUR 0.4 million) to the RCO segment.

For the carrying amounts of intangible assets and tangible fixed assets see the schedule of assets in Note 14 and 15 and/or Note 9.

c. Estimated useful lives of property, plant and equipment and intangible assets

The estimated useful lives are determined according to the circumstances of the company with usual maintenance costs. According to a sensitivity analysis, a change in the useful life of +/- 1 year would increase the depreciation by EUR 103.4 million (previous year: EUR 86.4 million) or reduce this by EUR 79.9 million (previous year: EUR 85.3 million), respectively.

In the 2013 financial year, useful lives for data networks and ETCS systems which no longer meet the latest technological standards as well as for real estate which is scheduled for demolition in the next few years were shortened to the expected remaining useful lives, resulting in additional depreciation of EUR 18.6 million. In the 2014 financial year, useful lives for individual structural systems as well as safety installations and telecommunications systems which no longer meet the latest technological standards were shortened to the expected remaining useful lives, resulting in additional depreciation of EUR 3.6 million.

Useful lives for certain assets were also shortened to the expected remaining useful lives, with unscheduled impairments and adjustments to estimates on residual values carried out and carrying amounts reduced to calculated values in accordance with various expert reports, resulting in additional depreciation amounting to EUR 6.5 million (previous year: EUR 4.2 million).

More information can be found in Note 14 and in Note 3 “Property, plant and equipment”.

d. Provisions

Provisions were measured according to the best estimate in accordance with IAS 37.37, i.e. at the amount that the Company would have to pay, under reasonable consideration, to settle the obligation as of the reporting date or to transfer the obligation to a third party at that time. Reliable statements on a sensitivity analysis, especially regarding the likelihood of occurrence of environmental risks, decommissioning costs and public services, are not possible. The measurement of the provision for decommissioning costs was based on the assumption that the company and the lines will continue to exist and to operate. Decommissioning costs are estimated and a respective provision is recognized only when the closure of individual tracks is expected in the foreseeable future or when such closure has already been initiated. For the carrying amounts see Note 26.2.

Holocaust

An action was brought before the United States District Court for the District of Columbia on October 20, 2010 against the Republic of Hungary, MÁV and Rail Cargo Hungaria Zrt. on account of alleged misconduct in relation to the Hungarian holocaust. The action was rejected in 2014 due to a lack of legal jurisdiction on the part of the US court invoked. The judgment dated May 9, 2014 was not challenged and has therefore become final as far as Rail Cargo Hungaria Zrt. is concerned.

Lawsuit initiated by the Austrian Bundeswettbewerbsbehörde [Federal Competition Authority] (“BWB”)

Fines amounting to EUR 8.5 million were imposed by the Cartel Court against Rail Cargo Austria AG and Rail Cargo Logistics – Austria GmbH (as legal successor to Schier, Otten & Co GmbH) in the BEX/SSK shipping cartel case. Corresponding provisions were formed for other legal risks. These also include provisions for risks from the current ongoing competition law investigations against group companies. These investigations are expected to continue for some time. The amount of any financial penalties and claims that may have to be paid is subject to uncertainty. A further breakdown for the purpose of minimizing litigation risk remains to be done.

e. Deferred taxes

Deferred tax assets were recognized for temporary differences between the tax base and the carrying amounts of assets and liabilities and for losses carried forward. If the tax assessment regarding the qualification of the segments of ÖBB-Holding AG changes from “exempt from taxes” and “taxable” or if future taxable profits are insufficient, this may have a significant impact on the amount of deferred tax assets. When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the 5-year tax planning period (see Note 13).

f. Cross-border leasing

In respect of contractual parties to investments with at least an AA+ rating or for which a subsidiary guarantor liability is assumed by the government for their performance, the default risk is still regarded as extremely low, so that no need for any change is seen at present and these transactions can continue to be disclosed “off balance.” Should there be unexpected defaults on these investments or should requirements for the minimum rating no longer be fulfilled, the obligations from the transactions and the investments will be recognized in the Statement of Financial Position, allowances for these investments will be recognized or the repayment vehicle will be exchanged (see Note 30.3).

Concentration of risks

As of the reporting dates, no significant dependence on particular non-group suppliers or creditors whose sudden default might significantly affect business operations existed. Furthermore, there is no concentration of labor services, providers of other services, franchising or licensing rights or other rights that the ÖBB Group is dependent on and that could, if suddenly eliminated, severely affect business operations. The ÖBB Group invests its funds with various banks with excellent credit ratings. For information on the grants and grant agreements provided by the Republic of Austria, see Note 32.

Capital management

The Company defines equity as share capital, additional paid-in capital and reserves as well as retained earnings and non-controlling interests, if any. The objective of the financial management of the ÖBB Group is to sustainably increase the shareholder value and to maintain a capital structure appropriate for upholding the excellent credit rating. Due to the Company's special situation and its statutory mission, and also as a result of the government's commitment to subsidize infrastructure expenses (both construction, and operation and maintenance) not covered by the Company's income from current operations, the control of the capital structure focuses mainly on debt ratios and on the following ratios, which are compared to the respective budgeted values: number of employees, EBIT margin, equity ratio, net working capital. Managed equity as of December 31, 2014 amounts to EUR 1,692.0 million (previous year: EUR 1,588.9 million).

B. NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT

4. Revenue

	2014 in mil. EUR	2013 in mil. EUR
Goods transport	1,772.5	1,816.5
<i>thereof public services contracted by the federal government</i>	82.0	77.6
Passenger and baggage transport	1,531.4	1,515.9
<i>thereof public services contracted by the federal government</i>	635.6	618.8
Government grant pursuant to Article 42 Bundesbahngesetz for operation of the infrastructure	1,153.5	1,151.4
Traffic service orders	290.5	268.7
Rent and lease	186.4	180.1
Recovery objects	98.3	60.1
Infrastructure usage charge	43.8	37.6
Energy	39.8	48.5
Maintenance/ repair	31.8	35.3
Traction services	26.2	26.0
Other revenue	95.9	99.1
Total	5,270.1	5,239.2

The government grant pursuant to Article 42 Bundesbahngesetz is granted for the provision, operation and maintenance of the railway infrastructure and for the fulfillment of the statutory tasks insofar as the revenues that can be achieved by the users of the railway infrastructure (infrastructure usage charge) do not cover the expenses incurred with economical and efficient management. Further information on the grant agreement is provided in Note 32.

Advance payments received in association with production orders amount to EUR 12.3 million (previous year: EUR 12.3 million).

For the composition of revenue per business unit and according to geographic aspects see the segment reporting.

5. Other own work capitalized

Directly attributable personnel expenses and expenses for materials as well as appropriate parts of material and production overhead were taken into account in determining the own work capitalized in connection with the construction of assets. This item also comprises own work capitalized that was provided by a subsidiary to other related companies within the Group.

6. Other operating income

	2014 in mil. EUR	2013 in mil. EUR
Grant from the Federal Government pursuant to Article 42 Bundesbahngesetz for infrastructure	576.9	517.5
Proceeds from the disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	60.6	32.9
Proceeds from leisure time service	15.2	14.8
Personnel leasing to third parties	11.8	13.1
Revenue from the sale of materials	8.8	10.4
Compensation received	7.3	6.4
Exchange rate differences	6.4	8.1
Miscellaneous other operating income	37.2	45.7
Total	724.2	648.9

The government grant pursuant to Article 42 of the Federal Railways Act for extension and reinvestments is reported in other operating income. Further information on the grant agreement is provided in Note 32.

The miscellaneous operating income includes income from rent and lease of advertising space and income from canteens, among others.

7. Cost of materials and purchased services

	2014 in mil. EUR	2013 in mil. EUR
Costs of materials and purchased services		
Raw materials and supplies	158.8	171.2
Power	101.5	123.8
Other expenses for materials	126.7	117.2
Subtotal cost of materials	387.0	412.2
Third-party transport services	413.4	359.4
Rent for rail and road vehicles	93.5	84.3
Infrastructure usage charge	63.8	60.7
Other services received	806.4	876.3
Subtotal expenses for purchased services	1,377.1	1,380.7
Total	1,764.1	1,792.9

The other cost of materials and purchased services mainly comprise expenses for liquid fuels less payments of the petroleum tax. Expenses for other services received mainly comprise freight forwarding services, incoming and customs duties, and goods and services which cannot be capitalized in connection with repairs, maintenance, cleaning and other services. The expenses for real estate recovery projects amounts to EUR 27.2 million (previous year: EUR 14.4 million).

8. Personnel expenses and employees

	2014 in mil. EUR	2013 in mil. EUR
Wages and salaries	1,857.9	1,808.8
Statutory social security contributions	503.0	489.7
Pension costs	26.5	26.7
Expenses for severance payments	14.3	10.5
Other social expenses	5.8	5.6
Total	2,407.5	2,341.3

The employee structure is composed as follows:

Number of employees (headcount)	Dec 31, 2014	Dec 31, 2013	Change		Average	
			Reporting date	in %	2014	2013
Employees	10,655	10,448	207	2%	10,593	10,396
Workers	5,130	4,814	316	7%	5,005	4,529
Tenured employees	23,696	24,251	-555	-2%	23,968	24,581
Total (excl. apprentices)	39,481	39,513	-32	0%	39,566	39,506
Apprentices	1,609	1,663	-54	-3%	1,517	1,471
Total (incl. apprentices)	41,090	41,176	-86	0%	41,083	40,977

Number of employees (FTE)	Dec 31, 2014	Dec 31, 2013	Change		Average	
			Reporting date	in %	2014	2013
Total (excl. apprentices)	39,125.8	39,182.0	-56.2	-0.1%	39,241.0	39,172.0
Apprentices	1,609.0	1,663.0	-54.0	-3.2%	1,517.0	1,471.0
Total (incl. apprentices)	40,734.8	40,845.0	-110.2	-0.3%	40,758.0	40,643.0

9. Depreciation and amortization

	2014	2013
	in mil. EUR	in mil. EUR
Depreciation on property, plant and equipment	991.6	973.9
<i>thereof low-value assets</i>	4.6	4.4
Amortization of intangible assets	53.8	50.3
Depreciation on investment property	4.1	3.8
Impairment on non-current assets held for sale	0.0	0.3
less amortization of investment grants	-190.8	-199.3
Total depreciation and amortization	858.7	829.0

10. Other operating expenses

The other operating expenses of the ÖBB Group are composed as follows:

	2014	2013
	in mil. EUR	in mil. EUR
Cost of operation	112.0	120.0
Compensation for travel and other expenses	46.8	47.4
Non-income taxes	41.9	42.2
Loss on disposal of property, plant and equipment and intangible assets	37.8	44.0
Rent, lease and license expenses	32.1	29.5
Marketing, sales and customer service	28.4	27.4
Office supplies	27.8	22.8
Legal and consultancy fees	12.3	18.9
Miscellaneous other operating expenses	121.4	177.9
Total	460.5	530.1

The resolution of disputes increased consolidated net income by EUR 4.9 million (previous year: EUR 3.2 million). The development of the provision for litigation is apparent from the list of provisions (Note 26.2).

The expenses for services of the auditors of the Consolidated Financial Statements and the separate financial statements are also included in the miscellaneous operating expenses and are as follows:

	2014 in kEUR	2013 in kEUR
Total auditors' fees		
Annual financial statements and consolidated financial statements audit	1,343	1,329
Consulting services	223	171
Other auditing services	3	34
Other services	290	152
Total	1,860	1,686

The expenses for the auditors indicated above include the fee for all the auditors working in the Group. The auditor of the ÖBB Group accounts for the following expenses:

	2014 in kEUR	2013 in kEUR
Fee of the auditor of the consolidated annual financial statements		
Annual financial statements and consolidated financial statements audit	486	456
Consulting services	178	147
Other auditing services	3	24
Other services	118	121
Total	785	748

11. Interest result

The interest income and expenses of the ÖBB Group are composed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Interest income/ expenses		
Interest income	46.6	61.7
Interest expenses	-731.6	-738.4
Total	-685.0	-676.7

The interest received from swap agreements is offset against the interest expenses from the respective original financial instruments in order to provide a better overview of the financial position. The interest income mainly comprises interest income from marketable deposits made in connection with cross-border leasing transactions. The borrowing costs amounting to EUR 539.1 million (previous year: EUR 534.0 million) relate to bonds. Interest expense is also incurred for EUROFIMA or bank loans, cross-border leasing transactions and for derivative financial instruments.

12. Other financial result

The other financial result of the ÖBB Group is made up as follows:

	2014 in mil. EUR	2013 in mil. EUR
Other financial result		
Other financial income	62.6	41.9
<i>thereof from measurement/ foreign currency translation differences</i>	<i>50.1</i>	<i>26.0</i>
<i>thereof income from disposal and appreciation of financial assets</i>	<i>2.6</i>	<i>1.8</i>
<i>thereof income from investments</i>	<i>0.3</i>	<i>0.7</i>
Other financial expenses	-70.5	-33.0
<i>thereof from measurement/ foreign currency translation differences</i>	<i>-61.5</i>	<i>-23.1</i>
Total	-7.9	8.9

Measurement gains/losses from the hedged items in connection with cash flow hedge and fair value hedge accounting are offset against the results from derivatives in order to provide a better overview of the results of operations.

The other financial expenses result in particular from fair value changes of derivative financial instruments.

13. Income tax

The item income taxes is composed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Current income tax	-9.4	-10.0
Deferred tax benefit	4.5	9.4
Income taxes	-4.9	-0.6

Domestic income taxes are calculated at 25% of the estimated taxable profit in the financial year. Taxes abroad are calculated at the respective rates applicable there.

The changes in deferred taxes are composed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Recognized amounts as of Jan 01	53.4	30.1
Change in deferred taxes		
<i>thereof in profit and loss</i>	4.5	9.4
<i>thereof in other comprehensive income</i>	5.0	13.9
Recognized amounts as of Dec 31	62.9	53.4
<i>thereof deferred tax assets</i>	68.1	58.8
<i>thereof deferred tax liabilities</i>	-5.2	-5.4

The following table shows the main reasons for the difference between the income taxes indicated in the Income Statement and the income taxes calculated with application of the statutory tax rate of 25% on the annual taxable income.

	2014 in mil. EUR	2013 in mil. EUR
Income before income tax according to IFRS	171.7	102.5
Adjustment of tax-exempt portion pursuant to Article 50 (2) Bundesbahngesetz	76.3	62.1
Taxable portion of the income	248.0	164.6
Group tax rate	25%	25%
Expected income/ expense from taxes in the financial year	-62.0	-41.2
Tax rate differences between foreign companies and the corporate tax rate	0.3	1.4
Other tax-exempt income and other reductions	24.2	6.8
Non-deductible operating expenses and other additions	-4.3	-0.7
Effects of taxes from previous years recognized in the financial year	9.3	-3.4
Effects of tax rate changes	0.5	0.1
Offsetting from consolidation	-24.6	2.9
Effects of changes in recognition	43.3	11.8
Other effects	8.4	21.6
Accounted income taxes	-4.9	-0.6
Effective corporate tax rate	2.0%	0.4%

Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as of December 31, 2014 and December 31, 2013, are the result of the following temporary differences between the carrying amounts in the IFRS financial statements and the relevant tax bases, insofar as they do not relate to the tax-exempt portion according to Article 50 (2) of the Federal Railways Act:

The deferred taxes are allocated to the following items in the statement of financial position, losses carried forward and tax credits:	Deferred tax		Deferred tax	
	assets	liabilities	assets	liabilities
	Dec 31, 2014 in mil. EUR	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR	Dec 31, 2013 in mil. EUR
Non-current assets				
Property, plant and equipment	45.0	-66.2	33.0	-73.5
Intangible assets	0.1	-2.0	0.3	-0.9
Investment property	0.7	0.0	0.0	0.0
Financial assets	2.7	-2.5	12.3	-7.5
Other receivables and assets	0.0	-0.1	0.0	-0.6
	48.5	-70.8	45.6	-82.5
Current assets				
Inventories	9.2	-0.3	0.0	-0.4
Trade receivables	0.1	0.0	0.8	0.0
Other receivables and assets	0.1	-0.1	0.5	0.0
Financial assets	0.1	-3.2	1.1	-4.9
	9.5	-3.6	2.3	-5.3
Non-current liabilities				
Financial liabilities	33.7	-4.5	62.4	-31.8
Provisions	20.2	-2.9	18.9	-3.9
Other liabilities	7.0	0.0	17.1	0.0
	61.0	-7.4	98.4	-35.8
Current liabilities				
Financial liabilities	35.0	0.0	65.8	-2.8
Provisions	10.6	-17.1	3.8	-30.8
Trade payables	0.0	-0.3	0.0	-0.5
Other liabilities	0.2	-2.7	0.8	-5.4
	45.8	-20.1	70.3	-39.6
Deferred tax assets/ deferred tax liabilities	164.8	-101.9	216.6	-163.2
Offsetting	-96.7	96.7	-157.8	157.8
Accumulated deferred tax assets/ deferred tax liabilities	68.1	-5.2	58.8	-5.4

With respect to seventh-part depreciations of investments not yet claimed as operational expense for tax purposes, there were depreciations in accordance with Article 12 (3) Körperschaftsteuergesetz (Corporate Tax Act) as of December 31, 2014 in an amount of EUR 136.1 million (previous year: EUR 157.2 million). No deferred tax assets were formed on investments.

When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the 5-year tax planning period. The use of deferred tax assets requires sufficient taxable income during the periods in which the temporary differences or tax losses can be utilized. The Board considers the scheduled reversal of deferred tax assets and the projected taxable income for this assessment. The temporary differences in the positions of tangible and intangible assets result mainly from the different depreciation/amortization start (pro rata in accordance with IFRS compared to the half-year rule and in accordance with the tax code) as well as from different acquisition costs. The temporary differences from the financial assets and liabilities mainly arise due to the different measurement of derivatives under IFRS (fair value measurement) and tax law (provision for onerous contracts).

As a result of this planning statement, the utilization of tax loss carryforwards and of active temporary differences amounting to EUR 65.7 million (previous year: EUR 56.8 million) and of deferred tax liabilities amounting to EUR 0.0 million (previous year: EUR -0.8 million) is likely for the Austrian corporate tax group. No deferred tax assets were recognized as a result of tax loss carry forwards based on the planning statement. Deferred tax assets amounting to EUR 2.4 million (previous year: EUR 2.0 million) and of deferred tax liabilities amounting to EUR -5.2 million (previous year: EUR -4.6 million) also stem from foreign subsidiaries. The deferred taxes are the result of surplus on the assets or liabilities side following netting operations at the corporate level.

Tax loss carryforwards amounting to EUR 5,722.8 million (previous year: EUR 5,744.4 million) stem from Austrian companies and can be carried forward without restriction under the current law. Annual usage of losses carried forward is limited to 75% of the respective taxable income in Austria, however, EUR 3,958.9 million (previous year: EUR 3,999.6 million) result from pre-tax group losses and can therefore be utilized in their entirety against taxable income generated in future periods.

14. Property, plant and equipment

2014 in mil. EUR	Land and buildings	Lease of land and buildings	Auto- mobiles and trucks	Auto- mobile s and trucks leased	Technical equipment and machinery	Leasing technical equipment and machinery	Other plant, furniture and fixtures	Assets under construc- tion and pre- payments	Total
Cost									
<i>Cost as of Jan 01, 2014</i>	24,357.7	14.3	6,070.3	838.8	8,558.4	1.7	308.4	2,622.3	42,771.8
Translation differences	-0.8	0.0	-15.4	-1.5	-0.8	0.0	-0.2	0.0	-18.7
Additions	22.7	3.4	34.9	1.2	2.5	0.0	16.4	1,888.5	1,969.6
Disposals	-157.3	-6.9	-141.5	-0.4	-102.2	0.0	-27.8	-8.0	-444.1
Change in reporting entities	-0.5	0.0	-0.1	0.0	-0.4	0.0	-0.8	0.0	-1.8
Transfers	1,200.7	0.0	146.5	-59.6	406.9	0.0	20.4	-1,729.7	-14.8
Cost as of Dec 31, 2014	25,422.5	10.8	6,094.7	778.5	8,864.4	1.7	316.4	2,773.1	44,262.0
<i>Accumulated depreciation as of Jan 01, 2014 (incl. impairment)</i>									
Translation differences	-7,485.5	-8.4	-3,263.9	-300.3	-4,415.6	-1.1	-226.0	-1.6	-15,702.4
Depreciation and amortization	0.2	0.0	4.4	0.7	0.3	0.0	0.2	0.0	5.7
Disposals	-452.3	-0.2	-177.3	-29.1	-297.6	-0.1	-34.9	0.0	-991.5
Change in reporting entities	122.5	1.1	119.4	0.4	82.0	0.0	26.2	0.0	351.6
Transfers	0.4	0.0	0.1	0.0	0.3	0.0	0.7	0.0	1.5
Accumulated depreciation as of Dec 31, 2014	-0.2	0.0	-27.9	29.9	-1.8	0.0	0.3	0.0	0.3
Accumulated depreciation as of Dec 31, 2014	-7,814.8	-7.5	-3,345.2	-298.4	-4,632.4	-1.2	-233.5	-1.6	-16,334.7
<i>Carrying amounts before investment grants as of Jan 01, 2014</i>	16,872.1	5.9	2,806.4	538.5	4,142.8	0.6	82.4	2,620.7	27,069.4
<i>Carrying amounts before investment grants as of Dec 31, 2014</i>	17,607.7	3.3	2,749.5	480.1	4,232.0	0.5	82.9	2,771.5	27,927.3
Investment grants									
<i>As of Jan 01, 2014</i>	-9,554.7	0.0	-423.4	0.0	-2,966.7	0.0	-9.3	-368.3	-13,322.5
Additions	-38.7	0.0	-14.3	0.0	-8.4	0.0	-0.1	-36.8	-98.3
Disposals	77.3	0.0	0.0	0.0	38.3	0.0	0.6	0.3	116.3
Transfers	-54.6	0.0	-0.1	0.0	-18.4	0.0	0.0	72.9	0.0
Cost as of Dec 31, 2014	-9,570.7	0.0	-437.8	0.0	-2,955.2	0.0	-8.8	-331.9	-13,304.4
<i>Accumulated depreciation as of Jan 01, 2014</i>									
Depreciation and amortization	5,346.7	0.0	317.8	0.0	2,347.8	0.0	6.3	0.0	8,018.6
Disposals	119.9	0.0	10.7	0.0	52.6	0.0	0.4	0.0	183.6
Transfers	-68.3	0.0	0.0	0.0	-32.5	0.0	-0.4	0.0	-101.2
Accumulated depreciation as of Dec 31, 2014	-0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation as of Dec 31, 2014	5,398.0	0.0	328.8	0.0	2,367.9	0.0	6.3	0.0	8,101.0
<i>Investment grants as of Jan 01, 2014</i>	-4,208.0	0.0	-105.7	0.0	-618.9	0.0	-3.0	-368.3	-5,303.9
<i>Investment grants as of Dec 31, 2014</i>	-4,172.6	0.0	-109.0	0.0	-587.4	0.0	-2.5	-331.9	-5,203.4
<i>Carrying amounts after investment grants as of Jan 01, 2014</i>	12,664.1	5.9	2,700.7	538.5	3,523.9	0.6	79.4	2,252.3	21,765.5
<i>Carrying amounts after investment grants as of Dec 31, 2014</i>	13,435.1	3.3	2,640.4	480.1	3,644.6	0.5	80.4	2,439.6	22,723.9

2013 in mil. EUR	Land and buildings	Lease of land and buildings	Auto- mobiles and trucks	Auto- mobiles and trucks leased	Technical equipment and machinery	Leasing technical equipment and machinery	Other plant, furniture and fixtures	Assets under construc- tion and pre- payments	Total
Cost									
<i>Cost as of Jan 01, 2013</i>	23,504.2	14.1	6,058.6	908.7	8,224.7	2.8	303.0	2,268.5	41,284.6
Translation differences	-1.1	0.2	-6.0	-0.5	-0.3	0.0	-0.3	-0.4	-8.4
Additions	30.4	0.0	17.3	0.0	11.0	0.0	15.9	2,028.3	2,102.9
Business acquisition	3.0	0.0	2.0	0.0	0.1	0.0	0.2	0.0	5.3
Disposals	-130.6	0.0	-155.7	-8.4	-105.3	0.0	-30.8	-24.3	-455.1
Change in reporting entities	-0.4	0.0	0.0	0.0	0.0	0.0	-0.2	-0.1	-0.7
Transfers	952.1	0.0	154.1	-61.0	428.2	-1.1	20.6	-1,649.7	-156.8
<i>Cost as of Dec 31, 2013</i>	24,357.7	14.3	6,070.3	838.8	8,558.4	1.7	308.4	2,622.3	42,771.8
<i>Accumulated depreciation as of Jan 01, 2013 (incl. impairment)</i>									
Translation differences	-7,201.0	-7.9	-3,216.9	-301.0	-4,202.6	-1.9	-218.7	-1.2	-15,151.2
Depreciation and amortization	0.7	-0.2	2.3	0.2	0.2	-0.1	0.1	0.0	3.2
Business acquisition	-434.3	-0.3	-169.4	-34.2	-299.5	-0.2	-35.4	-0.5	-973.9
Disposals	-0.6	0.0	-1.0	0.0	-0.1	0.0	-0.1	0.0	-1.8
Change in reporting entities	109.8	0.0	147.5	8.3	94.2	0.0	27.9	0.1	387.8
Transfers	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.4
<i>Accumulated depreciation as of Dec 31, 2013</i>	39.7	0.0	-26.4	26.4	-7.9	1.1	0.0	0.0	32.9
<i>Carrying amounts before investment grants as of Jan 01, 2013</i>	16,303.2	6.2	2,841.7	607.7	4,022.1	0.9	84.3	2,267.3	26,133.4
<i>Carrying amounts before investment grants as of Dec 31, 2013</i>	16,872.1	5.9	2,806.4	538.5	4,142.8	0.6	82.4	2,620.7	27,069.4
Investment grants									
<i>As of Jan 01, 2013</i>	-9,495.6	0.0	-421.9	0.0	-2,967.3	0.0	-10.1	-388.2	-13,283.1
Additions	-59.7	0.0	-1.7	0.0	-10.6	0.0	0.0	-47.9	-119.9
Business acquisition	-1.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-1.2
Disposals	55.9	0.0	0.3	0.0	16.0	0.0	0.8	3.8	76.8
Change in reporting entities	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Transfers	-55.2	0.0	0.0	0.0	-4.8	0.0	0.0	64.0	4.0
<i>As of Dec 31, 2013</i>	-9,554.7	0.0	-423.4	0.0	-2,966.7	0.0	-9.3	-368.3	-13,322.5
<i>Accumulated depreciation as of Jan 01, 2013</i>									
Depreciation and amortization	5,282.9	0.0	307.8	0.0	2,301.4	0.0	6.5	0.0	7,898.6
Business acquisition	116.1	0.0	14.5	0.0	60.8	0.0	0.6	0.0	192.0
Disposals	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Change in reporting entities	-49.8	0.0	-4.5	0.0	-14.4	0.0	-0.8	0.0	-69.5
Transfers	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.9
<i>Accumulated depreciation as of Dec 31, 2013</i>	-1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.8
<i>Investment grants as of Jan 01, 2013</i>	5,346.7	0.0	317.8	0.0	2,347.8	0.0	6.3	0.0	8,018.6
<i>Investment grants as of Dec 31, 2013</i>	-4,212.7	0.0	-114.1	0.0	-665.9	0.0	-3.6	-388.2	-5,384.5
<i>Investment grants as of Dec 31, 2013</i>	-4,208.0	0.0	-105.7	0.0	-618.9	0.0	-3.0	-368.3	-5,303.9
<i>Carrying amounts after investment grants as of Jan 01, 2013</i>	12,090.5	6.2	2,727.6	607.7	3,356.2	0.9	80.7	1,879.1	20,748.9
<i>Carrying amounts after investment grants as of Dec 31, 2013</i>	12,664.1	5.9	2,700.7	538.5	3,523.9	0.6	79.4	2,252.3	21,765.5

The schedule of assets above shows the structure of the property, plant and equipment, the changes in the financial year, and the development of investment grants for property, plant and equipment.

ÖBB Group received non-refundable investment grants for property, plant and equipment that were deducted from the cost as per IAS 16.28 in conjunction with IAS 20. These investment grants are indicated in the schedule of assets. The depreciation of these assets and the corresponding amortization of the grants are recognized in profit or loss under depreciation and amortization.

Additions to property, plants and equipment due to first-time consolidated companies or disposal due to deconsolidation are presented in separate lines in the schedule of property, plant and equipment.

Reclassifications include both amounts reclassified from prepayments and assets under construction to the specific accounts for completed property, plant and equipment, and intangible assets, and assets reclassified as held for sale and inventories (see Note 19). For details of changes in accounting estimates, see Note 3 Estimated useful lives of property, plant and equipment and intangible assets.

In accordance with IAS 23, ÖBB Group capitalized interest on the cost of qualifying assets amounting to EUR 55.3 million (prior year: EUR 43.2 million). The underlying interest rate for borrowed capital was 3.46%, (prior year: 3.76%). Losses of EUR 37.8 million were incurred on the disposal of property, plant and equipment (prior year: EUR 44.0 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, and the disposal of planning systems.

Property, plant and equipment with the following carrying amounts are pledged as collateral for financial liabilities or are subject to restrictions on their disposal rights:

	Restrictions on disposal rights		Pledged as collateral	
	2014 in mil. EUR	2013 in mil. EUR	2014 in mil. EUR	2013 in mil. EUR
Land and buildings	0.0	0.0	0.5	0.3
Automobiles and trucks	427.4	486.9	1,385.4	1,660.4
Other technical equipment and machinery	215.4	226.7	0.0	0.0

In addition, restrictions on disposal rights exist for further financial assets from leases amounting to EUR 255.2 million (prior year: EUR 308.7 million). Purchase obligations amounting to EUR 2,221.3 million exist for certain assets, especially in connection with finance lease agreements, and open order commitments (prior year: EUR 2,287.3 million). For further details on changes in accounting estimates, see Note 3.

Investment grants

ÖBB Group received non-repayable investment grants for property, plant and equipment – mainly from public authorities or companies closely related to the state – that were deducted from cost in accordance with IAS 16.28 in conjunction with IAS 20. The depreciation of these assets and resulting amortization of all grants are recognized in profit or loss under depreciation and amortization. If assets to which the investment grants were allocated are disposed of, this is recognized together with the sold or retired carrying amounts as other operating income or other operating expenses. The development of the investment grants is shown in the attached schedule of assets. The main providers of investment grants for property, plant and equipment and intangible assets are:

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Republic of Austria	2,462.6	2,417.4
former Eisenbahn-Hochleistungsstrecken AG	1,353.7	1,378.5
Schieneninfrastrukturfinanzierungs GmbH	1,337.7	1,401.2
ASFINAG	96.3	103.6
Other third parties	133.6	137.5
Total	5,383.9	5,438.2

Finance leasing assets

Property, plant and equipment include leased assets that are reported separately in the schedule of property, plant and equipment. The leased property, plant and equipment is classified as finance lease due to the structure of the underlying lease agreements and therefore ÖBB Group is the beneficial owner, but not the legal, owner of these assets. These assets primarily comprise technical equipment, machinery and road vehicles. See Note 30 for further details.

Impairment

Testing for impairment on property, plant and equipment and intangible assets based on current planning data did not result in any need for impairment. See Note 3 for the parameters used to calculate the value in use.

15. Intangible assets

in mil. EUR	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Down payments on intangible assets	Total
Accumulated cost and amortization 2014					
Cost as of Jan 01, 2014	320.5	858.3	283.1	18.2	1,480.0
Translation differences	-0.4	0.0	-15.3	0.0	-15.7
Additions	5.4	53.3	0.0	28.3	87.0
Disposals	-12.1	-5.8	0.0	0.0	-17.9
Change in reporting entities	-2.6	0.7	0.0	0.0	-1.9
Transfers	18.6	21.5	0.0	-28.5	11.6
Cost as of Dec 31, 2014	329.4	928.0	267.8	17.9	1,543.1
Accumulated amortization as of Jan 01, 2014 (incl. impairment)					
	-205.7	-435.2	-96.7	0.0	-737.6
Translation differences	0.3	0.0	5.6	0.0	5.9
Depreciation and amortization	-28.1	-25.7	0.0	0.0	-53.8
Disposals	11.0	4.0	0.0	0.0	15.0
Change in reporting entities	2.6	-0.3	0.0	0.0	2.3
Transfers	0.4	0.1	0.0	0.0	0.5
Accumulated amortization as of Dec 31, 2014 (incl. impairment)	-219.5	-457.1	-91.0	0.0	-767.7
Carrying amounts before investment grants as of Jan 01, 2014	114.8	423.0	186.4	18.2	742.4
Carrying amounts before investment grants as of Dec 31, 2014	109.9	470.9	176.7	17.9	775.5
Investment grants					
As of Jan 01, 2014	-36.6	-444.8	0.0	0.0	-481.4
Additions	-1.1	-52.2	0.0	0.0	-53.3
Disposals	4.0	0.5	0.0	0.0	4.5
Transfers	2.2	-2.2	0.0	0.0	0.0
As of Dec 31, 2014	-31.6	-498.7	0.0	0.0	-530.3
Accumulated depreciation as of Jan 01, 2014	16.3	330.9	0.0	0.0	347.2
Depreciation and amortization	1.7	5.4	0.0	0.0	7.1
Disposals	-4.0	-0.5	0.0	0.0	-4.5
Accumulated depreciation as of Dec 31, 2014	14.0	335.8	0.0	0.0	349.8
Investment grants as of Jan 01, 2014	-20.3	-113.9	0.0	0.0	-134.2
Investment grants as of Dec 31, 2014	-17.6	-162.9	0.0	0.0	-180.5
Carrying amounts after investment grants as of Jan 01, 2014	94.5	309.1	186.4	18.2	608.2
Carrying amounts after investment grants as of Dec 31, 2014	92.3	308.0	176.7	17.9	595.0

in mil. EUR	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Down payments on intangible assets	Total
Accumulated cost and amortization 2013					
<i>Cost as of Jan 01, 2013</i>	308.5	833.5	271.9	18.1	1,432.0
Translation differences	-0.4	0.1	-4.1	0.0	-4.5
Additions	10.4	1.8	15.4	31.7	59.3
Business acquisition	2.0	0.0	0.0	0.0	2.0
Disposals	-20.4	-1.7	0.0	0.0	-22.1
Change in reporting entities	-0.9	0.0	0.0	0.0	-0.9
Transfers	21.3	24.6	0.0	-31.6	14.2
Cost as of Dec 31, 2013	320.5	858.3	283.1	18.2	1,480.0
<i>Accumulated depreciation as of Jan 01, 2013 (incl. impairment)</i>					
Translation differences	-198.1	-411.3	-98.2	0.0	-707.6
Depreciation and amortization	0.1	0.2	1.5	0.0	1.9
Depreciation and amortization	-25.1	-25.1	0.0	0.0	-50.3
Business acquisition	-1.4	0.0	0.0	0.0	-1.4
Disposals	17.9	1.0	0.0	0.0	18.9
Change in reporting entities	0.9	0.0	0.0	0.0	0.9
Accumulated amortization as of Dec 31, 2013 (incl. impairment)	-205.7	-435.2	-96.7	0.0	-737.6
Carrying amounts before investment grants as of Jan 01, 2013	110.4	422.2	173.7	18.1	724.4
Carrying amounts before investment grants as of Dec 31, 2013	114.8	423.0	186.4	18.2	742.4
Investment grants					
<i>As of Jan 01, 2013</i>	-35.3	-435.3	0.0	0.0	-470.6
Additions	-2.0	-8.9	0.0	0.0	-10.9
Disposals	0.0	0.1	0.0	0.0	0.1
Change in reporting entities	0.1	0.0	0.0	0.0	0.1
Transfers	0.5	-0.6	0.0	0.0	-0.1
As of Dec 31, 2013	-36.6	-444.8	0.0	0.0	-481.4
<i>Accumulated depreciation as of Jan 01, 2013</i>	14.7	325.3	0.0	0.0	340.0
Depreciation and amortization	1.7	5.6	0.0	0.0	7.3
Disposals	0.0	-0.1	0.0	0.0	-0.1
Change in reporting entities	-0.1	0.0	0.0	0.0	-0.1
Accumulated depreciation as of Dec 31, 2013	16.3	330.9	0.0	0.0	347.2
Investment grants as of Jan 01, 2013	-20.6	-110.0	0.0	0.0	-130.6
Investment grants as of Dec 31, 2013	-20.3	-113.9	0.0	0.0	-134.3
Carrying amounts after investment grants as of Jan 01, 2013	89.8	312.2	173.7	18.1	593.8
Carrying amounts after investment grants as of Dec 31, 2013	94.5	309.1	186.4	18.2	608.2

The development of the intangible assets is shown in the table above.

ÖBB Group received non-repayable investment grants for intangible assets that were deducted from cost as per IAS 16.28 in conjunction with IAS 20. These investment grants are indicated in the schedule of assets. The amortization of these assets and the corresponding amortization of all grants are recognized in profit or loss under depreciation and amortization. See Note 14 for details of the investment grant providers.

Research and development expenses totaled EUR 5.1 million (prior year: EUR 5.2 million) and were recognized in full in expenses since a clear distinction among research phases of the projects is not possible, and the ability to generate future benefits was considered uncertain.

Goodwill

The development of goodwill is shown in the table above. This goodwill is attributed to Rail Cargo Austria and is subject to impairment testing with respect to future economic benefit. See Notes 14 and 3 for further details.

16. Investment property (IAS 40)

This category only includes properties that do not qualify as railway assets (Section 10a Railway Act [Eisenbahngesetz]) and can therefore be leased to third parties or sold. Accordingly, investment property comprises mainly properties held for lease and agricultural land. These properties have the same useful lives as the real estate assets recognized under property, plant and equipment.

No impairment pursuant to IAS 36 was necessary. The assets developed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Cost		
<i>As of Jan 01</i>	301.4	281.4
Additions	7.5	11.3
Disposals	-4.6	-9.7
Transfers	0.2	18.4
As of Dec 31	304.5	301.4
Accumulated depreciation		
<i>As of Jan 01</i>	173.2	176.7
Depreciation	4.1	3.8
Disposals	-2.6	-7.2
Transfers	0.0	-0.1
As of Dec 31	174.7	173.2
Net carrying amounts as of Dec 31	129.8	128.2

All investment property held by ÖBB Group is leased under operating lease agreements. Rental income from these leases (excluding operating costs) amounted to EUR 18.7 million (prior year: EUR 16.8 million), while expenses directly attributable to rental income (including repair and maintenance, but excluding operating costs) totaled EUR 8.8 million (prior year: EUR 7.5 million excl. operating costs). In addition, operating expenses of EUR 0.3 million (prior year: EUR 0.4 million) were incurred that were not offset by rental income. ÖBB Group has not entered into any contracts for the maintenance of its investment properties that lead to a related obligation.

The fair value of the Group's investment property was not measured by external experts, but by ÖBB-Immobilienmanagement GmbH intra-Group experts, with due regard to existing market data and on the basis of the benchmark rents for the respective federal provinces, taking into account any additions and deductions to reflect the condition and location of the building, and using the DCF method. This fair value totaled EUR 318.8 million (prior year: EUR 306.4 million). Due to this correction of the input factors observed in the market, the fair value is allocated to hierarchy level 3 in accordance with IFRS 13. A location-dependent rate of 4% - 5% was used in both reporting years to determine the fair value. Changing the discounts from the benchmark rents by +/- 10% would reduce the fair values by 18.5% (prior year: 19.6%) or increase them by 16.1% (prior year: 16.8%), respectively. Furthermore, additions of EUR 0.2 million (prior year: EUR 1.0 million) reflect subsequent acquisition costs.

17. Investments recorded at equity

Investments that are measured using the equity method include investments in a joint venture – Galleria di Base del Brennero – Brenner Basistunnel BBT SE – and in several associates.

	2014 in mil. EUR	2013 in mil. EUR
Interest in one joint venture	40.6	40.6
Interest in associated companies	18.6	15.9
As of Dec 31	59.2	56.5

The following table reconciles the summarized financial information of the joint venture to the carrying amount of the Group's investment. The figures for Galleria di Base del Brennero – Brenner Basistunnel BBT SE are provisional and adjusted for material differences in accounting methods. This company is included on the basis of its interim financial statements prepared in accordance with UGB [Austrian Commercial Code] for the period ended December 31.

2014 Investment, name and registered office	Galleria di Base del Brennero - Brenner Basistunnel BBT SE	
	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Revenue	0.0	0.0
Depreciation	-1.0	-1.0
Interest income	0.3	1.5
Interest expenses	0.0	0.0 *)
Tax expense or income	0.0	0.0 *)
Annual profit/loss from continuing operations	0.0	0.0
Other comprehensive income	0.0	0.0
Overall result	0.0	0.0
Current assets	17.3	11.1
Non-current assets	65.1	60.2
Cash and cash equivalents	42.3	33.8
Current liabilities	41.8	22.4
<i>thereof current financial liabilities</i>	<i>0.0</i>	<i>0.0</i>
Non-current liabilities	1.8	1.6
<i>thereof non-current financial liabilities</i>	<i>0.0</i>	<i>0.0</i>
Net assets 100%	81.1	81.1
Interest of the Group in the net assets of the investee as of 01/01	40.6	40.6
Overall result attributable to the Group	0.0	0.0
Dividends received from associated companies	0.0	0.0
Carrying amount of the interest in the investee as of 12/31.	40.6	40.6

*) small amount

Galleria di Base del Brennero - Brenner Basistunnel BBT SE (BBT SE) is the only joint venture operated by the Group. BBT SE is an independent legal entity. Since the Group holds a residual interest in the net assets, it classifies its investment as a joint venture. The purpose and task of BBT SE is to plan and build the Brenner base tunnel. The overall project comprises the construction of the railway tunnel between Tulfes/Innsbruck and Franzensfeste, consisting of the main, inspection and access tunnels; the multifunction stations, engineering equipment, control center, necessary landfills, and the bridges and stations needed to perform the construction work; and putting the tunnel into service. Under the provisions of the State Treaty dated April 30, 2004, Italy and Austria each hold 50% of the share capital of BBT SE. Austria's 50% is entirely owned by ÖBB-Infrastruktur AG and Italy's 50% by TFB Società di Partecipazioni S.p.A. ÖBB-Infrastruktur-AG has committed to funding 50% of the cost of building the Brenner base tunnel, for which it has received a 100% investment grant from the government. Italy and Austria have contractually agreed to invest additional amounts in proportion to their investments to compensate for any losses, if necessary.

In its provisional annual financial statements, Galleria di Base del Brennero – Brenner Basistunnel BBT SE reported total income, in addition to the figures mentioned above, of EUR 14.7 million (prior year: EUR 11.7 million) and total expenses of EUR 14.9 million (prior year: EUR 13.2 million). Galleria di Base del Brennero – Brenner Basistunnel BBT SE received investment grants of EUR 50.0 million (prior year: EUR 4.3 million). In both reporting years, the Austrian government refunded EUR 45.9 million (prior year: EUR 0.2 million) of this amount, while EUR 4.1 million (prior year: EUR 4.1 million) were refunded by the province of Tyrol on the basis of the share purchase agreement dated April 18, 2011.

The following table summarizes the financial results of all companies reported using the equity method. The direct and indirect investments held by ÖBB Group are indicated in the schedule of investments (Note 35).

	2014 in mil. EUR	2013 in mil. EUR
As of Jan 01	15.9	26.4
Change to type of consolidation and deletion	2.2	-5.1
Impairment and reclassification to "Assets held for sale"	-2.1	-7.0
Share of income	2.2	15.3
Distributions and other changes	0.4	-13.7
As of Dec 31	18.6	15.9

The results recognized in the Income Statement from companies reported using the equity method correspond to the share of annual results attributable to the ÖBB Group. The result from associates includes a loss of EUR 1.8 million for an adjustment to assets classified as held for sale as of the reporting date (Note 19) to their fair value pursuant to IFRS 5 (prior year: EUR 4.0 million).

18. Other non-current financial assets

	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
2014			
Investments	0.0	8.1	8.1
Financial assets - leasing	27.9	461.3	489.2
Other financial assets	27.6	117.2	144.8
Total	55.5	586.6	642.1

	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
2013			
Investments	0.0	9.4	9.4
Financial assets - leasing	18.3	470.4	488.7
Other financial assets	53.7	55.5	109.2
Total	72.0	535.3	607.3

Investments

See Note 35 for a full schedule of all investments. In accordance with IAS 39, these investments are classified as available for sale, but measured at amortized cost less impairment as fair values cannot be reliably determined since the investments are not listed shares.

Financial assets – leasing

Financial lease assets mainly consist of non-current loans and deposits and relate almost entirely to cross-border leasing transaction. Their purpose is to cover future payment obligations (lease installments and purchase prices). Capital gains on accumulating investments increase the amount, while servicing payment obligations reduces it. These financial assets are matched by financial liabilities in the same amounts. Differences result from adjustments to value in the year under review, and in previous years.

The figure for (non-current) financial lease assets includes EUR 81.8 million (prior year: EUR 81.8 million) which reflects the residual value of leased assets held in the form of bank deposits. Restrictions on disposal rights apply for financial lease assets of EUR 255.2 million (prior year: EUR 308.7 million). In addition, financial assets amounting to EUR 56.2 million (prior year: EUR 0.0 million) have been pledged as collateral for a lease liability. See Note 30 for further details.

Other financial assets

This item mainly includes short-term securities, investment certificates, derivatives in connection with energy transactions and other derivatives with a positive present value that are not part of a hedging relationship.

19. Non-current assets held for sale

	2014 in mil. EUR	2013 in mil. EUR
Non-current assets held for sale		
<i>As of Jan 01</i>	16.3	6.7
Disposals by sale	-16.3	-6.7
Impairment	0.0	-0.3
Reclassification from tangible fixed assets	1.5	13.6
Reclassification from investments recorded at equity	0.3	3.0
As of Dec 31	1.8	16.3
of which reported at amortized cost	0.6	12.1
of which reported at fair value less costs to sell	1.2	4.2

In financial year 2013, these assets included real estate and the EUR 3.0 million investment in Express Slovakia "Medzinárodná preprava, a.s.", which were included in the Consolidated Financial Statements as of December 31, 2012 using the equity method, and sold in 2014. In financial year 2014, the assets include the EUR 0.3 million investment in Trans Cargo Logistic GmbH, which was included in the Consolidated Financial Statements as of December 31, 2013 using the equity method, and sold in January 2015. The fair values of the investments were taken from the purchase contracts and are therefore allocable to level 3 pursuant to IFRS 13. The value of the assets was depreciated by agreement between contractual parties by EUR 1.8 million (prior year: EUR 4.0 million) to the agreed purchase price. This expense is recognized in the earnings of investments accounted for using the equity method.

Of the assets, EUR 0.6 million (prior year: EUR 3.1 million) are attributable to the reportable segment Infrastructure, and EUR 1.2 million (prior year: EUR 3.0 million) to the Rail Cargo segment. In financial year 2013, EUR 10.2 million was attributable to the Personenverkehr (passenger transport) segment.

The expected proceeds on assets held for sale in 2015 are all in excess or equal to the current carrying amounts of the assets. In financial year 2013, impairment of EUR 0.3 million was recorded on properties reclassified as held for sale and measured at fair value, and recognized under depreciation and amortization in the Income Statement. In the year under review, ÖBB Group recorded gains of EUR 23.5 million (prior year: EUR 11.2 million) from assets held for sale, which were recognized in other operating income, together with the result from the sale of other property, plant and equipment.

The following table shows the development of assets recognized at fair value less cost to sell.

	2014 in mil. EUR	2013 in mil. EUR
Development of fair value		
<i>As of Jan 01</i>	4.2	1.5
Disposal	-4.2	-1.5
Addition	1.2	4.2
As of Dec 31	1.2	4.2

No further assets were reclassified between the reporting date and the preparation of the Consolidated Financial Statements as held for sale as of December 31, 2013 nor as of December 31, 2014.

20. Trade and other receivables

	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Dec 31, 2014			
Trade receivables	501.5	0.0	501.5
<i>thereof from construction contracts</i>	8.9	0.0	8.9
Other receivables and deferrals	297.5	171.9	469.4
Income tax receivables	0.4	0.0	0.4
Total	799.4	171.9	971.3

	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Dec 31, 2013			
Trade receivables	520.0	0.0	520.0
<i>thereof from construction contracts</i>	9.5	0.0	9.5
Other receivables and deferrals	313.6	169.1	482.7
Income tax receivables	0.4	0.0	0.4
Total	834.0	169.1	1,003.1

In both the year under review and the prior year, no receivables were secured by bills of exchange.

Trade receivables relate mainly to transport services. Due to their short terms, the carrying amounts of the trade and other receivables approximate their respective fair values.

Construction contracts in connection with services provided to third parties that are not yet completed are recognized as trade receivables. Construction contracts generated revenues of EUR 41.1 million (prior year: EUR 45.4 million). A loss of EUR 0.0 million (prior year: EUR 0.3 million) relating to a third-party contract that is not yet completed was incurred in the year under review. Provision has been made accordingly.

Other receivables include VAT refunds from the Austrian tax authorities, as well as receivables payable by the Republic of Austria with respect to subsidies for apprentices.

Other receivables also include deferrals of EUR 264.4 million (prior year: EUR 267.7 million). These deferrals relate primarily to prepaid guarantee premiums amounting to EUR 182.0 million (prior year: EUR 178.5 million) and salaries including fees for January, which were paid in December, amounting to EUR 57.2 million (prior year: EUR 57.3 million).

The adjustments to value mainly refer to trade receivables and developed as follows:

	2014 in mil. EUR	2013 in mil. EUR
<i>As of Jan 01</i>	48.3	50.8
Reclassifications	-1.1	0.7
Utilization	-7.6	-7.8
Release	-5.7	-5.9
Additions	10.5	10.5
As of Dec 31	44.4	48.3

Past due receivables and impaired receivables that are not overdue are presented as follows:

Dec 31, 2014	Gross carrying amount (before impairment)	thereof not individually impaired	thereof individually impaired (gross)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount
Analysis of past due/ impaired receivables	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR
Receivables not past due but impaired	10.7	0.8	9.9	3.8	3.5	0.3	6.9
up to 90 days past due	49.1	15.0	34.1	1.0	0.4	0.6	48.1
90 to 180 days past due	8.9	5.4	3.5	1.0	0.6	0.4	7.9
180 to 360 days past due	12.4	5.0	7.4	4.3	3.6	0.7	8.1
more than 360 days past due	41.1	1.4	39.7	34.3	26.7	7.6	6.8
Total exposure	122.2	27.6	94.6	44.4	34.8	9.6	77.8

Dec 31, 2013	Gross carrying amount (before impairment)	thereof not individually impaired	thereof individually impaired (gross)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount
Analysis of past due/ impaired receivables	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR
Receivables not past due but impaired	11.2	0.8	10.4	0.2	0.1	0.1	11.0
up to 90 days past due	73.0	49.7	23.3	0.5	0.4	0.1	72.5
90 to 180 days past due	7.6	6.3	1.3	3.5	3.5	0.0	4.1
180 to 360 days past due	12.2	3.3	8.9	4.0	3.7	0.3	8.2
more than 360 days past due	50.1	5.2	44.9	40.1	30.3	9.8	10.0
Total exposure	154.1	65.3	88.8	48.3	38.0	10.3	105.8

Overdue unimpaired receivables amounting to EUR 26.8 million (prior year: EUR 64.5 million) are monitored regularly.

Based on experience, the management of the ÖBB Group estimates that no additional adjustments other than the ones detailed above are required, even if the receivables are past due by more than 30 days.

More information is provided in Note 29.1.c.

21. Inventories

This line item is composed as follows:

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Inventories	207.4	217.7
Finished goods	2.8	6.8
Down payments	6.6	6.6
Total	216.8	231.1
<i>thereof measured at cost</i>	<i>169.3</i>	<i>201.0</i>
<i>thereof measured at net realizable value</i>	<i>47.5</i>	<i>30.1</i>

See Note 7 for the recognized cost of materials and purchased services. Cost of materials includes expenses relating to the impairment of inventories of EUR 2.2 million (prior year: EUR 2.9 million). No reversals of previous write-downs were recorded in profit or loss.

22. Cash and cash equivalents

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Cash on hand and cash	3.8	3.8
Cash in banks	334.1	152.5
Total	337.9	156.3

This item includes investments, cash in banks and cash on hand that are classified as current (terms of less than 3 months) based on their residual terms at the time of acquisition. The carrying amounts of these assets are equivalent to their fair values. ÖBB Group can freely dispose of all cash and cash equivalents. The composition of the cash and cash equivalents is described in Note 34.

23. Share capital and other equity

The development of the shareholders' equity is shown in the Statement of Changes in Shareholders' Equity.

The share capital is unchanged, made up of 190,000 ordinary shares with a nominal value of 10,000 euros each. The share capital is stipulated by Article 2 (1) of the Bundesbahngesetz [Austrian Federal Railways Act] and constitutes the share capital of the parent company. The share capital was raised pursuant to Article 2 (2) of the Federal Railways Act by contribution of all shares of the federal government in Österreichische Bundesbahnen. The shares were to be recognized as equity within the meaning of Article 224 (3) UGB in accordance with the Statement of Financial Position of Österreichische Bundesbahnen as of December 31, 2003. The shares in ÖBB-Holding AG are reserved for the Republic of Austria in their entirety pursuant to Article 2 (1) of the Federal Railways Act, and may not be traded publicly.

24. Reserves, retained earnings

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Additional paid-in capital	260.8	260.8
Other reserves	-162.5	-105.5
<i>thereof cash flow hedge reserve</i>	-126.4	-83.2
<i>thereof available for sale reserve</i>	10.7	9.0
<i>thereof translation differences</i>	-46.8	-31.3
Retained earnings	-312.2	-471.6

Further information on the changes in shareholders' equity is provided in the Statement of Changes in Shareholders' Equity.

Differences resulting from capital consolidation prior to the transition to IFRS are recognized in retained earnings .

The cash-flow-hedge reserve and the available-for-sale reserve developed as follows:

	Cash flow hedge reserve		Available for sale reserve	
	Development of the carrying amount in mil. EUR	Income taxes included therein in mil. EUR	Development of the carrying amount in mil. EUR	Income taxes included therein in mil. EUR
<i>As of Jan 01, 2013</i>	-151.1	42.2	16.5	0.0
Realized gains and losses	-62.2	16.3	-4.1	0.0
Changes in the fair values	130.1	-30.1	-3.4	0.0
As of Dec 31, 2013	-83.2	28.4	9.0	0.0
Realized gains and losses	33.8	-5.4	0.0	0.0
Changes in the fair values	-76.9	9.8	1.7	0.0
As of Dec 31, 2014	-126.4	32.8	10.7	0.0

The transition reserve amounting to EUR -402.3 million, which resulted from the IFRS opening Statement of Financial Position as of January 1, 2006, and includes all the effects of the transition from UGB to IFRS, was recognized in the retained earnings in both years. See the Statement of Changes in Shareholders' Equity for further explanation.

25. Financial liabilities

	up to 1 year in mil. EUR	1 - 5 years in mil. EUR	more than 5 years in mil. EUR	Total in mil. EUR
Dec 31, 2014				
Bonds	180.6	3,287.9	11,739.7	15,208.2
Bank loans	183.0	442.7	2,625.6	3,251.3
Financial liabilities leasing	224.8	168.6	427.7	821.1
Other financial liabilities	409.9	834.9	1,285.7	2,530.5
Total	998.3	4,734.1	16,078.7	21,811.1

	up to 1 year in mil. EUR	1 - 5 years in mil. EUR	more than 5 years in mil. EUR	Total in mil. EUR
Dec 31, 2013				
Bonds	703.6	1,934.6	11,738.2	14,376.4
Bank loans	158.6	503.3	2,072.5	2,734.4
Financial liabilities leasing	333.6	120.4	492.2	946.2
Other financial liabilities	534.4	465.3	1,721.7	2,721.4
Total	1,730.2	3,023.6	16,024.6	20,778.4

The total amount of liabilities with a maturity of more than five years mainly relates to bonds, bank loans with EUROFIMA or banks and liabilities from cross-border lease agreements.

Issued bonds

Fair value	Currency	Term	ISIN	Interest rate
1,350,000.00	EUR	2003 - 2015	AT0000171723	EIB Poolrate
500,000.00	EUR	2003 - 2015	AT0000171731	EIB Poolrate
1,000,000,000.00	EUR	2005 - 2020	XS0232778083	3.5000%
300,000,000.00	EUR	2010 - 2020 ⁵⁾	XS0232778083	3.5000%
100,000,000.00	EUR	2006 - 2036 ²⁾	XS0243862876	3.4200%
100,000,000.00	EUR	2006 - 2036 ²⁾	XS0244522396	3.4800%
100,000,000.00	EUR	2006 - 2036 ²⁾	XS0252697130	³⁾
50,000,000.00	EUR	2006 - 2036 ²⁾	XS0252721450	³⁾
1,000,000,000.00	EUR	2006 - 2016	XS0271660242	3.8750%
100,000,000.00	EUR	2006 - 2036 ¹⁾	XS0275973278	3.4900%
80,000,000.00	EUR	2006 - 2036 ¹⁾	XS0275974599	3.4900%
1,300,000,000.00	EUR	2007 - 2022	XS0307792159	4.8750%
200,000,000.00	EUR	2008 - 2022 ⁵⁾	XS0307792159	4.8750%
100,000,000.00	EUR	2007 - 2037 ⁴⁾	XS0321318163	4.1715%
100,000,000.00	EUR	2007 - 2037 ⁴⁾	XS0324893626	4.3975%
50,000,000.00	EUR	2007 - 2037 ⁴⁾	XS0324895670	4.3975%
100,000,000.00	EUR	2007 - 2037 ⁴⁾	XS0328866982	4.2270%
50,000,000.00	EUR	2007 - 2037 ⁴⁾	XS0331427905	4.1950%
50,000,000.00	EUR	2007 - 2037	XS0336043517	3.9900%
1,250,000,000.00	EUR	2009 - 2019	XS0436314545	4.5000%
100,000,000.00	EUR	2010 - 2019 ⁵⁾	XS0436314545	4.5000%
50,000,000.00	EUR	2011 - 2019 ⁵⁾	XS0436314545	4.5000%
100,000,000.00	EUR	2009 - 2019	XS0463371236	3MoEURIBOR +0.46%
40,000,000.00	EUR	2009 - 2019	XS0475835863	3.7500%
50,000,000.00	EUR	2010 - 2030	XS0497430172	4.2100%
70,000,000.00	EUR	2010 - 2030	XS0503724642	4.2000%
100,000,000.00	EUR	2010 - 2030	XS0512125849	3.9000%
1,500,000,000.00	EUR	2010 - 2025	XS0520578096	3.8750%
1,000,000,000.00	EUR	2011 - 2021	XS0648186517	3.6250%
50,000,000.00	EUR	2011 - 2021 ⁵⁾	XS0648186517	3.6250%
1,000,000,000.00	EUR	2011 - 2026	XS0691970601	3.5000%
200,000,000.00	EUR	2011 - 2031	XS0717614951	4.0000%
1,350,000,000.00	EUR	2012 - 2032	XS0782697071	3.3750%
1,000,000,000.00	EUR	2013 - 2023	XS0949964810	2.2500%
75,000,000.00	EUR	2013 - 2033	XS0954197470	2.1250%
1,000,000,000.00	EUR	2013 - 2033	XS0984087204	3.0000%
1,000,000,000.00	EUR	2014 - 2024	XS1138366445	1.0000%
500,000,000.00	EUR	2014 - 2029	XS1071747023	2.2500%

1) Right of early cancellation by the investor in 2015, 2) Right of early cancellation by the investor in 2016, 3) 3.409% as long as the 1-year EURIBOR swap rate is <5%, otherwise 1-year EURIBOR swap rate -0.2%, 4) Right of early cancellation by the investor in 2017, 5) Increase

All bonds were issued by ÖBB-Infrastruktur AG. In 2005, ÖBB-Infrastruktur AG initiated a Euro medium-term note ("EMTN") program. Payments relating to bonds issued under this framework agreement are guaranteed unconditionally and irrevocably by the Republic of Austria. All bonds since 2005 were issued by ÖBB-Infrastruktur AG as part of this program.

As of December 31, 2014, the Group has fulfilled all obligations under the loan and credit agreements.

Liabilities due to banks include EUR 2,562.1 million (prior year: EUR 1,966.6 million) of loans from European Investment Bank (EIB).

Financial liabilities leasing

Lease liabilities result primarily from non-linked CBL transactions and from finance leases. With one exception, the cross-border lease liabilities are matched by assets in the same amount (financial assets, such as loans to banks and leasing institutes or securities, or compensation claims from payment undertaking agreements). Differences regularly result from adjustments to value required in the year under review and in prior years.

Other financial liabilities

Other financial liabilities essentially comprise EUROFIMA loans amounting to EUR 1,876.7 million (prior year: EUR 2,094.9 million), of which EUR 111.2 million (prior year: EUR 231.2 million) had a residual term of less than one year in 2014. Negative present values of financial derivatives are also recognized under this item.

Financial lease liabilities of EUR 311.4 million (prior year: EUR 308.7 million) are secured by financial assets, and other financial liabilities of EUR 1,176.6 million (prior year: EUR 1,051.6 million) are collateralized in rem, mainly in the form of vehicles. See Note 30 for details on lease transactions, and Note 29 for information pursuant to IFRS 7.

Guarantees of the federal government

The federal government has guaranteed bonds and liabilities to banks amounting to EUR 15,206.3 million (prior year: EUR 14,370.9 million). Liabilities to EUROFIMA of EUR 1,876.7 million (prior year: EUR 2,094.9 million) are also secured by federal government guarantees. Financial liabilities of EUR 55.0 million are guaranteed by Österreichische Kontrollbank Aktiengesellschaft (prior year: EUR 61.4 million).

26. Provisions

ÖBB Group records provisions when an outflow of resources is probable, and the amount of the provision can be reliably estimated. The provision is recognized in the amount of the probable obligation. In the event of scenarios with equal probabilities, the expected value determined according to the probability is recognized as provision.

26.1. Provisions for personnel

Provisions for personnel

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Statutory severance payments	60.2	47.0
Pensions	1.1	1.0
Anniversary bonuses	245.5	226.3
Advance recognition date	113.0	0.0
Other provisions for personnel	4.3	4.1
Total	424.1	278.4
<i>thereof long-term</i>	<i>307.3</i>	<i>274.9</i>

Other provisions for personnel are the main component of short-term provisions. With the exception of the actuarial results from the provision for statutory severance payments and pensions, all changes to personnel provisions that affect profit or loss are recognized in personnel expenses.

Actuarial assumptions

The following table shows the assumptions used in measuring the obligations for anniversary bonuses, severance payments, and pensions:

	Dec 31, 2014	Dec 31, 2013
Discount rate severance payments and pensions	2.10%	3.30%
Discount rate anniversary bonuses	1.70%	3.30%
Rate of compensation increase	3.90%	4.20%
Employee turnover rate severance payments	0.0 - 0.59%	0.0 - 1.42%
Employee turnover rate anniversary bonuses of tenured employees	0.0 - 3.34%	0.0 - 3.47%
Employee turnover rate anniversary bonuses of other workers and employees	0.0 - 8.18%	0.0 - 9.21%

Statutory severance payments

A provision for severance payments was made for severance claims arising from statutory and contractual regulations for those employees who are not tenured employees within the meaning of Article 21 (3) Bundesbahngesetz [Austrian Federal Railways Act] as amended by federal law BGBl. I no. 71/2003. As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit (PUC) method. Measurement is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2008-P by Pagler & Pagler.

Severance obligations to employees hired before January 1, 2003, are covered by defined benefit plans as described below. Following legal amendment, employees hired in Austria after January 1, 2003 are covered by a defined contribution plan. Accordingly, ÖBB Group paid EUR 6.0 million in 2014 (prior year: EUR 5.2 million) into defined contribution plans (VBV Vorsorgekasse AG / APK-PENSIONS KASSE AG).

Upon retirement, eligible employees receive a severance payment equal to a multiple of their monthly base salary – based on their period of service – but no more than twelve monthly salaries. Upon termination of employment, up to three months' salaries are paid immediately, any benefit in excess of that amount being paid over a period not exceeding ten months. In the event of death, the heirs of an eligible employee are entitled to 50% of the severance benefits.

The following table shows the components of net periodic severance cost and the development of the severance provision:

	2014 in mil. EUR	2013 in mil. EUR
<i>Defined benefit commitments as of Jan 01</i>	47.0	53.7
Service cost	3.1	2.8
Interest cost	1.5	1.5
Subtotal recorded in the net income	4.6	4.3
Actuarial losses (+) / gains (-) from changes in demographic assumptions	1.5	-0.9
Actuarial losses (+) / gains (-) from changes in financial assumptions	7.6	3.1
Experience adjustments	0.6	-1.4
Subtotal included in other income	9.7	0.8
Transfers	0.3	-10.0
Severance payments	-1.4	-2.1
Company sales and acquisitions	0.0	0.3
Present value of the commitments as of Dec 31	60.2	47.0

Severance provisions amounting to EUR 1.4 million (prior year: EUR 1.3 million) will be due in 2015, EUR 8.0 million (prior year: EUR 6.6 million) from 2016 – 2019 and EUR 50.8 million (prior year: EUR 39.1 million) after 2019. The average duration is 16.7 (prior year: 15.9) years. The following sensitivity analysis for severance payments outlines the effect on the obligations of changes in key actuarial assumptions. In each case, one significant factor was changed, while the others were held constant. In reality, however, it is unlikely that these factors will not correlate. In accordance with IAS 19, the projected unit credit (PUC) method is used to measure both the modified and actual obligations. A change in the actuarial assumptions would have the following effects:

Sensitivity analysis of the provisions for severance payments	Change in assumption in %	Increase of the parameter / change DBO		Decrease of the parameter/ Change in DBO	
		2014 in mil. EUR	2013 in mil. EUR	2014 in mil. EUR	2013 in mil. EUR
Interest rate	+/-0,5	-6.6	-4.9	3.0	2.2
Salary increase	+/-0,5	2.9	2.1	-6.5	-4.9

Anniversary bonuses

Tenured and certain other employees (together "employees" in this context) are entitled to anniversary bonuses. In accordance with statutory and contractual provisions, entitled employees receive two months' salary after 25 years of service and four months' salary after 40 years of service. Employees who have at least 35 years of service when they retire also receive an anniversary bonus equivalent to four months' salary. As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit (PUC) method. Measurement is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2008-P by Pagler & Pagler. The provision is accrued over the period of service with a deduction to reflect employees who leave the company prematurely. Actuarial gains and losses are recognized immediately in profit or loss in the period in which they occur.

A provision for anniversary bonuses for the other employees is made in accordance with the stipulations of the applicable collective wage agreement or internal company agreements.

The following table shows the components and the development of the anniversary bonus provision:

	2014 in mil. EUR	2013 in mil. EUR
Defined benefit commitments as of Jan 01	226.3	214.4
Service cost	9.8	9.7
Interest cost	7.2	7.3
Anniversary bonuses	-18.3	-15.3
Reclassifications	0.1	0.0
Company sales and acquisitions	0.0	0.4
Actuarial losses (+) / gains (-)	19.9	9.8
Experience adjustments	0.5	0.0
Present value of the commitments as of Dec 31	245.5	226.3

The average duration is 8.7 (prior year: 8.5) years. A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for anniversaries	Change in assumption in %	Increase of the parameter / change DBO		Reduction of the parameter / change DBO	
		2014 in mil. EUR	2013 in mil. EUR	2014 in mil. EUR	2013 in mil. EUR
Interest rate	+/-0,5	-10.2	-8.9	10.8	9.6
Salary increase	+/-0,5	10.5	9.5	-10.0	-8.9

Pensions

The provisions for pensions include only pension obligations arising from individual contracts.

Defined contribution plans

In Austria, pension benefits for employees are generally provided by the social security institutions, and for railway employees by the Versicherungsanstalt für Eisenbahn und Bergbau (Austrian insurance institution for railway and mining) or the federal government pursuant to Article 52 of the Federal Railways Act. ÖBB Group is required to pay pension and health care contributions for current tenured employees to Versicherungsanstalt für Eisenbahn und Bergbau. In addition, ÖBB Group offers all ÖBB Group employees in Austria a defined contribution plan. Contributions by ÖBB Group are calculated as a percentage of salary and may not exceed 1.2%. In the year under review, expenses relating to this plan totaled EUR 16.7 million (prior year: EUR 16.4 million).

Defined benefit plans

A defined benefit plan is provided for one former member of the Board of Management (payments beginning on the 60th birthday), under which ÖBB Group has been making payments since 2010. This unfunded plan provides for pension payments calculated as a percentage of the salary based on the years of service. The pension amounts to a maximum of 13.2% of the last salary, including pension payments received from the statutory social security institution.

Provisions for recalculation of the advanced recognition cutoff date for ÖBB employees who are subject to the General Terms and Conditions of Employment with Österreichische Bundesbahnen (AVB)

Until 2010, the payroll system under AVB only considered previous periods of service when determining the relevant cutoff date for advance recognition if employees were older than 18 at the time. As this regulation was not consistent with EU law, BGBl. I no. 129/2011 dated December 27, 2011 enforced new, non-discriminating regulations in Article 53a BBG retroactively with effect from January 1, 2004. As a result, periods prior to 18th birthdays are now also considered, while at the same time the requisite period for advance recognition was extended by one year in each case for the first three wage levels, which resulted in the additional allowance not impacting costs.

The Supreme Court filed an action brought by an ÖBB employee affected by this amendment before the European Court of Justice to check whether the new regulation is consistent with EU law. On January 28, 2015, the European Court of Justice ruled (C417/13) that the three-year extension of the advance recognition periods as specified in Article 53a BBG was not consistent with EU law. Since the Supreme Court will probably concur with this decision in the same action, ÖBB Group may have to recalculate the advance recognition cutoff date to incorporate periods prior to 18th birthdays but without extending the advance recognition periods, and to pay the resulting differences in salary. A provision of EUR 113.0 million was accrued in total in 2014 to cover the associated risks.

26.2. Other provisions

in mil. EUR	As of Jan 01, 2014	Change in scope of consolidation	Utilization	Re-lease	Transfers	Interest effects	Translation effects	Additions	As of Dec 31, 2014
Asset retirement commitment	103.9	0.0	0.0	-10.9	0.0	0.8	0.0	5.6	99.4
Public services according to EU Directive 1370/2007	49.9	0.0	-1.3	-1.8	0.0	0.0	0.0	0.0	46.8
Bad debts and public services	46.2	0.0	-1.8	-7.4	0.1	0.0	0.0	4.7	41.8
Free student and apprentice tickets	41.2	0.0	-1.7	0.0	0.0	0.0	0.0	3.9	43.4
Litigations	26.1	0.0	-2.9	-2.5	0.0	0.0	2.0	9.1	31.8
Environmental protection measures	23.6	0.0	-0.5	0.0	0.0	0.0	0.0	10.7	33.8
Non-income taxes and fees	23.2	0.9	-9.5	-1.0	0.2	0.0	0.0	1.1	14.9
Loss set aside	18.2	0.0	-14.3	-3.1	0.0	0.0	0.0	17.5	18.3
Reorganization	17.3	0.0	-4.3	-3.8	0.0	0.0	0.0	0.2	9.4
Demolition cost and similar obligations	15.0	0.0	-1.4	-0.7	0.0	0.2	0.0	7.0	20.1
Others	95.4	-0.1	-16.1	-5.3	0.6	0.2	-0.2	29.5	104.0
Total	460.0	0.8	-53.8	-36.5	0.9	1.2	1.8	89.3	463.7
<i>thereof long-term</i>	<i>160.2</i>								<i>153.2</i>

The amounts in the column Transfers represent transfers to the liabilities.

Asset retirement

The provision for asset retirement costs relates to future expenses in connection with the demolition and removal of assets and the restoration of sites. This refers to railway lines already decommissioned or which are to be decommissioned in the near future. The provision was recognized only for routes whose decommissioning is sufficiently certain. In the reporting year, interest and cost rate adjustments necessitated the accrual of additional provisions in the amount of EUR 5.6 million (prior year: EUR 6.6 million).

Potential public services risk

In the course of an audit of Rail Cargo Austria AG, Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG mbH) discovered that Rail Cargo Austria AG had submitted amounts based on the agreements concluded with the federal government on the commissioning and provision of public services for the years 2007 – 2009 that were not invoiced in compliance with the agreements, according to SCHIG GmbH.

The federal government informed Rail Cargo Austria AG that it intended to claim reimbursement of EUR 50.3 million, based on the audit findings of SCHIG mbH. This amount was recognized under liabilities. An installment of EUR 25.0 million was paid in financial year 2013 and the remainder in 2014.

Based on the information available at present, the risks with respect to the expected liability to the federal government arising from the non-compliant invoicing of transports of hazardous and environmentally hazardous materials were assessed for the respective years 2010 to 2012, and corresponding provisions were made.

With the letter dated March 4, 2013, SCHIG mbH submitted the draft report for public services rendered in 2010 and 2011. The federal government has not yet conclusively specified the amounts to be reimbursed based on the audit findings. Rail Cargo Group was required to recognize a provision as of December 31, 2014 as a result.

Public services according to EU Directive 1370/2007

The settlement of the VDV (Association of German Transport Undertakings) is audited annually ex post by an independent auditor. A corresponding provision is recognized for any possible reimbursement demanded by the federal government and for obligations arising from the liberalization of European rail transport in connection with EU Directive 1370/2007.

Non-income taxes and fees

When the former company ÖBB was split up into nine separate companies under ÖBB-Holding AG following the Bundesbahnstrukturgesetz [Federal Railway Structure Act] 2003, legally independent companies were formed that are no longer recognized as transport companies within the meaning of Article 3 EStG [Income Tax Act] by the relevant tax authorities. For the companies concerned (meaning all Group companies with the exception of ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH), subsidized transport for its employees constitutes a taxable employment benefit that is subject to social security contributions. A provision was therefore recognized for the resulting taxes and fees (non-tariff transport benefits).

As of the reporting date, provisions for risks relating to the measurement of employment benefits amounted to EUR 12.3 million (prior year: EUR 17.0 million).

Other issues

Appropriate provisions are made for uncertainties with respect to the settlement of the free student and apprentice tickets (SLF) with the individual transport associations.

The provision for legal disputes was formed using management's best estimate and based on all litigation risks that were identifiable when the financial statements were prepared. The provision relates to numerous legal disputes arising from the company's business operations.

The provision for environmental protection measures relates to anticipated restoration measures for contaminated sites. As dictated by law, it was recognized in the amount of the anticipated expenditure. Reimbursement claims for environmental protection measures exist in an amount of EUR 9.8 million and are recognized under other receivables.

The provision for demolition costs and similar obligations includes demolition costs in connection with the sale of real estate properties. The addition to provisions relates to obligations in connection with real estate transactions concluded in 2014.

Miscellaneous provisions primarily include provisions for indemnity pensions and warranties.

Anticipated cash outflow for the provisions

Non-current provisions were discounted at interest rates of 0.1 - 2.1% (prior year: 0.4 - 2.65%). Adjustments due to changes in the discount rate were insignificant.

Of the other provisions, EUR 153.2 million (prior year: EUR 160.2 million) are classified as non-current. Payments relating to these provisions are anticipated after 2015, whereas cash outflows relating to provisions classified as current are expected in 2015. Provisions with uncertain payment dates were mainly classified as current.

27. Trade payables and other liabilities

	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Dec 31, 2014			
Trade payables	774.8	0.0	774.8
Other liabilities	505.3	69.5	574.8
<i>thereof other deferrals</i>	59.4	69.4	128.8
<i>thereof taxes</i>	41.0	0.0	41.0
<i>thereof accrued personnel liabilities</i>	130.7	0.0	130.7
<i>thereof social security</i>	37.6	0.0	37.6
<i>thereof miscellaneous liabilities</i>	236.6	0.1	236.7
Total	1,280.1	69.5	1,349.6

	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Dec 31, 2013			
Trade payables	843.1	0.0	843.1
Other liabilities	549.4	127.7	677.1
<i>thereof other deferrals</i>	65.4	82.0	147.4
<i>thereof taxes</i>	44.3	0.0	44.3
<i>thereof accrued personnel liabilities</i>	205.1	0.0	205.1
<i>thereof social security</i>	32.1	0.0	32.1
<i>thereof miscellaneous liabilities</i>	202.5	45.7	248.2
Total	1,392.5	127.7	1,520.2

The management estimates that the carrying amounts of the trade payables approximate their respective fair values.

Other employee deferrals include, in particular, overtime of EUR 34.0 million (prior year: EUR 30.5 million) and outstanding vacation entitlements of EUR 75.0 million (prior year: EUR 74.2 million).

Other deferrals also include the net present value benefit from CBL transactions amounting to EUR 18.4 million (prior year: EUR 27.5 million) and advance ticket sales of EUR 19.3 million (prior year: EUR 18.2 million).

Trade payables and other liabilities also include cross-currency derivatives measured at fair value (see Note 29).

C. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Other guarantees and contingent liabilities

The contingent liabilities are composed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Contingent liabilities from lease transactions	397.6	469.8
Other guarantees	7.9	34.3
Total	405.5	504.1

Contingent liabilities from lease transactions (CBL transactions)

Contingent liabilities from lease transactions relate to cross-border lease transactions that have no economic substance, pursuant to the provisions of SIC 27, and thus the related investments and lease obligations are not reported in the Statement of Financial Position. With respect to these transactions, ÖBB Group assumes that the relevant contracting parties of the underlying investments will continue to fulfill their payment obligations in line with the agreement – as in previous periods – and that no outflows of cash exceeding the payments upon conclusion of the transaction are to be expected. The relevant contracting parties of the affected investments are rated at least AA+ by Standard & Poor's or are subsidiary guaranteed by the federal government. Due to the existing contractual obligation of ÖBB Group under the cross-border lease agreements, the obligations related to the unredeemed lease liabilities are disclosed as contingent liabilities. Unredeemed lease obligations are collateralized by pledged assets.

Other contingent liabilities

Guarantees amounting to EUR 0.9 million (prior year: EUR 27.9 million) relate to contingent liabilities from investments.

For further information on the contractual terms of the CBL transactions see Notes 30.3 and 29.3.

29. Financial instruments

29.1. Risk management

The financial assets and liabilities of ÖBB Group are exposed, in particular, to exchange rate risks, interest rate risks and risks arising from the creditworthiness of its contractual partners (credit risk). The Group views financial risk management as the management of market risks and the business management of the individual companies' portfolios with respect to interest rate, currency and commodity price trends. ÖBB Group uses derivative financial instruments to hedge these risks. Derivative financial instruments are concluded only with reference to an underlying transaction.

One core task of risk management is to identify, assess and mitigate financial risks. Risk mitigation does not mean completely eliminating financial risks, but rather the reasonable management within a precisely defined framework of risks that can be quantified at any time.

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of its subsidiary companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that includes guidelines and procedures for risk assessment, and for approving, reporting and monitoring financial instruments. The protection of ÖBB Group assets is the first priority for any and all financial activities.

Most of the derivatives within the Group (94% [prior year: 93%] of the nominal value) are non-structured standard hedges ("plain vanilla" interest rate swaps and cross-currency interest rate swaps). Structured derivatives account for 6% (prior year: 7%) of the nominal volume. These four structured derivatives constitute a total nominal volume of EUR 70.0 million (prior year: EUR 90.0 million) and mature in 2016 and 2022.

Financial risks are defined as follows:

- 29.1.a. Interest rate risk
- 29.1.b. Exchange rate risk
- 29.1.c. Credit risk
- 29.1.d. Liquidity risk

29.1.a. Interest rate risk

Risks from the exposure to changes of interest rates are risks to the profitability and the value of the ÖBB Group and may occur in the following forms:

- interest payment risk (increased interest expense due to the market development)
- present value risk (change in value of the portfolio)

Risks arising from changes in market interest rates may affect the financial result of the ÖBB Group due to the structure of its Statement of Financial Position. Fluctuations in market interest rates that exceed a certain level agreed with the Group companies therefore need to be limited (e.g. by using derivative financial instruments), in order to minimize their effect on earnings performance.

The conclusion of appropriate derivative financial instruments to manage interest risks (interest swaps) is based on portfolio analyses and recommendations by ÖBB-Holding AG and the related decisions of the subsidiaries.

ÖBB Group is exposed to interest rate risks mainly in the Eurozone. In order to implement the risk strategy as effectively as possible, it uses interest rate derivatives contracts taking the present debt structure into account.

	Fixed interest financial instruments in mil. EUR	Variable interest financial instruments in mil. EUR
Financial instruments (current and non-current)		
Dec 31, 2014		
Financial assets	548.4	60.6
Trade receivables	3.7	0.0
Other receivables and assets	0.5	0.0
Cash and cash equivalents	276.1	44.9
Total	828.7	105.5
Financial liabilities	20,562.4	579.2
Total	20,562.4	579.2

	Fixed interest financial instruments in mil. EUR	Variable interest financial instruments in mil. EUR
Financial instruments (current and non-current)		
Dec 31, 2013		
Financial assets	484.5	72.3
Trade receivables	0.0	2.4
Other receivables and assets	0.4	0.9
Cash and cash equivalents	24.8	144.7
Total	509.7	220.3
Financial liabilities	19,290.3	633.3
Total	19,290.3	633.3

The hedged items were classified as financial instruments at fixed or variable interest, taking the concluded derivatives into account.

Sensitivity analysis for interest rate risk

IFRS 7 requires a sensitivity analysis for market risks, showing how profit or loss and equity would be affected by hypothetical changes in market interest rates. The effects in each period are determined by applying the hypothetical changes in the risk variables to the portfolio of financial instruments at the reporting date. For the purpose of the sensitivity analysis, the portfolio at the reporting date is assumed to be representative for the entire year.

Fluctuations in the market interest rates levied on original fixed interest financial instruments only affect profit or loss if measured at fair value. Accordingly, fixed interest financial instruments measured at amortized cost are not exposed to any interest rate risks.

In the case of fair value hedges designated to hedge interest rate changes, the change in the fair value of the underlying and the hedging instrument resulting from changes in interest rates in the same period are offset in the Income Statement. Consequently, these financial instruments are also not exposed to interest rate risk.

Market interest rate fluctuations of financial instruments designated as cash flow hedges against interest-related cash flow fluctuations affect the cash flow hedge reserve in equity and are therefore considered in equity-related sensitivity calculations.

Market interest rate fluctuations of original variable interest financial instruments for which interest payments are not hedged against interest rate risks with cash flow hedges are included in the calculation of profit-related sensitivities.

Market interest rate fluctuations of derivative financial instruments not designated as hedging instrument in accordance with IAS 39 affect the other financial expenses or income (changes of the fair value of the financial assets) and are therefore included in profit-related sensitivity calculations.

Sensitivity analysis interest rate risk as of Dec 31, 2014	Effect in income statement		Effect in shareholder's equity	
	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR
	+ 100 base points	- 100 base points	+ 100 base points	- 100 base points
Assets				
Financial assets	0.6	-0.6	0.0	0.0
Cash and cash equivalents	0.4	-0.4	0.0	0.0
Liabilities				
Financial liabilities	-5.7	5.7	45.6	-49.5
Consolidated effect 2014	-4.7	4.7	45.6	-49.5

Sensitivity analysis interest rate risk as of Dec 31, 2013	Effect in income statement		Effect in shareholder's equity	
	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR
	+ 100 base points	- 100 base points	+ 100 base points	- 100 base points
Assets				
Financial assets	0.7	-0.7	0.0	0.0
Trade receivables	2.4	-2.4	0.0	0.0
Other receivables	0.9	-0.9	0.0	0.0
Cash and cash equivalents	0.6	-0.5	0.0	0.0
Liabilities				
Financial liabilities	-7.0	6.9	52.5	-57.9
Consolidated effect 2013	-2.4	2.4	52.5	-57.9

29.1.b. Exchange rate risk

ÖBB Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. Most of these risks are hedged. As of the reporting date, ÖBB Group was not exposed to any material risks relating to foreign currency liabilities. Cross currency swaps are used to convert financial liabilities in foreign currencies to euros. Accordingly, changes in exchange rates do not materially affect the result. Residual currency risks mainly relate to financial liabilities in euros of the Hungarian companies, which prepare their financial statements in Hungarian forints.

All cash flows (lease payments and returns on assets) relating to cross-border leases are settled with matching maturities in US dollars. Notwithstanding default on the investments, therefore, the Group is not exposed to any currency risk in connection with these transactions.

Foreign currencies are hedged as follows:

Currency-sensitive financial instruments 2014	USD	CHF
	in mil.	in mil.
Trade receivables	4.0	0.0
Other financial assets	565.0	25.0
Trade payables	-4.0	0.0
Other financial liabilities	-568.0	0.0
	-3.0	25.0
less forward foreign exchange contracts/ currency swaps	8.0	0.0
Net exchange rate risk	5.0	25.0

	USD	CHF
	in mil.	in mil.
Currency-sensitive financial instruments 2013		
Trade receivables	2.0	0.0
Other financial assets	490.0	0.0
Trade payables	-1.0	0.0
Other financial liabilities	-489.0	-120.0
	2.0	-120.0
less forward foreign exchange contracts/ currency swaps	0.0	0.0
Net exchange rate risk	2.0	-120.0

Sensitivity analysis for exchange rate risk

In the case of fair value and cash flow hedges designated for hedging against exchange rate risk, the change in the fair value of the underlying and the hedging instrument resulting from exchange rate fluctuation in the same period are offset in the Income Statement. Accordingly, these financial instruments are not exposed to currency risk in respect of their effect on profit or loss or equity.

Additionally, the Company concluded derivative financial instruments which completely hedge against the exchange risk of the hedged item (basis swaps), but for which hedge accounting is not applied.

ÖBB Group was therefore only exposed to material exchange rate risks resulting from unhedged foreign currency liabilities in 2013. Gains and losses from changes in the exchange rates of the currencies in which these transactions are denominated are recognized in profit or loss.

If the euro had gained (lost) 10% against the Swiss franc, the result as of December 31, 2014 would have been EUR 2.3 million higher (EUR 1.9 million lower) and as of December 31, 2013, EUR 10.0 million higher (EUR 10.0 million lower). Against the US dollar, there were no significant effects on earnings in either of the reporting years.

29.1.c. Credit Risk

Counterparty credit risk describes the potential loss from failure by finance partners to honor their financial commitments (mainly money market transactions, investments, funds, positive present value swap transactions). ÖBB-Holding AG checks adherence to the counterparty credit risk limits, which are specified individually for each financial partner, on a daily basis. ÖBB Group conducts business with financial partners with a defined rating and objective risk classification by the capital market.

ÖBB Group manages counterparty credit risk by calculating and setting limits based primarily on the assessment of financial partners' credit default swap statistics. This ensures the Group's ability to respond rapidly to any changes in the capital markets' risk assessment of the financial partner. The applicable limits and their utilization are monitored daily in order to ensure timely, risk-focused response to market disruptions.

Apart from the original transactions with finance partners, counterparty risk also exists in connection with cross-border leases. For cross border leasing transactions, security deposits, payment undertaking agreements and swaps were concluded with financial partners for lease payments during the term and the purchase price at the end of the term. See Note 30.3 for more information on cross-border leases.

The financial assets of ÖBB Group mainly comprise cash in banks, trade receivables, and receivables from finance leases and securities. These items represent the maximum loss exposure of ÖBB Group with respect to its financial assets. In extreme circumstance, this credit risk therefore constitutes the equivalent of all assets less property, plant and equipment, intangible assets, investments in associates, inventories and other receivables that do not constitute financial instruments. The credit risk comprises the following:

	Gross exposure (carrying amount plus impairments) in mil. EUR	less collateral (FV) in mil. EUR	Net exposure in mil. EUR
Credit risk from financial instruments			
Total exposure 2014			
Financial assets	644.7	0.0	644.7
Trade receivables	543.6	-18.8	524.8
Other receivables and assets	471.5	-327.5	144.0
Cash and cash equivalents	338.1	-0.2	337.9
Risk current and non-current assets	1,997.9	-346.5	1,651.4
<i>thereof neither past due nor impaired</i>			1,338.7
<i>thereof not past due because renegotiated or impaired</i>			198.6
<i>thereof past due</i>			111.5
Contingent liabilities from lease transactions	397.6	0.0	397.6
Other guarantees	7.9	0.0	7.9
Credit risk from issued guarantees	405.5	0.0	405.5
Total credit risk as of Dec 31, 2014	2,403.4	-346.5	2,056.9
Total exposure 2013			
Financial assets	607.3	0.0	607.3
Trade receivables	566.1	-12.5	553.6
Other receivables and assets	484.8	-333.0	151.8
Cash and cash equivalents	156.3	-0.4	155.9
Risk current and non-current assets	1,814.5	-345.9	1,468.6
<i>thereof neither past due nor impaired</i>			1,065.0
<i>thereof not past due because renegotiated or impaired</i>			260.7
<i>thereof past due</i>			142.9
Contingent liabilities from lease transactions	469.8	0.0	469.8
Other guarantees	34.3	0.0	34.3
Credit risk from issued guarantees	504.1	0.0	504.1
Total credit risk as of Dec 31, 2013	2,318.6	-345.9	1,972.7

With respect to maturities, see Note 20.

29.1.d. Liquidity risk

The superior goal of ÖBB Group in financial terms is to secure the necessary cash flow flexibility for all ÖBB Group business operations. For ÖBB Group, liquidity risk also means any restrictions in terms of volume or conditions on the Group's ability to borrow or raise capital (e.g. if downgraded by a ratings agency or in-house by a bank) that might hinder the implementation of Group strategy or limit financial scope.

The task thus consists of analyzing the liquidity risk and consistently securing liquidity (mainly by liquidity planning, agreement of sufficient credit lines and sufficient diversification of creditors).

The following tables show the contractually agreed (undiscounted) interest and redemption payments on original and derivative financial liabilities. Actually expected maturities do not deviate from the contractually agreed maturities.

	Cash flows 2015			Cash flows 2016-19		Cash flows 2020 et seq.	
	Carrying amount Dec 31, 2014 in mil. EUR	Interest 2015 in mil. EUR	Redemption 2015 in mil. EUR	Interest 2016-2019 in mil. EUR	Redemption 2016-2019 in mil. EUR	Interest 2020 et seq. in mil. EUR	Redemption 2020 et seq. in mil. EUR
Original financial liabilities							
Bonds	15,208.2	528.8	180.6	1,903.7	3,287.9	2,452.2	11,739.7
Bank loans	3,251.3	110.5	183.0	409.9	442.7	929.4	2,625.6
Finance leasing, sub-lease and CBL liabilities	821.1	27.6	224.8	100.8	168.6	83.2	427.7
Other financial liabilities	2,530.4	44.3	354.9	166.0	739.9	64.1	1,435.6
Trade payables	774.8	0.0	774.8	0.0	0.0	0.0	0.0
<i>Non-interest bearing</i>	774.8	0.0	774.8	0.0	0.0	0.0	0.0
Other liabilities	574.8	0.0	505.3	0.0	62.7	0.0	6.8
<i>Non-interest bearing</i>	574.8	0.0	505.3	0.0	62.7	0.0	6.8

	Cash flows 2015			Cash flows 2016-19		Cash flows 2020 et seq.	
	Carrying amount Dec 31, 2014 in mil. EUR	Interest 2015 in mil. EUR	Redemption 2015 in mil. EUR	Interest 2016-2019 in mil. EUR	Redemption 2016-2019 in mil. EUR	Interest 2020 et seq. in mil. EUR	Redemption 2020 et seq. in mil. EUR
Derivative financial receivables							
Other derivatives not designated as hedges	6.1	0.0	64.4	0.0	7.6	0.0	0.0
Cross currency swaps not designated as cash flow hedges	0.2	0.0	0.1	0.0	0.1	0.0	0.0
Other derivatives designated as hedges	0.3	0.0	0.9	0.0	0.4	0.0	0.0
<i>Cash paid</i>		0.0	0.9	0.0	0.4	0.0	0.0
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	9.8	3.3	0.0	5.7	0.0	2.5	0.0
Interest rate derivatives designated as hedges	161.6	32.3	0.0	94.1	0.0	75.3	0.0
Power derivatives - Fair Value Hedges	9.1	0.0	25.3	0.0	17.8	0.0	13.4
Other derivatives not designated as hedges	21.7	0.0	91.8	0.0	21.3	0.0	8.1
Financial guarantees							
Guarantees from cross-border leasing	397.6	15.8	8.3	70.4	204.4	102.2	184.8
Other contingent liabilities	7.9	0.0	7.6	0.0	0.3	0.0	0.0

	Cash flows 2014			Cash flows 2015-18		Cash flows 2019 et seq.	
	Carrying amount Dec 31, 2013 in mil. EUR	Interest 2014 in mil. EUR	Redemption 2014 in mil. EUR	Interest 2015-2018 in mil. EUR	Redemption 2015-2018 in mil. EUR	Interest 2019 et seq. in mil. EUR	Redemption 2019 et seq. in mil. EUR
Original financial liabilities							
Bonds	14,376.4	533.2	703.6	1,885.8	1,934.6	2,685.4	11,738.2
Bank loans	2,734.4	100.5	158.6	366.5	503.3	747.7	2,072.5
Finance leasing, sub-lease and CBL liabilities	946.2	36.5	333.6	108.3	120.4	110.8	492.2
Other financial liabilities	2,721.4	49.6	493.3	177.6	515.2	110.0	1,712.9
Trade payables	843.1	0.0	843.1	0.0	0.0	0.0	0.0
<i>Non-interest bearing</i>	843.1	0.0	843.1	0.0	0.0	0.0	0.0
Other liabilities	677.0	0.1	549.4	0.0	123.5	0.0	4.1
<i>Non-interest bearing</i>	677.0	0.1	549.4	0.0	123.5	0.0	4.1

	Carrying amount Dec 31, 2013 in mil. EUR	Cash flows 2014		Cash flows 2015-18		Cash flows 2019 et seq.	
		Interest	Redemp- tion	Interest	Redemp- tion	Interest	Redemp- tion
		2014 in mil. EUR	2014 in mil. EUR	2015-2018 in mil. EUR	2015-2018 in mil. EUR	2019 et seq. in mil. EUR	2019 et seq. in mil. EUR
Derivative financial receivables							
Other derivatives not designated as hedges	22.8	0.0	89.2	0.0	9.3	0.0	0.0
Cross currency swaps designated as cash flow hedges	0.4	-0.9	0.0	-3.8	0.0	-0.9	0.0
<i>Cash received</i>		0.7	0.0	2.8	0.0	0.7	0.0
<i>Cash paid</i>		-1.6	0.0	-6.6	0.0	-1.6	0.0
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	20.3	6.5	0.3	8.1	0.5	3.3	0.0
Interest rate derivatives designated as hedges	109.9	34.0	0.0	98.2	0.0	86.8	0.0
Power derivatives - Fair Value Hedges	16.8	0.0	28.7	0.0	39.3	0.0	0.0
Other derivatives not designated as hedges	38.2	0.0	126.7	0.0	32.2	0.0	0.0
Guarantees from cross-border leasing	469.8	21.9	25.1	100.7	214.9	115.5	229.7
Other contingent liabilities	34.3	0.0	33.8	0.0	0.5	0.0	0.0

The table includes all financial instruments held in the portfolio as of the reporting date for which payments have already been contractually agreed. Anticipated new liabilities were not included. Amounts in foreign currencies were translated at the rate applicable on the reporting date. Variable interest payments from financial instruments were determined based on the interest rates applicable on the reporting date.

Guarantees of the federal government

As explained in Note 25, the federal government has issued guarantees for bonds, certain liabilities payable to banks and liabilities payable to EUROFIMA.

29.2. Hedging transactions

Hedge accounting

ÖBB Group applies the hedge accounting regulations of IAS 39 relating to hedges of assets and liabilities and future cash flows. This reduces volatilities in the Consolidated Income Statement. A distinction is made between fair value hedges and cash flow hedges, depending on the hedged item.

Until 2013, a fair value hedge mitigated the risk of changes in the fair or present value of fixed interest borrowings. Any change in the fair value of the hedging derivative is recognized in profit or loss in the Consolidated Income Statement; the carrying amount of the underlying is adjusted in profit or loss to reflect the gain or loss on the hedged risk.

A cash flow hedge mitigates the exposure to fluctuation of future anticipated cash flows from the financial assets and liabilities recognized in the Statement of Financial Position, and from planned transactions. For cash flow hedges, the effective portion of the change in the fair value of the hedging instrument is recognized under other comprehensive income in equity (cash flow hedge reserve) until the cash flow resulting from the hedged item affects profit or loss; the ineffective portion of the change in the fair value of the hedging instrument is recognized in the Consolidated Income Statement.

For cross currency swaps designated as cash flow hedges, the hedged risk comprises only the exchange rate risk, that is, the risk of a change in the fair value of the hedged item due to changes in the spot rate. In accordance with IAS 39.100, the corresponding amount is transferred from the cash flow hedge reserve to the Consolidated Income Statement.

When hedging currency risks of floating interest assets and liabilities, ÖBB Group does not apply hedge accounting in accordance with IAS 39 for basis swaps because –according to IAS 21 – the currency translation gains and losses from the underlyings must be recognized in profit or loss in the Consolidated Income Statement in the same period as the gains and losses resulting from the derivatives used as hedging instruments. However,

when fixed-interest underlyings denominated in a foreign currency are hedged, the option to designate this as a cash flow hedge is used.

The ÖBB Group meets the requirements of IAS 39 for hedge accounting as follows:

At the inception of the hedge, the relationship between hedging instrument and hedged item, and the reason for the hedge are documented. The documentation includes allocation of the hedging instruments to the respective hedged assets/liabilities, and an assessment of the effectiveness of the hedging instruments. The effectiveness of current hedges is monitored on an ongoing basis; if a hedge becomes ineffective, the hedging relationship is discontinued.

The ÖBB Group also enters into hedges which do not comply with the formal requirements of IAS 39 but which contribute to economically effective hedging of financial risks in accordance with the principles of the risk management.

Fair Value Hedges

No fair value hedges existed as of December 31, 2013 or 2014, respectively, as they had expired in 2013.

The change in the carrying amount of the underlyings generated earnings of EUR 10.2 million in financial year 2013, which were recognized in other financial income, while the change in the fair values of the hedging transactions produced a loss of EUR 10.0 million, which was recognized in the same item.

Cash flow hedges

Interest rate risks / exchange rate risks

ÖBB Group has entered into payer interest swaps (receive variable – pay fixed) to hedge interest payment risks. The changes in cash flows of the hedged item resulting from changes in the EURIBOR rate are offset by the changes in cash flows of the interest rate swaps. The objective of these hedges is to transform the variable interest rate bonds into fixed interest rate debts, thus hedging the cash flow from the financial liabilities.

The following table shows the range of maturities of the cash flow hedges:

Dec 31, 2014		
Maturity	Number of swaps	Nominal volume in mil. EUR
Portfolio	48	1,051.0
<i>thereof maturing 2015</i>	6	53.7
<i>thereof maturing 2016</i>	8	126.6
<i>thereof maturing 2017</i>	7	149.9
<i>thereof maturing 2018</i>	4	77.0
<i>thereof maturing in 2019 et seq.</i>	23	643.8
Dec 31, 2013		
Maturity	Number of swaps	Nominal volume in mil. EUR
Portfolio	54	1,115.8
<i>thereof maturing 2014</i>	8	111.7
<i>thereof maturing 2015</i>	6	54.7
<i>thereof maturing 2016</i>	8	126.6
<i>thereof maturing 2017</i>	5	102.0
<i>thereof maturing 2018 et seq.</i>	27	720.8

The effectiveness of the hedging relationship is assessed on a prospective basis using the Critical Terms Match method pursuant to IAS 39.AG 108. Effectiveness is tested retrospectively at each reporting date using the dollar offset method. A hypothetical financial derivative serves as the hedged item. All hedging relationships of this type were effective as of the reporting date. As a result of changes in the value of hedging transactions recognized in other comprehensive income, an amount of EUR -43.1 million (prior year: EUR 67.9 million) was recognized in the cash flow hedge reserve in financial year 2014. See Note 24 for further information.

Changes in the fair value of interest rate swaps designated as hedging instruments with respect to future interest payments for variable interest liabilities are recognized in equity through other comprehensive income (see Statement of Changes in Shareholders' Equity). These amounts are recognized as finance costs in the period in which the corresponding interest payments from the underlying affect profit or loss (EUR 29.6 million [prior year: expense of EUR 48.4 million]). In 2013, amounts from currency hedges were recognized as expenses of EUR

32.4 million in the Consolidated Income Statement. Further, ineffective portions of hedge accounting relationships amounting to EUR 0.04 million (prior year: EUR 2.5 million) were recognized in profit or loss. As of the reporting date, EUR 2.4 million (prior year: EUR 3.0 million) from the expiry of cash flow hedges is recognized in equity through other comprehensive income, which will materialize as follows: 2015: EUR 0.5 million, 2016 – 2018: EUR 0.7 million, 2019ff: EUR 1.2 million.

Power derivatives

a) Cash flow hedges

ÖBB-Infrastruktur Group has entered into power derivative contracts (long-term procurement agreements, power purchase and sale forwards) aimed primarily at hedging the power purchase price and managing the portfolio of power suppliers and long-term purchase and sales agreements. The forward contracts are concluded on the OTC market. Changes in the cash flows for the planned power purchases due to changes in the power price are compensated by the changes in the cash flows of the forwards, which are classified as derivatives in compliance with IAS 39. The purpose of the hedging transactions is to fix the variable prices of planned power purchases. Where purchase and sales contracts are offset by matching counter-transactions, both transactions are recognized through profit or loss at their respective fair value.

Power derivatives designated as hedges	Dec 31, 2014			Dec 31, 2013	
	Number of swaps	Nominal volume in mil. EUR		Number of swaps	Nominal volume in mil. EUR
Portfolio	42	56.5	Portfolio	38	66.4
<i>thereof maturing 2015</i>	22	25.3	<i>thereof maturing 2014</i>	16	27.7
<i>thereof maturing 2016</i>	11	17.8	<i>thereof maturing 2015</i>	13	23.2
<i>thereof maturing 2017</i>	9	13.4	<i>thereof maturing 2016</i>	9	15.5

In general, the effectiveness of every derivative designated as a hedging instrument is tested prospectively within the framework of its designation and retrospectively at each reporting date. In the course of this effectiveness test, proof must be provided that the change in the fair value of the derivative is between 80% and 125% of the change in the fair value of the designated hedged item resulting from the hedged risk. The hedging relations established are micro-hedges for which all parameters of the hedged item and the hedging transaction that determine the scope of the hedged change in the value are identical but opposed. This indicates an entirely efficient hedging relation, both from a prospective and from a retrospective point of view. The effectiveness was determined retrospectively using the Change in Fair Value method, thus the change in the fair value of the hedging instrument was compared to the change in the value of the hedged item.

The fair value of the power purchase and power sales forwards as of the reporting date is determined based on the EEX (European Energy Exchange) futures rates discounted on the basis of current yield curves. In the 2014 financial year the recognition of power purchase and power sale forwards as hedging transactions resulted in an amount of EUR -6.8 million (previous year: EUR 6.0 million) less income taxes in the amount of EUR -1.6 million (previous year: EUR 1.4 million) being recognized in the cash flow hedge reserve through other comprehensive income.

b) Other derivatives

The following table shows the range of maturities of those forwards that were concluded for hedging purposes but do not fulfill the formal requirements for cash flow hedge accounting according to IAS 39 due to the fluctuations of the consumption, among other reasons.

Dec 31, 2014				
Power derivatives not designated as hedges	Number of swaps	Nominal volume	Number of swaps	Nominal volume
Maturity	Purchases	in mil. EUR	Sales	in mil. EUR
Portfolio	50	113.1	50	72.0
<i>thereof maturing 2015</i>	37	91.8	43	64.4
<i>thereof maturing 2016</i>	13	21.3	7	7.6

Dec 31, 2013				
Power derivatives not designated as hedges	Number of swaps	Nominal volume	Number of swaps	Nominal volume
Maturity	Purchases	in mil. EUR	Sales	in mil. EUR
Portfolio	65	167.9	49	112.2
<i>thereof maturing 2014</i>	44	133.6	42	102.9
<i>thereof maturing 2015</i>	17	27.5	6	7.5
<i>thereof maturing 2016</i>	4	6.7	1	1.8

In addition, diesel hedges were concluded at a small amount.

29.3. Additional disclosures according to IFRS 7

Financial assets are initially recognized at their fair value. For all financial assets subsequently not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are included in cost. The fair values recognized in the Statement of Financial Position usually correspond to the market prices of the financial assets.

Financial assets and liabilities held for trading (FAHfT) are measured at fair value. This category consists of derivative financial instruments that are not designated as hedges in accordance with IAS 39 and are therefore required to be classified as held for trading. Gains or losses from the subsequent measurement are recognized in the Consolidated Income Statement.

Loans and Receivables (LaR) comprise financial assets with fixed or determinable payments which are not traded in an active market and are not held for sale.

Available-for-sale financial assets (AfS) are financial assets which are not allocated to any other category. Equity instruments and interests in investment funds, if not carried at fair value through profit or loss, are required to be classified to this category. In principle, interests in investment funds are always classified to this category unless short-term trading activity can be proven. Investments are allocated to this category as well.

Financial liabilities (FLAC) are initially measured at their fair value and subsequently at amortized cost.

Derivative financial instruments are used by The ÖBB Group for the purpose of hedging its exposure to interest rate and exchange rate risks resulting from financial transactions. All derivative financial instruments are recognized either as assets or liabilities in the Statement of Financial Position and measured at their fair value in accordance with IAS 39. Changes in the fair value of derivative financial instruments designated as hedging instruments in accordance with IAS 39 are recognized through profit or loss or in other comprehensive income (cash flow hedge reserve), depending on whether the derivative financial instrument is hedging the fair value of an item recognized in the Statement of Financial Position (fair value hedge) or cash flows (cash flow hedge).

Recognition in the Consolidated Income Statement

The interest result is allocated to the valuation categories according to the hedged item. In the period under review, only financial liabilities were hedged.

Additional disclosures regarding the financial instruments

Cash and cash equivalents, trade receivables and other receivables, as far as they are financial instruments, mainly have a short residual term. Therefore, their carrying amounts as of the reporting date approximate their fair value. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted at the respective interest rates.

Trade payables and other liabilities, as well as other financial liabilities, are mainly short-term; the amounts reported approximate the fair values. The fair values of bank loans and other financial liabilities to banks are determined as the present values of future interest payments and principal redemption based on the applicable yield curve. The following reconciliation shows non-financial instruments and financial instruments from hedge

accounting in a separate column in order to enable reconciliation to the carrying amount of the items reported in the Statement of Financial Position.

The fair values in the following tables indicated for each balance sheet item only refer to the financial instruments and also include the carrying amounts of the instruments in the “available-for-sale” (at cost) category. All financial assets and liabilities, except the available-for-sale assets shown under 29.5 and cash and cash equivalents as well as bonds, which are reported in the financial liabilities, are measured at fair value pursuant to level 2. Level 2 measurements are based on input parameters – other than the quoted prices included at level 1 – that are either directly or indirectly observable for the asset or liability. The fair value of long-term financial instruments is based on discounted cash flows.

For the indicated fair value of issued bonds in the amount of EUR 18,162.8 million (previous year: EUR 15,650.0 million) market prices are used, thereby resulting in a level 1 rating. Level 1 measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The sources of the quotations are Bloomberg and Reuters.

Financial assets as of Dec 31, 2014 in mil. EUR	Carrying amount as of Dec 31, 2014	Less non- financial instru- ments	Financial instru- ments	Availabl e for Sale (at Fair Value)	Availabl e for Sale (at Cost)	At Fair Value through Profit and Loss (Held for Trading)	Loans and Receiv- ables	Cash	Hedge Accoun- ting	Fair Value as of Dec 31, 2014
Non-current assets										
Financial assets	586.6	0.0	586.6	100.9	71.4	0.0	414.0	0.0	0.3	616.9
Other receivables and assets	171.9	168.2	3.7	0.0	0.0	0.0	3.7	0.0	0.0	3.7
Current assets										
Financial assets	55.5	0.0	55.5	0.0	0.0	6.3	49.1	0.0	0.0	55.5
Trade receivables	501.5	8.9	492.6	0.0	0.0	0.0	492.6	0.0	0.0	492.6
Other receivables and assets	297.5	205.1	92.4	0.0	0.0	0.0	92.4	0.0	0.0	92.4
Cash and cash equivalents	337.9	0.0	337.9	0.0	0.0	0.0	0.0	337.9	0.0	337.9
Total carrying amount per category				100.9	71.4	6.3	1,051.8	337.9	0.3	

Financial liabilities as of Dec 31, 2014 in mil. EUR	Carrying amount as of Dec 31, 2014	Less non- financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Finance Lease	Fair Value as of Dec 31, 2014
Non-current liabilities								
Financial liabilities	20,812.8	0.0	20,812.8	20,562.3	14.7	134.0	101.8	22,430.5
Other liabilities	69.5	69.5	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities								
Financial liabilities	998.3	0.0	998.3	837.6	16.8	36.7	107.2	1,057.3
Trade payables	774.8	12.3	762.5	762.5	0.0	0.0	0.0	762.5
Other liabilities	505.3	399.9	105.4	105.4	0.0	0.0	0.0	105.4
Total carrying amount per category				22,267.8	31.5	170.7	209.0	

Financial assets as of Dec 31, 2013 in mil. EUR	Carrying amount as of Dec 31, 2013	Less non- financial instru- ments	Financial instru- ments	Availabl e for Sale (at Fair Value)	Availabl e for Sale (at Cost)	At Fair Value through Profit and Loss (Held for Trading)	Loans and Receiv- ables	Cash	Hedge Accoun- ting	Fair Value as of Dec 31, 2013
Non-current assets										
Financial assets	535.3	0.0	535.3	36.7	184.0	0.0	314.2	0.0	0.4	610.2
Other receivables and assets	169.1	169.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets										
Financial assets	72.0	0.0	72.0	0.1	0.0	22.8	49.1	0.0	0.0	71.5
Trade receivables	520.0	9.5	510.5	0.0	0.0	0.0	510.5	0.0	0.0	510.5
Other receivables and assets	313.6	217.5	96.1	0.0	0.0	0.0	96.1	0.0	0.0	96.1
Cash and cash equivalents	156.3	0.0	156.3	0.0	0.0	0.0	0.0	156.3	0.0	156.3
Total carrying amount per category				36.8	184.0	22.8	969.9	156.3	0.4	

Financial liabilities as of Dec 31, 2013 in Mio. EUR	Carrying amount as of Dec 31, 2013	Less non- financial instru- ments	Financial instru- ments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accoun- ting	Finance Lease	Fair Value as of 31.12.2013
Non-current liabilities								
Financial liabilities	19,048.2	0.0	19,048.2	18,839.6	18.7	85.4	104.5	18,725.8
Other liabilities	127.7	108.1	19.6	19.6	0.0	0.0	0.0	19.6
Current liabilities								
Financial liabilities	1,730.2	0.0	1,730.2	1,462.1	39.8	41.3	187.0	1,756.2
Trade payables	843.1	12.3	830.8	830.8	0.0	0.0	0.0	830.8
Other liabilities	677.1	460.3	216.8	216.8	0.0	0.0	0.0	216.8
Total carrying amount per category				21,368.9	58.5	126.7	291.5	

Offsetting of financial instruments

In accordance with the regulations set forth in IFRS 7.13C, balancing and potential offsetting that is actually performed in the Statement of Financial Position must be presented. Because there are no agreements regarding actual balancing, the following tables only present the potential offset amounts from power derivatives due to netting agreements and other agreements with contractual partners.

as of Dec 31, 2014	Gross carrying amount reported in mil. EUR	potential offset amount not reported in the financial statement in mil. EUR	Net amount after potential offsetting in mil. EUR
Power derivative assets	6.1	-0.6	5.5
Power derivative liabilities	-13.6	0.6	-13.0
as of Dec 31, 2013			
Power derivative assets	22.8	-0.8	22.0
Power derivative liabilities	-31.6	0.8	-30.8

Net financial results by category

The net financial result by category is presented below:

Result of subsequent measurement Dec 31, 2014	Interest income/ expenses in mil. EUR	At fair value in mil. EUR	Foreign currency translation in mil. EUR	Result from disposal in mil. EUR	Result from investments in mil. EUR
Loans and Receivables (LaR)	31.9	0.0	-6.2	0.0	1.0
Available for Sale Financial Assets (AfS)	3.0	-1.9	0.0	4.2	1.2
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	2.6	-1.3	0.0	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-694.6	0.0	-2.2	-0.3	0.0
Hedge Accounting	-30.8	0.0	0.0	0.0	0.0
Cash and cash equivalents	5.5	0.0	0.2	0.0	0.0

Result of subsequent measurement Dec 31, 2013	Interest income/ expenses in mil. EUR	At fair value in mil. EUR	Foreign currency translation in mil. EUR	Result from disposal in mil. EUR	Result from investments in mil. EUR
Loans and Receivables (LaR)	35.6	0.0	-2.0	3.7	0.0
Available for Sale Financial Assets (AfS)	4.3	-1.4	0.0	0.2	1.5
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	-0.3	9.6	1.8	0.2	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-778.0	0.0	1.9	29.6	0.0
Hedge Accounting	-30.4	0.0	0.0	-32.2	0.0
Cash and cash equivalents	1.8	0.0	0.0	0.0	0.0

The interest result from financial liabilities classified as “Financial liabilities measured at amortized cost” (expenses in the net amount of approximately EUR 694.6 million [previous year: EUR 778.0 million]) mainly comprises interest expenses from bonds and loans. Furthermore, interest income from the compounding and discounting of trade payables is subsumed under this classification.

The net financial results do not include any expenses arising from impairments of receivables. For more information, see Note 20.

Valuation losses are recognized in equity at the end of the financial year as part of the determination of changes in the value of financial assets classified as available-for-sale through other comprehensive income. From the amounts recognized in equity in the financial year, there were no transfers to the Income Statement in 2014 (previous year: gains transferred of about EUR 4.1 million). For information regarding these financial instruments see Note 24.

29.4. Derivative financial instruments

The following table shows the reported fair values of all derivative financial instruments. They are divided into those that are part of an effective hedging relationship in accordance with IAS 39 (fair value hedge, cash flow hedge) and those that are not.

	Assets		Shareholder's equity and liabilities	
	Carrying amounts Dec 31, 2014 in mil. EUR	Carrying amounts Dec 31, 2013 in mil. EUR	Carrying amounts Dec 31, 2014 in mil. EUR	Carrying amounts Dec 31, 2013 in mil. EUR
Interest rate swaps				
without hedge relation	0.0	0.0	9.8	20.3
with cash flow hedges	0.0	0.4	161.6	109.9
Cross currency swaps				
without hedge relation	0.2	0.0	0.0	0.9
Power forwards				
without hedge relation	6.1	22.8	13.6	31.6
with cash flow hedges	0.3	0.0	9.1	16.8
Other derivatives				
Derivatives without a hedging relationship	0.0	0.0	8.1	5.7
Total	6.6	23.2	202.2	185.2

Fair value hierarchy

The following table shows how the fair values of the assets and liabilities recognized at fair value were determined, with categorization into a three-level hierarchy reflecting the proximity to the market of the data included in the determination.

Dec 31, 2014	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	0.3	0.3
Derivatives held for trading	0.0	6.3	6.3
Available for sale	56.2	44.7	100.9
Financial assets	56.2	51.3	107.5
Derivatives held for trading	0.0	31.5	31.5
Derivatives designated as hedge instrument	0.0	170.7	170.7
Financial liabilities	0.0	202.2	202.2

Dec 31, 2013	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	0.4	0.4
Derivatives held for trading	0.0	22.8	22.8
Available for sale	0.0	36.8	36.8
Financial assets	0.0	60.0	60.0
Derivatives held for trading	0.0	58.5	58.5
Derivatives designated as hedge instrument	0.0	126.7	126.7
Financial liabilities	0.0	185.2	185.2

The levels were determined as follows:

Level 1: Quoted prices (unadjusted) are available from an active market for identical financial instruments.

Level 2: Other parameters than those stated for level 1 were used which are observable for the financial instrument (either directly, i.e. as price, or indirectly, i.e. derived from prices).

Level 3: Parameters were used which are not exclusively based on observable market data.

Transfers between the individual levels did not occur.

For further details on these financial instruments see Note 29.3.

30. Leasing transactions

30.1. Lessor

The assets leased to third parties are investment properties (IAS 40) and buildings that are partially leased out; however, the share of the latter is not predominant, which means that it does not fall under the scope of IAS 40, and cannot be recognized separately. The vast majority of the leases can be terminated. The infrastructure provided for usage to other railway operators against payment of a usage fee (including compensation of the federal government) is charged based on a current price list (mileage or gross tonnes transported), and is therefore not classified as a lease but as services provided.

There are 26,500 lease agreements, predominantly with indefinite terms, which can be terminated with a notice period of 6 months maximum. These include 6,600 external lease agreements that will end between 2015 and 2059. The long-term agreements refer to building leases granted for property. Contingent lease payments relate exclusively to lease agreements.

As the leased assets, with the exception of investment property, constitute indivisible parts of buildings such as train stations, a disclosure of the carrying amounts is neither meaningful nor possible.

The minimum lease payments from the non-cancellable operating lease agreements as of December 31, 2014 amount to:

Dec 31, 2014	Total in mil. EUR	up to 1 year in mil. EUR	1 to 5 years in mil. EUR	more than 5 years in mil. EUR
Land and buildings	281.1	22.4	45.6	213.1
Other technical equipment and machinery	0.9	0.0	0.2	0.7
Other plant, furniture and fixtures	0.9	0.7	0.2	0.0
Automobiles and trucks	0.6	0.4	0.2	0.0

Dec 31, 2013	Total in mil. EUR	up to 1 year in mil. EUR	1 to 5 years in mil. EUR	more than 5 years in mil. EUR
Land and buildings	237.7	21.3	42.3	174.1
Other technical equipment and machinery	1.2	0.1	0.2	0.9
Other plant, furniture and fixtures	0.2	0.1	0.1	0.0
Automobiles and trucks	3.4	1.5	1.9	0.0

Contingent lease payments were recognized in the period under review as income from land and buildings at an amount of EUR 2.2 million (previous year: EUR 1.9 million). Details on the cross-border leasing agreements are provided in Note 30.3.

The ÖBB Group leases out equipment that is classified either as an operating lease or as a cross-border lease. The agreements have different contractual terms customary in the market, depending on the leased object.

30.2. Lessee

Finance leasing

The ÖBB Group procured certain items of its property, plant and equipment by means of finance lease agreements. As of the reporting dates, the average effective interest rate was based on the six-month EURIBOR rate, including a contractually agreed premium. The interest rates are fixed upon conclusion of the contracts. The terms of all leases are stipulated in writing.

The net carrying amounts of the finance lease assets by asset category and their respective development are shown in the schedule of assets (Note 14). As of the reporting date, the ÖBB Group had contractually agreed the following minimum lease payments with lessors for the non-terminable finance leases:

As of Dec 31, 2014	Minimum lease payments in mil. EUR	Interest expense included in mil. EUR
2015	206.6	8.9
2016 - 2019	72.4	33.5
after 2019	216.4	46.8
Total of minimum lease payments	495.4	89.2
less interest	-89.2	
Present value of lease payments	406.2	

As of Dec 31, 2013	Minimum lease payments in mil. EUR	Interest expense included in mil. EUR
2014	334.8	18.3
2015 - 2018	64.1	34.6
after 2018	239.6	54.8
Total of minimum lease payments	638.5	107.7
less interest	-107.7	
Present value of lease payments	530.8	

Contingent lease payments were made in the amount of EUR 1.2 million (previous year: EUR 6.3 million).

Operating leases

Payments of minimum lease payments amounting to EUR 111.7 million (previous year: EUR 179.9 million) were recognized as expenses in the respective reporting periods.

Future minimum lease payments from non-cancelable operating lease agreements in each of the subsequent periods are as follows:

	up to 1 year in mil. EUR	1-5 years in mil. EUR	more than 5 years in mil. EUR
2014			
Land and buildings	13.4	61.6	194.5
Automobiles and trucks	9.9	9.3	0.2
Other technical equipment and machinery	4.0	15.8	0.0
Other plant, furniture and fixtures	8.0	11.9	0.0
Total	35.3	98.6	194.7

	up to 1 year in mil. EUR	1-5 years in mil. EUR	more than 5 years in mil. EUR
2013			
Land and buildings	19.0	92.0	147.5
Automobiles and trucks	13.1	10.1	0.0
Other technical equipment and machinery	5.3	18.2	0.0
Other plant, furniture and fixtures	2.6	0.2	0.0
Total	40.0	127.2	176.0

The operating lease agreements mainly refer to buildings, automobiles and trucks as well as furniture and fixtures. Contingent lease payments have not been agreed. The term of the lease agreements ends in 2040 (signaling and control center). In the reporting years 2014 and 2013, no significant future minimum lease payments from non-terminable sub-lease agreements were recognized.

Sale and leaseback transactions

A sale and leaseback transaction was completed for 150 freight cars in 2014. This resulted in a profit of over EUR 1.3 million, of which EUR 1.2 million was set aside and charged to the income statement over the remaining term of the contract. EUR 0.2 million are charged to the income statement annually. The contract ends in 2020.

30.3. Cross-border lease agreements

Between May 1995 and June 2006, Österreichische Bundesbahnen (now ÖBB-Infrastruktur AG) entered into seven (previous year: nine) cross-border lease ("CBL") transactions, and ÖBB-Produktion Gesellschaft mbH and ÖBB-Personenverkehr AG each entered into one CBL transaction, both of which were still valid as of December 31, 2014.

Essentially two types of transactions were applied:

- Sale and leaseback:
In this transaction, the contractual partner is the buyer of the assets and leases them back to the respective companies of the ÖBB Group.
- Lease and leaseback:
The respective companies of The ÖBB Group lease assets under its legal ownership to the investor and simultaneously lease them back. Here, the contractual partner made upfront lease payments.

Amounts (purchase price or upfront lease payment) received by Österreichische Bundesbahnen at the inception of the leasing transactions are invested in specially structured products in such a way that, above all, the future obligations can be serviced from the investments (taking generated interest into account). The CBL agreements grant the companies of The ÖBB Group early buyout options at a fixed price and at defined dates.

A part of the lease obligations was transferred to various banks and leasing institutions by concluding payment undertaking agreements in return for a single payment; these institutions had a high credit rating at the time of conclusion of the agreement. In these payment undertaking agreements, the banks or leasing institutions agreed

to make the contractual payments at the stipulated payment dates on behalf of the respective companies of the ÖBB Group.

Property, plant and equipment subject to the CBL transactions are maintained regularly in accordance with the provisions of the agreements and may, in principle, not be sold, leased, pledged as collateral or decommissioned.

Premature termination of CBL transactions

In the reporting year 2014, two (previous year: three) CBL transactions were terminated prematurely.

The CBL transactions terminated in their entirety during the financial year relate to ÖBB-Infrastruktur AG in its external relationship. Both transactions were in turn recharged in the internal relationship, one to the Group companies ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH, and one transaction to the Group companies ÖBB-Personenverkehr AG, ÖBB-Produktion GmbH and Rail Cargo Austria AG. Furthermore, a buyout option was exercised with respect to a trust for an existing CBL transaction. This trust relates to ÖBB-Infrastruktur AG in its external relation, but in the internal relation, it was recharged to the Group company ÖBB-Personenverkehr AG as sub-lessee in its entirety.

In June 2014, the rating of an equity repayment vehicle (Payment Undertaking Agreement, "PUA" for short, by the UniCredit Bank Austria with the city of Vienna acting as guarantor) was downgraded from AA- to BBB+, thereby causing the transaction to fall below the minimum creditworthiness specified in the contract. To remediate this rating trigger event, securities had to be provided to the investor in the form of a pledged deposit account with U.S. treasury notes amounting to USD 68.2 million as collateral for the period extending from October 2014 to December 2017. The deposit was financed by borrowing. The existing PUA, which the investor no longer required as collateral after the establishment of the deposit account, is serving to repay the loan. This transaction relates in legal terms to ÖBB-Infrastruktur AG in its external relation, but was recharged in its entirety to ÖBB-Personenverkehr AG due to an existing sub-leasing agreement.

The CBL transactions terminated in their entirety during the previous year were related to ÖBB-Infrastruktur AG in its external relationship. In turn, in the internal relationship, two transactions were recharged: one to the Group company ÖBB-Personenverkehr AG; and one transaction to the Group company Rail Cargo Austria AG. One transaction affected ÖBB-Infrastruktur itself. Furthermore, the early buyout option was exercised with respect to four lots of a CBL transaction. These lots relate to ÖBB-Infrastruktur AG in their external relation, but in the internal relation they were charged to the group company Rail Cargo Austria AG as sub-lessee in their entirety.

Accounting

General principles for all CBL transactions:

- **The ÖBB Group remains the beneficial owner of the assets:** Due to continuing beneficial ownership, property, plant and equipment sold and leased back is still recognized in the property, plant and equipment of the ÖBB Group.
- **Amortization of the tax benefit:** The tax benefit realized at the inception of the transaction is recognized in other liabilities and amortized pro rata temporis over the term of the contracts. As of December 31, 2014, the tax benefit not yet amortized amounted to EUR 23.4 million (previous year: EUR 32.9 million). Income from the disposal of the tax benefit amounting in 2014 to EUR 9.4 million (previous year: EUR 16.5 million including EUR 9.3 million from the premature termination of a transaction) is recognized as interest income in the interest result.

Classification of lease transactions according to their substance

IAS 17 (Leases) provides detailed rules for the accounting of leases. The substance of the lease transaction is decisive for accounting.

The CBL transactions were classified in accordance with SIC 27 (Evaluating the Substance of Transactions in the Legal Form of a Lease). IAS 17 applies only when the substance of an agreement includes the conveyance of the right to use an asset for an agreed period. In consideration of the regulations of SIC 27, numerous financial assets in the legal ownership of the ÖBB Group (securities and bank deposits) and the corresponding lease liabilities do not meet the criteria of assets and liabilities ("linked transactions"), respectively, due to the lack of substance of the agreements, and are therefore not accounted for ("off balance"). Thus, for some transactions ("non-linked transactions") in the Consolidated Financial Statements, a (partial) accounting is required in the Statement of Financial Position ("on balance").

In respect of contractual parties with at least an AA+ rating or for whose compliance a subsidiary guarantor liability is assumed by the government, and whose investments are pledged in favor of the investor, the default risk is still regarded as extremely low, so that no need for any change is seen at present and these transactions continue to

be disclosed “off balance.” However, the creditworthiness (measured by the rating) of contractual partners rated as safe in the past has in some instances significantly deteriorated. For this case, the contractual provisions prescribe, among other requirements, that the affected deposits or payment undertaking agreements shall be replaced or hedged. In this context, the existing repayment vehicle was collateralized by the acquisition of U.S. treasury notes in a tranche for one transaction. This transaction relates to ÖBB-Infrastruktur AG in its external relation, and was recharged in its entirety to ÖBB-Personenverkehr AG. All items are presented on balance.

Accounting for assets and lease liabilities (non-linked transactions)

If recognition in the Statement of Financial Position is required, the securities were classified as available for sale (securities) or loans and receivables (deposits with banks and payment undertaking agreements) and measured at amortized cost. U.S. treasury notes acquired to hedge a repayment vehicle for a tranche of a transaction were categorized as “available-for-sale.” Initially, the financial assets are matched with lease liabilities in the same amount, and in the event of a hedged repayment vehicle, are also matched with credit financing in the same amount. Amounts denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. Any changes in the value of the assets resulting from changes in exchange rates are offset by corresponding exchange rate effects on the lease liabilities, and credit financing in the event of a hedged repayment vehicle for one of the tranches of a transaction.

Higher credit risks were considered by recording allowances on investments with those contractual parties which have a Standard & Poor's rating below AA and for which no additional collaterals in the form of a guarantor liability or pledged marketable securities of the highest rating (AAA) in favor of the ÖBB Group exist. The amount of the respective impairment is determined using portfolio allowance based on historical probabilities of default, measured by the rating of the contractual parties and the residual term of the transaction in consideration of the individual circumstances. As of December 31, 2014, there were impairments on investments in the amount of EUR 2.4 million (previous year: EUR 2.6 million).

In the Consolidated Financial Statements as of December 31, 2014, financial assets associated with non-linked leasing transactions amounted to EUR 489.3 million (previous year: EUR 488.8 million). On December 31, 2014, related financial liabilities amounted to EUR 597.1 million (previous year: EUR 600.8 million). These lease liabilities include finance lease liabilities in the amount of EUR 182.3 million (previous year: EUR 185.8 million). This amount is therefore also presented in the list in Note 30.2.

In 2014, interest income from financial assets related to CBL transactions was recognized in the amount of EUR 44.2 million (previous year: EUR 37.5 million). This interest income is matched by interest expenses in the amount of EUR 49.4 million (previous year: EUR 43.1 million).

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the Company did not recognize any assets or liabilities for these transactions. Therefore, the deposits made and marketable securities purchased in connection with the payment undertaking agreements and the lease prepayments received under the master lease agreement are not recognized in the Statement of Financial Position. Legal obligations under the lease agreements resulting from the failure of the banks or leasing institutes to comply with their payment obligation towards the investors, which they assumed for the ÖBB Group companies in return for a single payment, are recognized as contingent liabilities. As of December 31, 2014, contingent liabilities from CBL transactions amounted to EUR 397.6 million (previous year: EUR 469.8 million). All underlying investments have at least an AA+ rating or are collateralized by a guarantor liability issued by the government, and are not associated with hedges of existing repayment vehicles.

31. Service concession arrangements (SIC 29)

The following explanations and disclosures refer to the requirements of SIC 29 (Service Concession Arrangements). These are agreements between enterprises for the provision of services that give the public access to major economic and public facilities.

Liechtenstein concession

Service concession agreements in the sense of SIC-29 concern the railway infrastructure business area. On June 13, 1977, ÖBB-Infrastruktur Bau AG (now ÖBB-Infrastruktur AG) was granted a concession to operate a railway in the Principality of Liechtenstein that is valid until December 31, 2017. ÖBB-Infrastruktur AG is therefore authorized and obligated to maintain the uninterrupted and proper operation of this railway, which serves for public transportation, throughout the entire duration of the concession. Infrastructure assets in Liechtenstein are the property of ÖBB-Infrastruktur AG. As of December 31, 2014, these assets had a carrying amount of EUR 15.8 million (previous year: EUR 16.2 million). The concessionaire assumes responsibility for the conveyance of people, luggage, and freight.

An extension of the concession is pursued. The new Liechtenstein Railways Act was completed and became effect in 2011. This change in the legal situation, in accordance with which even Liechtenstein law has implemented free network access, is relevant for the decision regarding the application for a license. A draft of the concession is currently being processed in Liechtenstein. The progress of the negotiations on the partially double-track line expansion according to the demands of short-distance transport, for which a referendum may have to be held under Liechtenstein law, is expected to have significant influence on the timeframe of the concession proceedings.

Although upon expiration of the concession in 2017, the assets would be transferred to Liechtenstein, the property, plant and equipment concerned are depreciated over the anticipated longer useful life. This is because, on the one hand, an extension of the concession is likely to be granted due to the scheduled new construction of the track (which is the subject matter of international agreements) and due to the fact that ÖBB is the only applicant for the concession; and because, on the other hand, the provision of reversion of the assets without compensation provided in the Railways Act at least requires reconsideration from a legal point of view and waiver by the government is provided for in the law.

An EIA (environmental impact assessment) permit for the expansion of the Liechtenstein section of the line was received in December 2014, and can be expected soon for Austria as well upon conclusion of the procedure at the Federal Ministry of Transport, Innovation and Technology. This provides the basis for upcoming negotiations at the government level regarding financing and extension of the concession.

32. Related party transactions

Supplies to and from related parties

Related parties consist of affiliated, not fully consolidated companies of the ÖBB Group, associated companies, the shareholder of ÖBB-Holding AG (Republic of Austria) and their major subsidiaries and key management personnel (members of the Board of Management and the Supervisory Board of ÖBB-Holding AG).

The company maintains business relationships at arm's lengths, within the scope of activities of the ÖBB Group, with companies in which the Republic of Austria directly or indirectly holds an interest (e.g. Österreichische Industrieholding AG, ÖMV Aktiengesellschaft, Telekom Austria AG, ASFINAG AG) and which are also classified as related parties in accordance with IAS 24. The transactions in the sense of IAS 24 that were carried out with these companies during the two years under review and that concerned ordinary transactions in the course of the operating business, were insignificant in overall terms and amounted to less than 2.0% of revenues and less than 0.5% of cost of materials and services. Unpaid invoices from or to these companies on the reporting date are disclosed as trade receivables and trade payables and at this point are no longer treated separately.

Purchases were made at market prices less standard volume discounts and other discounts based on the scope of the business relationship. The following table presents the volume of the transactions carried out between companies included in the Consolidated Financial Statements and related parties during the financial year, and the receivables or liabilities resulting from these transactions at the end of the financial year:

in mil. EUR, rounded	Members of the Supervisory Board and persons related to other bodies		Associated companies	
	2014	2013	2014	2013
Sale of goods/ rendering of services (total revenue)	0.0	0.0	39.9	64.3
Purchase of goods/ services (total expenditure)	0.1	0.1	38.9	57.8
Receivables as of Dec 31			42.0	54.2
Liabilities as of Dec 31			28.9	37.4

No guarantees or investment subsidies were issued to or accepted from affiliated, not fully consolidated companies. There were no transactions carried out in both financial years with board members that required disclosure. No guarantees were given to associates (previous year: EUR 27.0 million). The liabilities and guarantees assumed by the Republic of Austria and the Österreichische Kontrollbank AG are presented in Note 25.

Transactions with members of the Supervisory Board relate to sales concluded with companies in which the members of the Supervisory Board of the ÖBB Group also exercised a controlling interest.

Transactions with and benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees provided by the Republic of Austria

ÖBB passenger transport and Rail Cargo Austria sub-groups

In accordance with the Federal Railways Act, public service contracts are concluded with the Republic of Austria that, above all, pertain to granting of social tariffs in passenger transport and the commissioning of services regarding short-distance and regional passenger transport by railway. ÖBB-Personenverkehr AG accordingly provides public services. The services charged to the Republic of Austria amount to EUR 635.6 million (previous year: EUR 618.8 million). On the basis of transport service agreements, services are provided for the federal states and the communities that were charged at EUR 290.5 million (previous year: EUR 268.7 million) for the financial year.

Rail Cargo Austria AG, like all other railway service companies that provide services in the form of single-car transport, unaccompanied transportation or rolling highway (combined road/railway transport), receives subsidies in accordance with the aid program for railway freight transportation granted by the European Commission to the Republic of Austria. The subsidies guaranteed to the Republic of Austria for Rail Cargo Austria AG amounted in 2014 to EUR 82.0 million (previous year: EUR 77.6 million).

ÖBB-Infrastruktur sub-group

ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Article 31 of the Bundesbahngesetz [Austrian Federal Railways Act]. The basis for the financing of the Company is given in Article 47 of the Federal Railways Act, according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfill its tasks and maintain its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Article 42 (6) of the Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Article 42 (1) and (2) of the Federal Railways Act.

It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their respective terms, is to permanently guarantee the value of the assets of ÖBB-Infrastruktur AG used for the tasks pursuant to Article 31 of the Federal Railways Act, which also conforms to the official task according to the Bundesbahngesetz.

ÖBB-Infrastruktur AG bears the costs incurred for the fulfillment of its tasks. The federal government grants ÖBB-Infrastruktur AG

- a grant pursuant to Article 42 (1) of the Bundesbahngesetz, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues generated by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management, and
- grants pursuant to Article 42 (2) of the Bundesbahngesetz for the maintenance, planning and construction of the railway infrastructure.

Two separate agreements on the grants pursuant to Article 42 (1) and (2) of the Bundesbahngesetz shall be concluded between ÖBB-Infrastruktur AG and the Federal Ministry of Transport, Innovation and Technology in coordination with the Federal Ministry of Finance, each with a term of six years, and these agreements shall determine the objective of the grant, the amounts to be granted for this purpose, the general and specific terms and conditions and the payment terms.

Schieneninfrastruktur-Dienstleistungsgesellschaft m.b.H. (SCHIG) monitors compliance with the obligations assumed by ÖBB-Infrastruktur AG in the grant agreements according to Article 42 of the Bundesbahngesetz. The monitoring is related to the economic, efficient and appropriate use of funds in the planning, construction, maintenance, deployment and operation of a demand-oriented and safe rail infrastructure.

The 2014 -2019 plan was approved by the Supervisory Board of ÖBB-Infrastruktur AG in October 2014.

In November 2013, the Republic of Austria, represented by the Federal Ministry of Transport, Innovation and Technology in coordination with the Federal Ministry of Finance, ÖBB-Infrastruktur AG and ÖBB-Holding AG formally concluded the grant agreement pursuant to Article 42 of the Austrian Federal Railways Act that regulates the subsidies from 2013 onwards. The subsidies agreement is valid for 2014.

Infrastructure financing

The grant agreement pursuant to Article 42 (2) of the Bundesbahngesetz is based on the business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) of the Federal Railways Act. One component of the

business plan is the six-year master plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (7) of the Bundesbahngesetz, which has to comprise the annual funds for maintenance (in particular repairs and reinvestments) and for investments in expansion. Both the business plan and the master plan shall be amended each year by one year and adapted to the new six-year period.

According to the grant agreement 2013 - 2018, the federal government shall bear 75% of the annual investments in expansion and reinvestments according to the master plan 2013 - 2018 (with the exception of the Brenner base tunnel) until 2016 and 80% for the years 2017 and 2018; for these investments, subsidies are granted in the form of an annuity allocated over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate corresponds to the rate respectively applicable for long-term financing measures of ÖBB-Infrastruktur AG.

The share of the investments for expansion (with the exception of the Brenner base tunnel) and reinvestments to be assumed by the federal government is continuously reviewed and adjusted as necessary to the current requirements for future grants.

The federal government also grants a subsidy for inspection and maintenance, elimination of malfunctions and repair of the railway infrastructure operated by ÖBB-Infrastruktur AG. The amount of the grant is fixed with consideration of the liquidity requirements based on the business plan of ÖBB-Infrastruktur AG, the limit of the total grant prescribed by Article 42 of the Federal Railways Act and the objectives (performance and output objectives) according to the grant agreement pursuant to Article 42 (1) of the Federal Railways Act. Changes of the functionality and/or the extent of the railway infrastructure operated by ÖBB-Infrastruktur AG result in a corresponding increase or decrease of the grant. Therefore, ÖBB-Infrastruktur AG has to obtain the consent of the BMVIT and the BMF prior to any such change.

In 2014, based on the valid master plan agreement for 2013 to 2018, an amount of EUR 611.4 million (previous year: EUR 533.2million) was granted for investments in expansion and reinvestments (with the exception of the Brenner base tunnel); for inspection, maintenance and elimination of malfunctions, an amount of EUR 493.3 million (previous year: EUR 487.5 million) was granted. With the letter dated December 31, 2013, the grant agreement according to Article 42 (2) of the Federal Railway Act was adjusted due to the flood disaster of 2013, whereby the expansion and reinvestment for 2014 was raised by EUR 1.7 million (previous year: EUR 0.9 million) and the grant for inspection, maintenance and fault clearance was increased by EUR 5.5 million (previous year: EUR 17.5 million).

ÖBB-Infrastruktur AG has provided investment grants for the construction costs of the Brenner base tunnel in the amount of EUR 50.0 million (previous year: EUR 4.3 million) that were reimbursed to the company by the federal government after deduction of the payments agreed contractually with the federal state of Tyrol in the course of acquisition in the amount of EUR 45.9 million (previous year: EUR 4.1 million).

Infrastructure operation and apprenticeship costs

The federal government grants a subsidy pursuant to Article 42 (1) of the Federal Railways Act, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues that can be achieved by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management.

ÖBB-Infrastruktur AG has to submit an annual rationalization and savings plan with a forecast statement to the Federal Ministry of Transport, Innovation and Technology and the Federal Ministry of Finance.

The agreement on the grant pursuant to Article 42 (1) of the Federal Railways Act is based in particular on the six-year business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) Bundesbahngesetz, which comprises a detailed description of the measures required to fulfill its tasks of providing a secure railway infrastructure corresponding to requirements, including time schedules, budgets, rationalization plans and a forecast with respect to usage fees and other fees and charges. The business plan pursuant to Article 42 (6) Federal Railways Act shall be amended each year by one year and adapted to the new six-year period.

Pursuant to Article 45 Federal Railways Act, the BMVIT charged SCHIG with monitoring the fulfillment of the obligations assumed by ÖBB-Infrastruktur AG under the grant agreement.

This grant agreement defines the objectives to be achieved by ÖBB-Infrastruktur AG in connection with this grant pursuant to Article 42 Bundesbahngesetz.

The specific objectives to be achieved by ÖBB-Infrastruktur AG are categorized in particular in general, quality, safety and efficiency objectives agreed with consideration of the statutory tasks of ÖBB-Infrastruktur AG and

stipulated in the business plan agreed between the federal government and ÖBB-Infrastruktur AG pursuant to Article 42 para. 6 Bundesbahngesetz.

The compliance with the obligation for ÖBB-Infrastruktur AG to guarantee and constantly improve the quality and safety of the operated railway infrastructure, which results from the Bundesbahngesetz, is assessed by means of certain ratios in connection with the grant.

Unless otherwise agreed between ÖBB-Infrastruktur AG and the federal government, the annual grant shall be reduced by the portion of operating expenses incurred for railway infrastructure that is transferred to other operators or no longer operated by ÖBB-Infrastruktur AG, contrary to the provisions of the business plan pursuant to Article 42 para. 6 Bundesbahngesetz.

The entire grant for 2014 according to Article 42 of the Bundesbahngesetz amounts to EUR 1,800.0 million (previous year: EUR 1,709.5 million). The grant for expansion and reinvestment investments in the amount of EUR 613.1 million (previous year: EUR 534.1 million) was reduced by EUR 36.2 million (previous year: EUR 16.6 million) to EUR 576.9 million (previous year: EUR 517.5 million) due to favorable interest rate developments and is presented in other operating income. The grant for operation, inspection, maintenance, fault clearance and repair amounting to EUR 1,186.5 million (previous year: EUR 1,175.4 million) was increased by EUR 7.6 million due to the postponement of maintenance expenses from 2013 to 2014, which affected income; furthermore, performance improvements resulted in a reduction of EUR 40.6 million (previous year: EUR 14.0 million) to EUR 1,153.5 million (previous year: 1,151.4 million) in operations and actual expenses for apprenticeship programs and is presented in revenues. The amount deferred in connection with the grant for expansion and reinvestment in the amount of EUR 36.2 million as well as in connection with the operational management and apprenticeship program in the amount of EUR 40.6 million is reported in other liabilities. The grant disbursed in 2014 for the construction of the Brenner base tunnel amounted to EUR 0.4 million and is also presented under other liabilities.

The development of grants in 2014 breaks down as follows:

in mil. EUR	Grant agreement 2013-2018	Grant increase	Total grant	Accruals	Income or loss in 2014
§ 42 (1) Operational management (excl. apprentices)	659.1	0.0	659.1	-38.0	621.1
§ 42 (1) Operational management apprentices	28.6	0.0	28.6	-2.6	26.0
§ 42 (2) Inspection/maintenance/disposal and repair	493.3	5.5	498.8	7.6	506.4
Revenue	1,181.0	5.5	1,186.5	-33.0	1,153.5
§ 42 (2) Expansion and reinvestment	611.4	1.7	613.1	-36.2	576.9
§ 42 (2) BBT	0.4	0.0	0.4	-0.4	0.0
Other operating income	611.8	1.7	613.5	-36.6	576.9
Total	1,792.8	7.2	1,800.0	-69.6	1,730.4

With respect to Group liabilities assumed by the federal government, see Note 25.

In addition, contributions (usually grants for investment measures) from the Austrian provincial governments amounting to EUR 49.4 million (previous year: EUR 48.3 million) and from municipalities in the amount of EUR 14.9 million (previous year: EUR 11.6 million) were received, whereby on the reporting date there were still outstanding receivables amounting to EUR 3.1 million (previous year: EUR 7.1 million) and outstanding liabilities of EUR 2.5 million. Furthermore, EU subsidies amounting to EUR 7.1 million (previous year: EUR 3.9 million) were granted. The investment grants and EU grants are grants from the public authorities or the EU, and are recognized as a reduction of cost in the related assets.

Remuneration of members of the Board of Management

The Board of Management of ÖBB-Holding AG consisted on the reporting date of two (previous year: three) members. In 2014, the ÖBB-Holding AG Board compensation for Board members amounted to EUR 1,744 thousand (previous year: EUR 1,809 thousand). This includes claims and benefits in kind from previous periods. Furthermore, statutory contributions to the severance insurance scheme amounted to EUR 18 thousand in the year under review (previous year: EUR 20 thousand), and contributions to a pension fund amounted to EUR 80 thousand (previous year: EUR 76 thousand). The provision for severance payments was reduced by EUR 225 thousand to EUR 243 thousand (previous year: EUR 468 thousand).

The total remuneration of the members of the Board of Management is composed of a fixed and a variable component. The amount of the variable annual component is subject to the achievement of objectives agreed with the Executive Committee of the Supervisory Board at the beginning of each financial year.

The employment contracts with top executives (members of the Boards of Management of the parent companies and general managers of companies on comparable levels) include a performance-related component; thus, the success of the company is reflected by the remuneration to a considerable extent. In principle, two-thirds of the remuneration of top executives consists of a fixed base salary, and one-third is a variable performance-related component. At the beginning of each financial year, an individual score card is developed for each company for the purpose of agreeing upon clearly defined, mainly quantitative objectives. These objectives are based on the Group's overall results, its strategy and the focus of the Group's activities. The variable components of the salaries that were paid out are included in the remuneration of the Board of Management indicated above.

The members of the Board of Management of ÖBB-Holding AG participate in an external defined-contribution pension fund scheme, except for members of the Board of Management who are seconded for the time of their activity in the Board within a definite ÖBB employment relation in accordance with the general terms and conditions for employment with Österreichische Bundesbahnen (AVB). The Company itself assumes no pension commitments. In the event of withdrawal from office or termination of employment, the relevant provisions of the Stellenbesetzungsgesetz [Appointment Act] apply to the vested rights of future pension payments and claims of the members of the Board of Management. No further claims exist.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure of the Supervisory Board of ÖBB-Holding AG and the resolution of the annual general meeting, the ÖBB Group shall reimburse the actual invoiced expenses incurred by the members of the Supervisory Board in the course of performing their duty and pay compensation to the shareholders' representatives on the Supervisory Board.

The basic remuneration for a Supervisory Board member amounts to EUR 9 thousand per year. In addition, each Supervisory Board member receives an attendance fee of EUR 200 for each meeting of a Supervisory Board, the Executive Committee or any other committee. The chairperson of the Supervisory Board receives 200% of the basic remuneration, and a vice chairperson within ÖBB-Holding AG receives 150% of the basic remuneration. For any activity in another Supervisory Board of the ÖBB Group, the member receives an additional 50% of the amounts stipulated above. If several functions are accumulated in one person, the upper limit of EUR 27 thousand (plus attendance fees) may not be exceeded. Members of the Supervisory Board who are members of the Board of Management, employee representatives, general managers or employees of the ÖBB Group do not receive any Supervisory Board remuneration.

The compensation of the shareholders' representatives on the Supervisory Board for their activities in the ÖBB-Holding Group amounted to EUR 136 thousand (previous year: EUR 144 thousand). The remuneration of the other members of the Supervisory Boards of the Group companies amounted to EUR 40 thousand (previous year: EUR 40 thousand).

33. Segment reporting

A business segment is a component of a company that engages in business activities from which it may earn revenues and incurs expenses and whose operating results are reviewed regularly by the company's chief operating decision-maker with respect to the allocation of resources to the respective segment and the assessment of its performance. A business segment is a group of assets and operating activities providing products or services which are subject to risks and return that are different from those of other operating segments and for which discrete financial information is available.

Information on business segments

The structure of the ÖBB sub-groups according to the management structure is used for segment reporting. In addition, the "Others" unit comprises the direct subsidiaries of ÖBB-Holding AG. These units constitute the basis for segment reporting by business segment.

The ÖBB Group comprises the following segments (= sub-groups):

ÖBB-Personenverkehr

This sub-group comprises all the activities in the area of passenger transport and service. The business fields refer to long-distance railway transport, short-distance railway transport and bus transport, as well as the travel agency activities of Rail Tours Touristik GmbH.

Rail Cargo Austria

Rail Cargo Austria AG handles the traditional rail cargo business. A significant part of the sub-group is Rail Cargo Logistics – Austria GmbH Group, which is active as a national and international delivery services corporation with its subsidiaries, which are represented in nearly every country in Central, Eastern, and Southeastern Europe. In addition to Rail Cargo Austria AG, Rail Cargo Logistics – Austria GmbH comprises specialized companies in the field of full-load transportation for almost every type of freight from various industries (agriculture, chemicals, wood, coal and steel, paper, waste disposal). Furthermore, Rail Cargo Logistics – Austria GmbH comprises companies in the field of intermodal transportation, in unaccompanied combined transport and in the field of combined road/railway transport. Until the sale of European Contract Logistics-Austria GmbH on December 31, 2013 it also included companies in the field of storage and contracted logistics (general cargo transport and food logistics). ÖBB-Technische Services-GmbH is responsible for the provision of technical services.

Infrastructure

The tasks of the ÖBB Infrastruktur sub-group comprise

- the previous tasks of planning and construction of railway infrastructure including high-performance tracks, planning and construction of related projects and the provision of railway infrastructure including equipment and facilities
- and the tasks of former ÖBB-Infrastruktur Betrieb AG, such as: provision, operation and maintenance of safe railway infrastructure corresponding to requirements (maintenance, inspection, repair, operational planning and shunting).

The key activities of the ÖBB-Infrastruktur sub-group furthermore comprise the purchase of power, power supply and power portfolio management as well as the rental and utilization of real estate properties.

Holding/Other activities

This segment comprises the various management, financing and service functions of ÖBB-Holding AG; its other investments (e.g. ÖBB-Business Competence Center GmbH, ÖBB-Finanzierungsservice GmbH, ÖBB-Werbung GmbH), and ÖBB-Produktion GmbH (provision of traction services). Since its purchase of European Contract Logistics-Austria GmbH on December 31, 2013, the storage and contracted logistics division (general cargo transport and food logistics) is presented in this segment.

The accounting and measurement methods of segment reporting correspond to the IFRS regulations used in the preparation of the Consolidated Financial Statements. The operating profit is used as a performance measure. Interest income and expenses are allocated.

The accounting principles for inter-segmental transactions with a reporting obligation are standardized and correspond to Note 3.

With the contract dated November 14, 2013 ÖBB-Infrastruktur AG (Infrastructure segment) has acquired the properties of five logistics centers (St. Michael, Wörgl, Linz, Wels, St. Pölten) of Rail Cargo Austria AG (Rail Cargo Austria segment) and, with the exception of St. Pölten, retroactively leased them to Rail Cargo Austria AG as of October 1, 2013. The Wolfurt location property was acquired with a contract dated November 28, 2013, with retroactive effect from November 1, 2013, and Rail Cargo Austria AG was granted a building lease contract starting on December 9, 2013. The purchase price of the logistics centers was established with expert advice and amounted to EUR 44.9 million. The logistics centers had a carrying amount of EUR 0 in the Rail Cargo Austria segment due to impairment charges from previous years, therefore earnings in the amount of EUR 44.9 million were recognized in the Rail Cargo Austria segment. This transaction had no impact on earnings at the Group level in the 2013 financial year.

With the contract from June 26, 2013 ÖBB-Infrastruktur AG has acquired the Terminal Services operation from Rail Cargo Austria AG with economic effect as of July 1, 2013.

One hundred percent of the shares in European Contract Logistics-Austria GmbH (ECL) and its subsidiaries were sold to Österreichische Bundesbahnen-Holding Aktiengesellschaft (Other segment) by Rail Cargo Austria AG with a transfer date of December 31, 2013. The fixed purchase price of EUR 14.0 million budgeted in the Share Purchase Agreement is specified by an appraisal report, in which the enterprise value less the net debt was determined. The share purchase is made contractually under a share purchase agreement, along with other agreements. In addition to the fixed purchase price, payments for the case that the current plan data used in the appraisal report improves in subsequent periods are, on the one hand, agreed in the Share Purchase Agreement (Option Agreement). On the other hand, the Rail Cargo Group has concluded an excess payment agreement in the amount of EUR 16.4 million with a term until 2019.

On July 1, 2014, ÖBB-Infrastruktur AG acquired the operation "Apprenticeship and technical adult education program, including the vocational school" from ÖBB-Business Competence Center GmbH with a contract dated June 23, 2014, the result of which is that ÖBB-Infrastruktur AG now plays the central role in the apprenticeship

program. In connection with the acquisition of this operation, 100% of the shares in ÖBB-Stiftungsmanagement GmbH was purchased from ÖBB-Business Competence Center GmbH in a contract dated July 18, 2014. The company has a low volume of business and was not included in the scope of fully consolidated companies.

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others in mil. EUR	Transition in mil. EUR	Total in mil. EUR
2014						
Total revenue						
Total income unconsolidated	2,029.9	3,127.3	3,278.8	1,372.0	0.0	9,808.0
<i>thereof revenue</i>	1,974.7	3,009.8	2,331.8	1,338.4	0.0	8,654.7
<i>thereof other income</i>	55.2	117.5	947.0	33.6	0.0	1,153.3
Elimination of income in the segment	-35.8	-962.5	-164.1	-39.7	-2,252.9	-3,455.0
<i>thereof revenue</i>	-34.3	-936.8	-155.7	-36.7	-2,221.1	-3,384.6
<i>thereof other income</i>	-1.5	-25.7	-8.4	-3.0	-31.8	-70.4
Total segment income	1,994.1	2,164.8	3,114.7	1,332.3	-2,252.9	6,353.0
<i>thereof revenue</i>	1,940.4	2,073.1	2,176.1	1,301.7	-2,221.2	5,270.1
<i>thereof other income</i>	53.7	91.7	936.6	32.6	-31.8	1,082.8
Elimination of income between segments	-26.7	-411.2	-725.8	-1,089.4	2,253.1	0.0
<i>thereof revenue</i>	-24.4	-411.1	-709.7	-1,076.0	2,221.2	0.0
<i>thereof other income</i>	-2.2	-0.1	-16.1	-13.4	31.8	0.0
Total income from third parties	1,967.4	1,753.6	2,388.9	242.9	0.0	6,352.8
<i>thereof revenue</i>	1,916.0	1,662.0	1,466.4	225.7	0.0	5,270.1
<i>thereof other income</i>	51.5	91.6	920.5	19.2	0.0	1,082.8
						0.0
Costs of materials and services	-1,224.9	-1,457.3	-422.9	-573.2	1,914.2	-1,764.1
Personnel expenses	-377.4	-372.1	-1,074.7	-583.3	0.0	-2,407.5
Depreciation and amortization	-105.6	-57.8	-644.8	-56.7	6.2	-858.7
Other operating expenses	-185.2	-174.0	-337.2	-85.1	321.0	-460.5
Earnings before income and tax (EBIT)	101.0	103.6	635.1	34.0	-11.5	862.2
						0.0
Earnings of investments recorded at equity	16.1	3.2	0.9	0.0	-19.8	0.4
Interest income	12.4	1.5	36.1	26.1	-29.5	46.6
Interest expenses	-52.1	-42.9	-638.1	-27.9	29.4	-731.6
Other financial result	-1.7	-6.5	2.6	-3.8	3.5	-5.9
Earnings before income taxes (EBT)	75.7	58.9	36.6	28.4	-27.9	171.7
Income taxes	-13.2	-5.3	-5.8	-39.2	58.6	-4.9

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others in mil. EUR	Transition in mil. EUR	Total in mil. EUR
Dec 31, 2014						
Assets	2,777.3	1,862.3	21,341.0	5,656.4	-5,891.2	25,745.8
Investments recorded at equity	310.8	180.9	43.8	0.1	-476.4	59.2
Liabilities						
Liabilities unconsolidated	2,176.1	2,136.6	20,250.8	1,918.5	0.0	26,482.0
Elimination of liabilities in the segment	-53.5	-276.6	-108.3	-136.8	-1,853.0	-2,428.2
Liabilities of the segment	2,122.6	1,860.0	20,142.5	1,781.7	-1,853.0	24,053.8
Elimination of liabilities between segments	-240.2	-519.9	-160.4	-932.5	1,853.0	0.0
Liabilities towards third parties	1,882.4	1,340.1	19,982.1	849.2	0.0	24,053.8

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others in mil. EUR	Transition in mil. EUR	Total in mil. EUR
2014						
Other information						
Investment expenses (property, plant and equipment and intangible assets)	99.7	61.4	1,858.4	46.8	-9.7	2,056.6

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others in mil. EUR	Transition in mil. EUR	Total in mil. EUR
2013						
Total revenue						
Total income unconsolidated	1,961.0	3,309.3	3,313.9	1,163.1	0.0	9,747.3
<i>thereof revenue</i>	1,930.6	3,131.3	2,421.7	1,133.5	0.0	8,617.1
<i>thereof other income</i>	30.4	178.0	892.2	29.6	0.0	1,130.2
Elimination of income in the segment	-33.5	-905.4	-266.5	-36.5	-2,257.1	-3,499.0
<i>thereof revenue</i>	-32.3	-850.4	-266.3	-33.0	-2,195.9	-3,377.9
<i>thereof other income</i>	-1.2	-55.0	-0.2	-3.5	-61.2	-121.1
Total segment income	1,927.5	2,403.9	3,047.4	1,126.6	-2,257.1	6,248.3
<i>thereof revenue</i>	1,898.3	2,280.9	2,155.4	1,100.5	-2,195.9	5,239.2
<i>thereof other income</i>	29.2	123.0	892.0	26.1	-61.2	1,009.1
Elimination of income between segments	-25.9	-424.1	-743.6	-1,063.5	2,257.1	0.0
<i>thereof revenue</i>	-1,871.8	-2,249.2	-1,574.8	-1,047.4	6,743.2	0.0
<i>thereof other income</i>	1,845.9	1,825.1	831.2	-16.1	-4,486.1	0.0
Total income from third parties	1,901.6	1,979.8	2,303.8	63.1	0.0	6,248.3
<i>thereof revenue</i>	1,875.1	1,948.1	1,723.2	53.1	-360.3	5,239.2
<i>thereof other income</i>	26.5	31.7	580.6	10.0	360.3	1,009.1
Costs of materials and services	-1,207.4	-1,639.9	-416.4	-428.1	1,898.9	-1,792.9
Personnel expenses	-372.3	-418.7	-1,044.0	-514.8	8.5	-2,341.3
Depreciation and amortization	-103.8	-58.4	-616.4	-52.5	2.1	-829.0
Other operating expenses	-169.1	-210.9	-364.3	-90.3	304.6	-530.0
Earnings before income and tax (EBIT)	74.9	76.0	606.3	40.9	-43.0	755.1
Earnings of investments recorded at equity	20.5	29.3	1.2	0.1	-35.8	15.3
Interest income	12.6	3.3	55.9	29.1	-39.2	61.7
Interest expenses	-55.6	-46.4	-643.4	-32.3	39.3	-738.4
Other financial result	6.2	-3.8	5.8	4.1	-3.5	8.8
Earnings before income taxes (EBT)	58.6	58.4	25.8	41.9	-82.2	102.5
Income taxes	16.7	-3.2	3.9	27.5	-45.5	-0.6

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others in mil. EUR	Transition in mil. EUR	Total in mil. EUR
Dec 31, 2013						
Assets	2,789.0	1,936.6	20,133.4	5,628.3	-5,856.0	24,631.3
Investments recorded at equity	317.6	194.3	194.3	0.3	-650.0	56.5
Liabilities						
Liabilities unconsolidated	2,216.2	2,252.3	19,119.9	1,748.3	0.0	25,336.7
Elimination of liabilities in the segment	-58.9	-287.1	-160.1	-245.5	-1,542.7	-2,294.3
Liabilities of the segment	2,157.3	1,965.2	18,959.8	1,502.8	-1,542.7	23,042.4
Elimination of liabilities between segments	-201.8	-504.5	-269.4	-567.0	1,542.7	0.0
Liabilities towards third parties	1,955.5	1,460.7	18,690.4	935.8	0.0	23,042.4

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others in mil. EUR	Transition in mil. EUR	Total in mil. EUR
2013						
Other information						
Investment expenses (property, plant and equipment and intangible assets)	202.4	85.8	1,905.0	21.6	-45.3	2,169.5

Investments are recognized prior to the deduction of grants, if any.

Services provided between segments are charged at customary rates.

ÖBB-Produktion GmbH was classified as a joint venture in the Passenger Transport and Rail Cargo Austria segments and reported using the equity method of accounting. Otherwise, ÖBB-Produktion GmbH is allocated to the "Other" section.

Information on the geographic markets

The following table shows the Group revenue according to the geographic markets, based on the registered offices of the customers, irrespective of the origin of the products/services:

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others/ Transition in mil. EUR	Total in mil. EUR
Total income 2014					
Domestic	1,169.4	1,823.1	1,160.7	1,120.3	5,273.5
Foreign	169.7	1,104.7	17.6	218.0	1,510.0
<i>thereof Germany</i>	83.1	259.9	14.9	40.4	398.3
<i>thereof Hungary</i>	13.3	326.2	0.0	14.4	353.9
<i>thereof Switzerland</i>	17.6	40.6	0.0	7.1	65.3
<i>other markets</i>	55.7	478.0	2.7	156.1	692.5
Total unconsolidated	1,339.1	2,927.8	1,178.3	1,338.3	6,783.5
Income from public service orders	635.6	82.0	0.0	0.0	717.6
Government grant pursuant to Article 42 Bundesbahngesetz	0.0	0.0	1,153.5	0.0	1,153.5
less internal turnover	-34.3	-936.7	-155.7	-2,257.8	-3,384.5
Segment turnover	1,940.4	2,073.1	2,176.1	-919.5	5,270.1
Other operating income incl. other own work capitalized	53.8	91.7	938.6	0.7	1,084.8
Total segment income	1,994.2	2,164.8	3,114.7	-918.8	6,354.9

	Passenger transport in mil. EUR	Rail Cargo Austria in mil. EUR	Infrastructure in mil. EUR	Others/ Transition in mil. EUR	Total in mil. EUR
Total income 2013					
Domestic	1,149.0	1,884.5	1,246.6	1,099.1	5,379.2
Foreign	162.8	1,169.2	23.6	34.5	1,390.1
<i>thereof Germany</i>	77.9	307.3	21.8	11.8	418.8
<i>thereof Switzerland</i>	18.4	44.7	0.0	0.1	63.2
<i>thereof Hungary</i>	17.4	322.7	0.0	14.3	354.4
<i>other markets</i>	49.1	494.5	1.8	8.3	553.7
Total unconsolidated	1,311.8	3,053.7	1,270.2	1,133.6	6,769.3
Income from public service orders	618.8	77.6	0.0	0.0	696.4
Government grant pursuant to Article 42 Bundesbahngesetz	0.0	0.0	1,151.4	0.0	1,151.4
less internal turnover	-32.3	-850.4	-266.3	-2,228.9	-3,377.9
Segment turnover	1,898.3	2,280.9	2,155.3	-1,095.3	5,239.2
Other operating income incl. other own work capitalized	29.2	123.0	892.1	-35.2	1,009.1
Total segment income	1,927.5	2,403.9	3,047.4	-1,130.5	6,248.3

Information on segment assets

The following table shows the carrying amounts of the segment assets and the additions to property, plant and equipment and intangible assets, grouped according to the geographic areas in which the assets are located. The segment assets comprise property, plant and equipment and intangible assets.

	Carrying amounts of segment assets		Additions to property, plant and equipment and intangible assets	
	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Segment ÖBB-Personenverkehr				
Domestic	1,910.0	1,940.2	95.5	200.3
Foreign	9.5	8.9	4.2	2.1
<i>thereof Eastern Europe</i>	9.5	8.9	4.2	2.1
Total	1,919.5	1,949.1	99.7	202.4
Segment Rail Cargo Austria				
Domestic	487.9	631.6	41.9	65.3
Foreign	388.6	414.9	19.5	20.5
<i>thereof Hungary</i>	352.5	376.5	16.4	16.5
<i>thereof Italy</i>	10.4	10.8	0.3	0.1
<i>thereof Eastern Europe</i>	12.2	14.1	0.2	1.7
<i>Rest of Europe</i>	13.5	13.5	2.6	2.2
Total	876.5	1,046.5	61.4	85.8
Segment ÖBB-Infrastruktur	19,640.6	18,613.5	1,858.4	1,905.0
Domestic	19,640.6	18,613.5	1,858.4	1,905.0
Segment Holding and other companies	982.9	849.3	46.8	21.6
Domestic	982.9	849.3	46.8	21.6
Sub-total segments	23,419.5	22,458.4	2,066.3	2,214.8
less consolidation	-100.6	-84.8	-9.7	-45.3
According to Consolidated Financial Statements	23,318.9	22,373.6	2,056.6	2,169.5
<i>thereof domestic</i>	22,920.7	21,949.8	2,032.9	2,146.9
<i>thereof foreign</i>	398.2	423.8	23.7	22.6

34. Notes on the Cash Flow Statement

The Cash Flow Statement shows the change in cash of the ÖBB Group from inflows and outflows of funds in the reporting year. The Cash Flow Statement is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Cash Flow Statement are presented using the indirect method.

Liquid funds include cash and cash equivalents and current liabilities (recognized in the current liabilities) in the amount of EUR 7.6 million (previous year: EUR 6.7 million). Important non-cash transactions carried out during the year under review mainly refer to the recognition of assets and obligations from CBL transactions.

As regards proceeds and expenditures with respect to the acquisition of consolidated companies, please refer to Note 35 and the figures in brackets there.

35. Investee companies

Information on the subsidiaries, associates, investments and other holdings in The ÖBB Group as of December 31, 2014

Changes in the basis of consolidation

The following companies were consolidated in the reporting year for the first time:

- Elisabethstrasse 7 Projektentwicklung GmbH & Co KG (previous year: V0)
- Elisabethstrasse 9 Projektentwicklung GmbH & Co KG (previous year: V0)
- Operngasse 16 Projektentwicklung GmbH & Co KG (previous year: V0)
- WS Service GmbH (previous year: V0)

For ADRIA KOMBI d.o.o., Ljubljana, accounting was switched to the equity method (previous year: E0).

In the reporting year, the subsidiaries BURGYPED, S.L. and ÖBB Telekom Service GmbH were sold and are therefore no longer part of the basis of consolidation of companies accounted for using full consolidation. Moreover, ELATEC Metallverwertungs GmbH (in 2014) and Express Slovakia "Medzinárodná preprava, a.s." (in 2013) were no longer part of the basis of consolidation of companies accounted for using the equity method when the former company ceased operations and when the latter was sold. Trans Cargo Logistics GmbH is presented as "held for sale" (Note 15) as of December 31, 2014, and is removed from the scope of equity-accounted companies.

In the year under review, the following companies that had been fully consolidated dissolved due to mergers:

- Express Polska Sp. z.o.o. (merged into Rail Cargo Logistics – Poland Sp.z.o.o. in May 2014)
- ÖBB-Shared Service Center Gesellschaft mbH (merged into ÖBB-Business Competence Center GmbH in September 2014)

Other changes in the schedule of investments

Further acquisitions, newly incorporated companies and changes in the type of consolidation are noted in brackets in the schedule of investments below.

ÖBB-Personenverkehr Group	Country, registered office and type of consolidation	Shareholder's equity Dec 31, 2013 in kEUR	Profit or loss 2013 in kEUR	
Dissolution				
100% BD Gastservice GmbH (Dissolved May 2014)	A-1220 Vienna	V0	in liquidation	
Rail Cargo Austria Group	Country, registered office and type of consolidation	Shareholder's equity Dec 31, 2013 in kEUR	Profit or loss 2013 in kEUR	
Sale				
33% Ökologische Bodenaufbereitung GmbH (Sale in March 2014)	A-2475 Neudorf/Parndorf	E0	2	-5
100% Blue Real Estate Kft. (Sale in April 2014)	HU-1133 Budapest	V0	660	-12
25% BILK-TRANS Kft. (Sale in January 2014)	HU-1239 Budapest	E0	60	15
15.25% UniverTrans Kft. (Sale in November 2014)	HU-1211 Budapest	0		
5% EURO KAPU Kft. (Sale in December 2014)	HU-4624 Tiszabezdéd	0		
Dissolution following liquidation				
100% Kadmos Line s.r.o. (Dissolved March 2014)	SK-82109 Bratislava	V0	-3	-3 ¹⁾
74.6% Express-Interfracht Internationale Spedition AG Liechtenstein (Dissolved June 2014)	FL-9494 Schaan	V0	-87	-61 ¹⁾
65.1% KOMBISZTÁR Kft. (Dissolved August 2014)	HU-8000 Székesfehérvár	V0	-38	n/a ¹⁾
5% ZÁHONY TÉRSÉGI LOGISZTIKAI KLASZTER KFT. (Dissolved November 2013)	HU-4625 Záhony	0		
Merged with Rail Cargo Logistics - Hungaria Kft.				
100% HUNGARO-RAIL Kft. (in September 2014)	HU-1023 Budapest	V0	200	-27

ÖBB-Infrastruktur Group	Country, registered office and type of consolidation	Shareholder's equity Dec 31, 2013 in kEUR	Profit or loss 2013 in kEUR
Sale			
100% Nordbahnhof Baufeld Sechs Projektentwicklung GmbH & Co KG (Sale in September 2014)	A-1020 Vienna V0	12,800	-1
100% Nordbahnhof Baufeld 39 Projektentwicklung GmbH & Co KG (Sale in September 2014)	A-1020 Vienna V0	14,820	-1
100% Hauptbahnhof Zwei Holding GmbH (Sale in January 2014)	A-1020 Vienna V0	24,745	-2
100% HBF Fünf Epsilon Projektentwicklungs GmbH (Sale in January 2014)	A-1020 Vienna V0	1,239	-2
100% HBF Sechs Gamma Projektentwicklungs GmbH (Sale in January 2014)	A-1020 Vienna V0	23,476	-2
100% HBF Fünf Epsilon Projektentwicklung Eins GmbH & Co KG (Sale in January 2014)	A-1020 Vienna V0	9,571	0
100% HBF Fünf Epsilon Projektentwicklung Zwei GmbH & Co KG (Sale in January 2014)	A-1020 Vienna V0	7,327	0
100% HBF Fünf Epsilon Projektentwicklung Drei GmbH & Co KG (Sale in January 2014)	A-1020 Vienna V0	7,814	0

Abbreviations and footnotes

- 1) Values acc. to closing liquidation balance sheet
N/A not applicable
- V0 Affiliated company not fully consolidated due to its insignificance
E0 Investment not recorded using the equity method due to its insignificance
0 Other investee

ÖBB-Holding AG held direct or indirect (through other affiliated companies) investments in the following companies as of the reporting date (without investments in short-term joint ventures).

Parent company	Country, registered office	Type of consolidation
100% Österreichische Bundesbahnen-Holding Aktiengesellschaft	A-1100 Vienna	V

ÖBB-Personenverkehr Group	Country, registered office	Type of consolidation
100% ÖBB-Personenverkehr Aktiengesellschaft	A-1100 Vienna	V
▶ 100% ÖBB-Postbus GmbH	A-1100 Vienna	V
▶ 100% ČSAD AUTOBUSY České Budějovice a.s.	CZ-37027 České Budějovice	V
▶ 100% Österreichische Postbus Aktiengesellschaft	A-1100 Vienna	V
▶ 100% Rail Tours Touristik Gesellschaft m.b.H.	A-1100 Vienna	V
▶ 100% Rondo Leasing GmbH (Acquired February 2015)	A-1100 Vienna	V0
▶ 98.57% FZB Fahrzeugbetrieb GmbH	A-1100 Vienna	V
▶ 50% (100%) ÖBB-Produktion Gesellschaft mbH	A-1100 Vienna	E *)
▶ 49.9% City Air Terminal Betriebsgesellschaft m.b.H.	A-1300 Vienna-Airport	E
▶ 49% (100%) ÖBB-Technische Services-Gesellschaft mbH	A-1110 Wien	E *)
▶ 100% Technical Services Hungria Járőjavító Kft.	HU-3527 Miskolc	0 *)
▶ 51% Technical Services Slovakia, s.r.o.	SK-91701 Trnava	0 *)
▶ 51% TS-MÁV Gépészeti Services Kft.	HU-1097 Budapest	0 *)
▶ 10% RailLink B.V.	NL-1012 AB Amsterdam	0
▶ 10% Railteam B.V.	NL-1012 AB Amsterdam	0
▶ 6.71% (7.38%) Bureau central de clearing s.c.r.l.	B-1060 Brussels	0

*) These subsidiaries are fully consolidated at the overall Group level.

Rail Cargo Austria Group	Country, registered office	Type of consolidation
100% Rail Cargo Austria Aktiengesellschaft	A-1100 Vienna	V
└▶ 100% Rail Cargo Logistics - Austria GmbH (until February 2014: Express-Interfracht Internationale Spedition GmbH)	A-1100 Vienna	V
└▶ 100% Express-Interfracht Hellas S.A.	GR-57022 Thessaloniki	V
└▶ 100% Rail Cargo Logistics - Bulgaria EOOD (until July 2014: Express-Interfracht Bulgaria Speditionsgesellschaft EOOD)	BG-1113 Sofia	V0
└▶ 100% Rail Cargo Logistics - Croatia d.o.o. (until May 2014: EXPRESS-INTERFRACHT CROATIA d.o.o.)	HR-10000 Zagreb	V
└▶ 100% Rail Cargo Logistics - Czech Republic s.r.o. (until February 2014: Express-Interfracht Czech s.r.o.)	CZ-61400 Brno	V
└▶ 100% Rail Cargo Logistics - Environmental Services GmbH (until February 2014: Entsorgungslogistik Austria GmbH)	A-1100 Vienna	V
└▶ 50% AUL Abfallumladelogistik Austria GmbH	A-2344 Maria Enzersdorf	E0
└▶ 50% ELATEC Metallverwertungs GmbH i.L.	A-1010 Vienna	E0 (prior year: E)
└▶ 50% HAECLA Abfallverwertung GmbH	A-4470 Enns	E0
└▶ 100% Rail Cargo Logistics - Germany GmbH	D-60329 Frankfurt am Main	V0
└▶ 100% Rail Cargo Logistics - Hungaria Kft. (until April 2014: Express-Interfracht Hungaria Kft.; September 2014: merged with Hungaro-Rail Kft.)	HU-1037 Budapest	V
└▶ 100% Rail Cargo Logistics - Italy S.r.l. (until March 2014: EXPRESS-INTERFRACHT ITALIA S.R.L.)	I-20832 Desio	V
└▶ 100% Rail Cargo Terminal - Desio S.r.l. (until March 2014: M.D.B. - MAGAZZINI DESIO BRIANZA S.R.L.)	I-20832 Desio	V
└▶ 100% Rail Cargo Terminal - S. Stino S.r.l. (until March 2014: MAGAZZINI DEL VENETO ORIENTALE S.R.L.)	I-30029 Santo Stino di Livenza	V
└▶ 100% Rail Cargo Logistics - Poland Sp.z o.o. (formerly Express-Interfracht Polska Sp.z o.o.; May 2014: merger with Express Polska Sp.z o.o.)	PL-02-796 Warszawa	V
└▶ 50% RAILPORT Sławków Sp.z o.o. (internal Group purchase of Express Polska Sp.z o.o. in May 2014)	PL-02-796 Warszawa	E0
└▶ 100% Rail Cargo Logistics - Romania Solutions SRL (until June 2014: Express-Interfracht Romania s.r.l.)	RO-75100 Otopeni	V
└▶ 100% ooo "Rail Cargo Logistics - RUS" (until July 2014: ooo "Express-Interfracht RUS")	RU-620014 Yekaterinburg	V
└▶ 100% Rail Cargo Logistics Uluslararası Tasimacılık Lojistik ve Ticaret Limited Sirketi (until February 2014: Express-Interfracht Uluslararası Tasimacılık Ticaret Limited Sirketi)	TR-34303 Halkali-Istanbul	V
└▶ 51% Rail Cargo Logistics - BH d.o.o. (until July 2014: BIHATEAM d.o.o. Sarajevo)	BiH-71000 Sarajevo	V
└▶ 50% INTEREUROPA-FLG, d.o.o.	SLO-1001 Ljubljana	E
└▶ 50% Trans Cargo Logistic GmbH (Sale in January 2015)	A-1030 Vienna	E0 (prior year: E)
└▶ 100% Trans Cargo Logistic d.o.o. Beograd (Disposal with Trans Cargo Logistic GmbH in January 2015)	SRB-11070 Novi Beograd	0
└▶ 49% Rail Cargo Logistics - Goldair SA (new company)	GR-19300 Athen/Aspropyrgos	E0
└▶ 100% HUNGAROKOMBI KFT i.L.	HU-1133 Budapest	V0

Rail Cargo Austria Group continued	Country, registered office	Type of consolidation
▶ 100% Rail Cargo Carrier Kft.	HU-1133 Budapest	V
▶ 100% Rail Cargo Carrier d.o.o. (new company)	SLO-1000 Ljubljana	V0
▶ 100% RAIL CARGO CARRIER - BULGARIA EOOD	BG-1000 Sofia	V0
▶ 100% Rail Cargo Carrier - Croatia d.o.o. (until February 2014: Rail Cargo Carrier d.o.o.)	HR-10000 Zagreb	V0
▶ 100% Rail Cargo Carrier - Czech Republic s.r.o. (Group internal purchase 1% of Rail Cargo Operator - ČSKD s.r.o. in December 2014)	CZ 130 00 Praha 3	V0
▶ 100% Rail Cargo Carrier - Italy s.r.l. (until March 2014: Rail Cargo Italia S.R.L., Group internal purchase of Rail Cargo Austria AG in December 2014)	I-15067 Novi Ligure	V
▶ 100% RAIL CARGO CARRIER - ROMANIA SRL. (until July 2014: RAIL CARGO ROMANIA S.R.L.)	RO-75100 Otopeni	V
▶ 100% Rail Cargo Carrier - Slovakia s.r.o.	SK-81105 Bratislava	V0
▶ 33.33% RAILPORT ARAD SRL	RO-315200 Arad	E
▶ 100% Rail Cargo Operator - ČSKD s.r.o.	CZ-13000 Praha	V
▶ 100% Rail Cargo Operator - Hungaria Kft. (Group internal purchase of Rail Cargo Austria AG in November 2014)	HU-1133 Budapest	V
▶ 100% Rail Cargo Operator-Port/Rail Services GmbH	D-28195 Bremen	V0
▶ 100% Rail Cargo Terminal - Praha s.r.o. (formerly RCA Terminal s.r.o., Group internal purchase of Rail Cargo Logistics Austria GmbH in December 2014)	CZ-13000 Praha	V
▶ 100% Rail Cargo Terminal - BILK (Fejlesztő és Üzemeltető Zártkörűen Működő Részvénytársaság) Zrt. (Group internal purchase of Rail Cargo Hungaria Zrt. in December 2014)	HU-1239 Budapest	V
▶ 53.8% LOGISZTÁR Kft.	HU-8000 Székesfehérvár	V0
▶ 45% Kelenföld Konténer Depo Kft.	HU-1239 Budapest	E0
▶ 33.33% boxXagency Kft.	HU-1239 Budapest	E0
▶ 33.07% Terminal Brno, a.s.	CZ-61900 Brno	E0
▶ 100% Rail Cargo Wagon-Austria GmbH	A-1100 Vienna	V
▶ 99.99% Rail Cargo Hungaria Zrt.	HU-1133 Budapest	V
▶ 32% EAST Rail srl. i.L.	I-34132 Trieste	E0
▶ 30% Agrochimtranspack Kft.	HU-1117 Budapest	E0
▶ 6.67% HUNGRAIL Magyar Vasúti Fuvarozói Egyesülés i.L.	HU-1138 Budapest	0
▶ 0.67% (7,38%) Bureau central de clearing s.c.r.l.	B-1060 Brussels	0
▶ 66% Rail Cargo Logistics GmbH	A-1100 Vienna	V
▶ 100% Rail Cargo Logistics s.r.o. (until January 2014: AgroFreight Spedition CZ s.r.o.)	CZ-61200 Brno	V
▶ 47.5% (prior year: 46,5%) VADECO SRL (Group internal purchase of Rail Cargo Logistics Austria GmbH in January 2014)	RO-900733 Constanta	E
▶ 51% (100%) ÖBB-Technische Services Gesellschaft mbH	A-1110 Wien	V
▶ 100% Technical Services Hungaria Jamujavito Kft.	HU-3527 Miskolc	V
▶ 51% Technical Services Slovakia, s.r.o.	SK-91701 Trnava	V
▶ 51% TS-MÁV Gépészet Services Kft.	HU-1097 Budapest	V
▶ 50% (100%) ÖBB-Produktion Gesellschaft mbH	A-1100 Vienna	E *)
▶ 37.08% ICA Romania s.r.l. i.L.	RO-020572 Bucuresti	E0
▶ 25,1% ADRIA KOMBI d.o.o., Ljubljana	SLO-1000 Ljubljana	E (prior year: E0)
▶ 16% Xrail S.A.	B-1000 Brussels	0
▶ 3.53% Intercontainer-Interfrigo (ICF) SA i.L.	B-1060 Brussels	0
▶ Limited partnership share Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft	D-60486 Frankfurt am Main	0

*) This subsidiary is fully consolidated at the overall Group level.

ÖBB-Infrastruktur Group	Country, registered office	Type of consolidation
100% ÖBB-Infrastruktur Aktiengesellschaft	A-1020 Vienna	V
└▶ 100% Austrian Rail Construction & Consulting GmbH	A-1020 Vienna	V0
└▶ 100% Austrian Rail Construction & Consulting GmbH & Co KG	A-1020 Vienna	V0
└▶ 100% Güterterminal Werndorf Projekt GmbH	A-1020 Vienna	V
└▶ 100% Hans Hechenbichler Erdölprodukte Gesellschaft m.b.H.	A-1020 Vienna	V0
└▶ 100% Mungos Sicher & Sauber GmbH	A-1150 Vienna	V
└▶ 100% Mungos Sicher & Sauber GmbH & Co KG	A-1150 Vienna	V
└▶ 100% Netz- und Streckenentwicklung GmbH	A-1020 Vienna	V0
└▶ 100% ÖBB-Immobilienmanagement Gesellschaft mbH	A-1020 Vienna	V
└▶ 100% ÖBB-Projektentwicklung GmbH	A-1020 Vienna	V
└▶ 100% ÖBB-Realitätenbeteiligungs GmbH & Co KG	A-1020 Vienna	V
└▶ 100% Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	A-1020 Vienna	V0
└▶ 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG (until January 2014: BahnhofCity WBHF Alpha GmbH & Co KG)	A-1020 Vienna	V (prior year: V0)
└▶ 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V (prior year: V0)
└▶ 100% Europaplatz 1 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0
└▶ 100% Gauermannngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
└▶ 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0
└▶ 100% Modul Office Hauptbahnhof Graz GmbH & Co KG	A-1020 Vienna	V0
└▶ 100% Operngasse 16 Projektentwicklung GmbH & Co KG (until October 2014: BahnhofCity WBHF Beta GmbH & Co KG)	A-1020 Vienna	V (prior year: V0)
└▶ 100% ÖBB-Stiftungs Management Gesellschaft mbH (purchase within the group from ÖBB-Shared Service Center Gesellschaft mbH in January 2014)	A-1020 Vienna	V0
└▶ 100% Rail Equipment GmbH	A-1040 Vienna	V
└▶ 100% Rail Equipment GmbH & Co KG	A-1040 Vienna	V
└▶ 100% WS Service GmbH	A-1020 Vienna	V (prior year: V0)
└▶ 50% Galleria di Base del Brennero - Brenner Basistunnel BBT SE	I-39100 Bozen	E
└▶ 30% Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E
└▶ 25% Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E0
└▶ 8% HIT Rail B.V.	NL-3500 HA Utrecht	0
└▶ silent partnership „Am Hafen“ Garagenerrichtungs- und Betriebs GmbH & Co KG	A-6900 Bregenz	0
└▶ partnership Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0

Others	Country, registered office	Type of consolidation
100% ÖBB-Business Competence Center GmbH (formerly: ÖBB-IKT GmbH; merger with ÖBB-Shared Service Center GmbH)	A-1030 Vienna	V
↳ 34% Wellcon Gesellschaft für Prävention und Arbeitsmedizin GmbH	A-1030 Vienna	E
100% ÖBB-Finanzierungsservice GmbH	A-1100 Vienna	V
100% ÖBB-Werbung GmbH	A-1100 Vienna	V
100% European Contract Logistics - Austria GmbH	A-1120 Vienna	V
↳ 100% European Contract Logistics - Czech Republic s.r.o.	CZ-50002 Hradec Králov	V
↳ 100% European Contract Logistics (podjetje za spedicijo, prevoznistvo in trgovino) d.o.o.	SLO-2000 Maribor	V0
↳ 100% European Contract Logistics - Slovakia s.r.o.	SK-83104 Bratislava	V0
↳ 95% European Contract Logistics - Serbia d.o.o. (until March 2014: 6.OKTOBAR d.o.o.)	SRB-11070 Novi Beograd	V0
↳ 45% logMAster Kft.	HU-1139 Budapest	E
2% EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG	CH-4001 Basel	0

Shares in % indicated in brackets indicate the recognized investment held by several companies within in the ÖBB Group; if the figure is preceded by "PY", it refers to the previous year.

Abbreviations

V	Affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its insignificance
E	Investment reported using the equity method (associated company)
E0	Investment not recorded using the equity method due to its insignificance
0	Other investee
i.l.	in liquidation

The following presents the equity and net income from those subsidiaries that were not included in the Consolidated Financial Statements and in which an interest of at least 20% was held. The disclosures regarding equity and the net income were adopted from the annual financial statements according to respective national accounting laws; exceptions are marked with corresponding footnotes.

ÖBB-Personenverkehr Group	Shareholder's equity in kEUR		Profit or loss in kEUR	
	Dec 31, 2014	Dec 31, 2013	2014	2013
Rondo Leasing GmbH (Acquisition in February 2015)		New 2015		New 2015

Rail Cargo Austria Group	Shareholder's equity in kEUR		Profit or loss in kEUR	
	Dec 31, 2014	Dec 31, 2013	2014	2013
Rail Cargo Logistics - Bulgaria EOOD	-213	-109	-103	-1,249 ¹⁾
AUL Abfallumladelogistik Austria GmbH	462	443	7	19 ¹⁾
ELATEC Metallverwertungs GmbH i.L.	i.L.	1,794	i.L.	642
HAELA Abfallverwertung GmbH	459	390	34	80
Rail Cargo Logistics - Germany GmbH	-643	13	-656	-12
RAILPORT Sławków Sp.z o.o.	n/a	113	n/a	49
Trans Cargo Logistic GmbH	1,894	847	1,047	502
Rail Cargo Logistics - Goldair SA		New 2014		New 2014
Rail Cargo Carrier d.o.o.		New 2014		New 2014
HUNGAROKOMBI KFT i.L.		in Liquidation		
RAIL CARGO CARRIER - BULGARIA EOOD	-7	-53	47	-53 ¹⁾
Rail Cargo Carrier - Croatia d.o.o.	15	-8	23	-11
Rail Cargo Carrier - Czech Republic s.r.o.	8	8	-1	0
Rail Cargo Carrier - Slovakia s.r.o.	-244	-255	-79	-65
Rail Cargo Operator-Port/Rail Services GmbH	54	-4	58	-3
LOGISZTÁR Kft.	1,963	2,118	-74	-87 ¹⁾
Kelenföld Konténer Depo Kft.	1,565	1,240	373	152 ¹⁾
boxXagency Kft.	122	104	101	82 ¹⁾
Terminal Brno, a.s.	n/a	2,645	n/a	2
ICA Romania s.r.l. i.L.		in Liquidation		
EAST Rail srl. i.L.		in Liquidation		
Agrochimtranspack Kft.	666	789	-92	10 ¹⁾

	Shareholder's equity in kEUR		Profit or loss in kEUR	
	Dec 31, 2014	Dec 31, 2013	2014	2013
ÖBB-Infrastruktur Group				
Austrian Rail Construction & Consulting GmbH	141	141	0	0
Austrian Rail Construction & Consulting GmbH & Co KG	208	213	-2	3
Hans Hechenbichler Erdölprodukte Gesellschaft m.b.H.	430	430	-5	-3
Netz- und Streckenentwicklung GmbH	394	378	15	3
Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	-1	0	-1	-1
Europaplatz 1 Projektentwicklung GmbH & Co KG	-1	0	-1	-1
Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	12,787	12,963	-176	27
Modul Office Hauptbahnhof Graz GmbH & Co KG	-1	0	-1	-1
ÖBB-Stiftungs Management Gesellschaft mbH	70	70	2	-2
Breitspur Planungsgesellschaft mbH	1,918	2,180	-262	-275

	Shareholder's equity in kEUR		Profit or loss in kEUR	
	Dec 31, 2014	Dec 31, 2013	2014	2013
Others				
European Contract Logistics (podjetje za spedicijo, prevoznistvo in trgovino) d.o.o.	-59	-147	88	0 ¹⁾
European Contract Logistics - Slovakia s.r.o.	202	170	31	29 ²⁾
European Contract Logistics - Serbia d.o.o.	153	144	12	20 ³⁾

Information on the purposes of the sub-groups is given in the Segment reporting section.

The equity capital of international companies is translated into EUR at the reporting date exchange rate. The annual result is translated into the average EUR exchange rate. The figures were determined in accordance with respective national accounting laws.

Abbreviations and footnotes

- i.l. in liquidation
- 1) preliminary values 2014
- 2) Values 2014 as of Sept 30
- 3) Values 2014 as of June 30

36. Events after the reporting date

On March 26, 2015, the members of the Board of Management of ÖBB-Holding AG released the audited Consolidated Financial Statements as of December 31, 2014 for submission to the Supervisory Board. The Supervisory Board is charged with reviewing the Consolidated Financial Statements and declaring whether it approves the Consolidated Financial Statements.

Extension of the advanced recognition periods

The ECJ decision of January 28, 2015 (C417/13) found that the extension of the advanced recognition periods by three years as enumerated in Article 53a of the Federal Railways Act is incompatible with EU law. We refer in this context to the comments in Note 26.1, "Provision for recalculating the advanced recognition days for salaried ÖBB employees."

There was a comprehensive reform of the remuneration system for federal civil servants at ÖBB-Postbus GmbH (Bundesbeamte) to whom the federal remuneration system applies instead of the ÖBB remuneration system. A corresponding federal law went into force on February 12, 2015. This reform implemented a salary system that is no longer dependent on a civil servant's age in any way.

ÖBB-Holding AG

At the end of March 2015, the repayment structure of promissory note loans was changed in that variable tranches of EUR 58.5 million were prematurely terminated by ÖBB-Holding AG, and simultaneously two tranches – one at fixed interest and one at variable interest – were issued at the same volume with terms until October 2020.

ÖBB-Infrastruktur sub-group

Collateral replacement for cross-border leasing transactions

Since mid-2012, a downgrade in ratings for repayment vehicles in three tranches for existing cross-border leasing transactions with Bank of America as the investor has resulted in the contractual obligation to offer the investor with substitute collateral. From 2012 to 2014, the company was able to avoid this exchange obligation by means of negotiations. In January 2015, however, Bank of America made use of its right to demand replacement collateral for the three tranches. Work is currently ongoing on the provisioning of replacement collateral in all affected transactions.

Sale of the Wittmannsdorf - Steinabrückl line segment

The Wittmannsdorf - Steinabrückl line segment was sold at the end of February 2015.

Premature termination of a further cross-border leasing transaction

Another cross-border leasing transaction was prematurely terminated at the end of February 2015. This legally affects the ÖBB-Infrastruktur AG in external relations, but is attributed internally, economically and entirely to a consolidated affiliate based on sublease agreements.

Rail Cargo Austria sub-group

Sale of Trans Cargo Logistics GmbH

Trans Cargo Logistics GmbH, in which a 50% interest was held, was sold in January 2015. The interest in this company is presented in the balance sheet item "Assets held for sale (IFRS 5)" as of December 31, 2014 (Note 19).

ÖBB-Personenverkehr sub-group (passenger transport)

Discontinuation of Rondo leasing transaction

The Rondo leasing transaction was discontinued on February 16, 2015. Rondo Leasing GmbH was taken over by ÖBB-Personenverkehr AG in February 2015.

Discontinuation of structured derivatives

On January 13, 2015, two structured interest rate swaps with a Swiss franc exchange rate risk in the nominal amount of EUR 10.0 million each for ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH were discontinued prematurely. The liquidation costs amounted to less than the interest income received by the Group prior to maturity.

Moreover, there are no reportable events after the reporting date that have a material effect on the assets, finances and income.

37. Executive bodies of the parent company of the ÖBB Group

In the financial year 2014 (up to the time of the preparation of the Consolidated Financial Statements), the following persons were appointed members of the Board of Management or members of the Supervisory Board of ÖBB-Holding AG:

Board of Management

Mag. Christian Kern Mag. Josef Halbmayer MBA KR Ing. Franz Seiser	Chairman of the Board of Management
until February 28, 2014	

Supervisory Board members

DI Horst Pöchlhammer	until August 13, 2014	Chair (until August 13, 2014)
Mag. Brigitte Ederer	from February 28, 2014	Chair (from September 11, 2014)
KR Mag. Dr. Ludwig Scharinger		First Vice Chair
DI Herbert Kasser		Second Vice Chair
Roman Hebenstreit *		Third Vice Chair
Mag. Ursula Zechner	until February 3, 2014	
Dr. Gertrude Tumpel-Gugerell		
Dr. Leopold Specht		
KR Kurt Eder		
Lic.rer.pol. Paul Blumenthal		
Peter Dyduch *	until January 28, 2014	
Günter Blumthaler *	from January 29, 2014	
Mag. Andreas Martinsich *		
Gottfried Winkler *		
* Employee Representative		

A report on compensations paid during the reporting period is presented in Note 32 ("Related party transactions").

Vienna, March 26, 2015

The Board of Management

Mag. Christian Kern

Mag. Josef Halbmayer MBA

Auditor's Report*

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Österreichische Bundesbahnen-Holding Aktiengesellschaft, Vienna**, for the fiscal year from January 1, 2014 to December 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Accounting Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and 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 internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, March 26, 2015

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Karl Rab m.p.	Mag. Elfriede Baumann m.p.
Certified Auditor	Certified Auditor

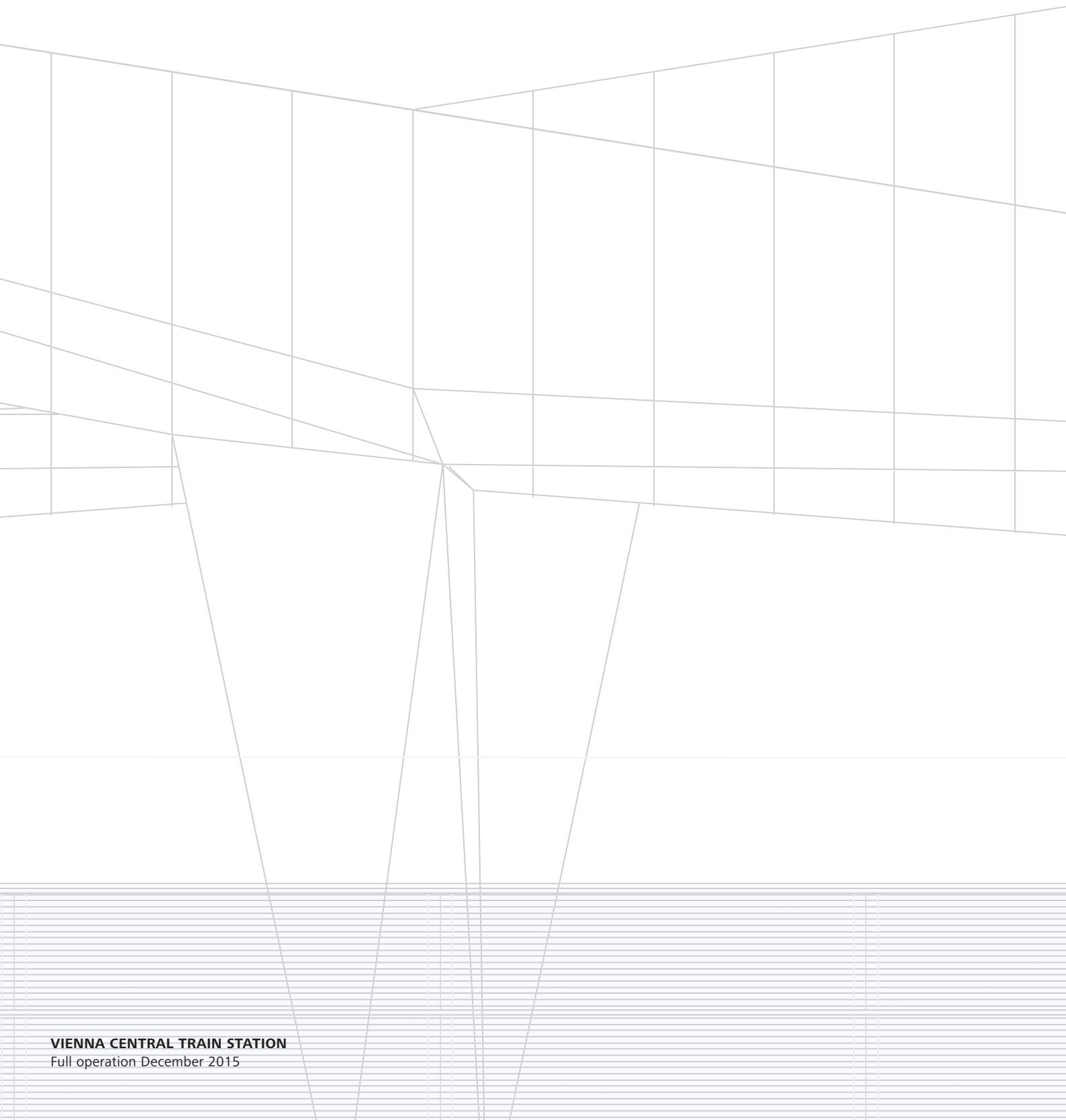
*This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

GLOSSARY OF TERMS

AVB	General Terms and Conditions of Employment with Österreichische Bundesbahnen
BMF	Federal Ministry of Finance
BMVIT	Federal Ministry for Transport, Innovation and Technology
Capital employed*	= fixed assets + working capital assets + working capital liabilities
CBL	Cross-border leasing
CEF	Connecting Europe Facility
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSR	Corporate social responsibility
Tenured employment	Tenured employees are ÖBB employees who are subject to the General Terms and Conditions of Employment with Österreichische Bundesbahnen (AVB), joined the company prior to January 1, 1995, and cannot be dismissed, pursuant to the provisions of the AVB
EBIT	Earnings before interest and taxes
EBITDA	= EBIT + depreciation and amortization
EBIT margin	= EBIT / total income
EBT	Earnings before taxes
ECL	European Contract Logistics
Equity ratio	= equity / total capital
Return on equity	= EBT / equity
EMTN	Euro Medium Term Note
ERA	European Railway Agency
ERTMS	European Rail Traffic Management System
ETCS	European Train Control System
RO	Railway operator
ECB	European Central Bank
R&D	Research and development
Free cash flow	= Cash flow from operating activities + Cash flow from investing activities
FTE	Full-time equivalent
TGTkm	Total gross tonne-kilometers (= cargo weight + weight of the train x kilometers traveled)
Return on total assets	= EBIT / Total capital
GWh	Gigawatt hour
GWL	Public services
IASB	International Accounting Standards Board
IFAC	International Federation of Accounts
IFRS/IAS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
ICS	Internal control system
Interoperability	Suitability of the trans-European railway system for secure and uninterrupted railway operations

ISA	International Standards on Auditing
KL	Contract logistics
CT	Combined transport
MbO	Management by Objectives
MFW	Multi-functional rail car
Modal split	Splitting transport among the various providers/means of transport
Net debt*	= interest-bearing borrowings – interest-bearing assets
Net gearing	= net debt / equity
NINA	National Intermodal Network Austria
OeNB	National Bank of Austria
Payroll ratio	= personnel expenses / total income
PKM	Passenger kilometers (= passengers transported x kilometers traveled)
RCC	Rail Cargo Carrier
RCG	Rail Cargo Group
RCO	Rail Cargo Operator
ROCE	= EBIT / capital employed
ROLA	Rolling highway (Combined Road/Rail Transport)
PP&E-to-net-worth ratio	= equity / property, plant and equipment
PP&E-to-net-worth ratio II	= (equity + non-current borrowings) / property, plant and equipment
PP&E ratio	= property, plant and equipment / total assets
SCHIG	Railway infrastructure service company (Schieneninfrastruktur-Dienstleistungsgesellschaft m.b.H.)
SIC	Standard Interpretation Committee
SLF	Free travel for students and apprentices
TEN-T	Trans-European Transport Network
TKM	Tonne-kilometers (= tonnes transported x kilometers traveled)
Traction	Propulsion of trains
TS	ÖBB-Technische Services GmbH
TSI	Technical specifications for interoperability
WIFO	Austrian Institute of Economic Research
Working capital	= inventories (excl. real estate recovery projects) + trade receivables + prepayments on fixed assets + trade payables - prepayments on orders

* adjusted calculation logic



About this report

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Tel: from Austria, call 05-1717 (without area code) at the local rate; from abroad, please call +43 5-1717.

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The information provided in this report has been compiled to the best of our knowledge and verified with due and proper care. Subject to type-setting errors and misprints. This annual report is available only in electronic form at: konzern.oebb.at/gb2014

Editorial department

Mag. (FH) Theresa Wirth, Mag. Petra Lehrbaum,
Mag. Harald Aschl & Group Accounting

Organization & Production

Mag. Petra Lehrbaum, Matthias Flödl
with the help of FIRE.sys (Consolidated Management Report and Consolidated Financial Statements)

Design & Realization

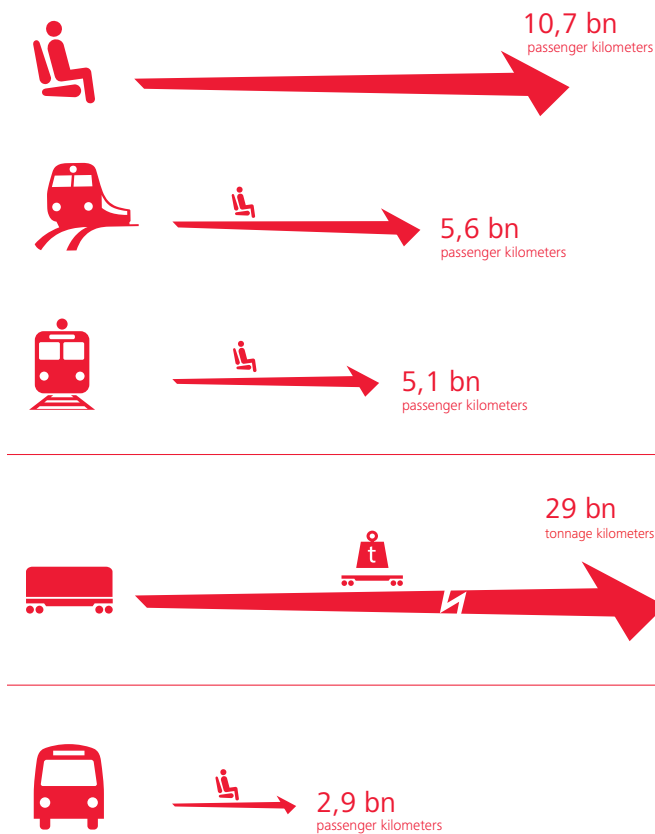
Matthias Flödl & Sebastian Treytl (image section)

Art Direction & Graphics

Sebastian Treytl
Manuel Böhm & Petra Salzer (illustrations)
Herbert Weiser (Pre-press)

Photos

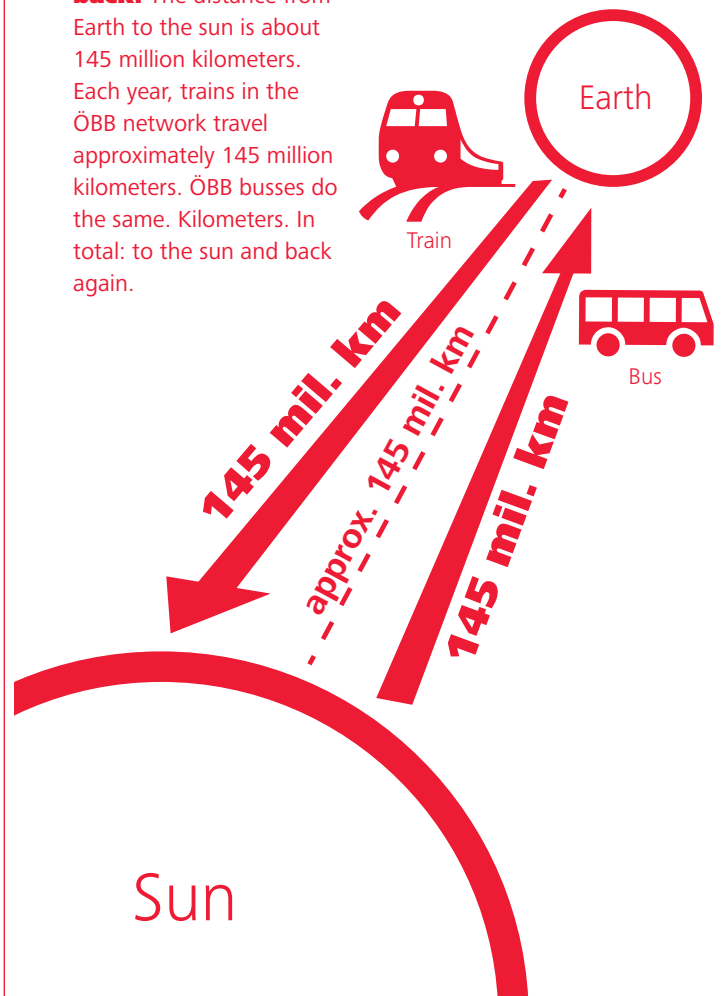
Sabine Hauswirth, Marek Knopp, picturedesk.com,
Archiv Posch, Dietmar Zierl, ÖBB



Performance in kilometers. In 2014, long-distance trains operated by ÖBB traveled 5.6 billion passenger kilometers, local trains 5.1 billion, and busses 2.9 billion. Rail Cargo Group handled 29 billion tonne-kilometers.

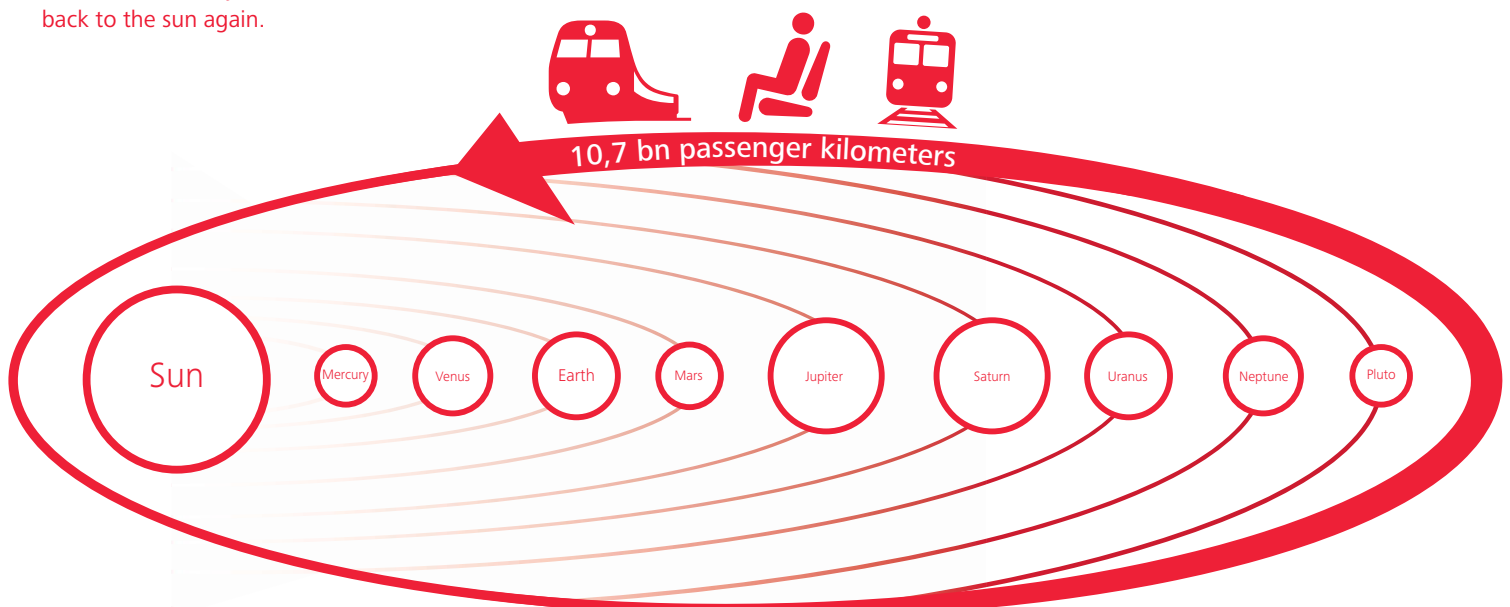
To the sun and back.

The distance from Earth to the sun is about 145 million kilometers. Each year, trains in the ÖBB network travel approximately 145 million kilometers. ÖBB busses do the same. Kilometers. In total: to the sun and back again.

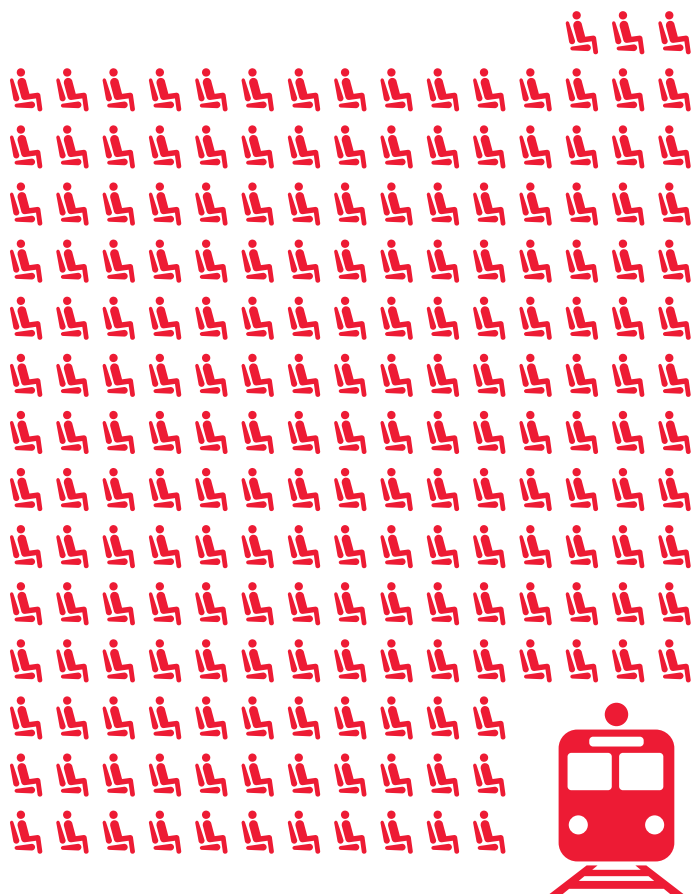


To the end of the solar system – and back again.

ÖBB runs 10.7 billion passenger kilometers by train in the course of a single year. Or, seen another way: in 365 days, ÖBB moves one person from the sun to beyond the boundaries of our solar system and back to the sun again.



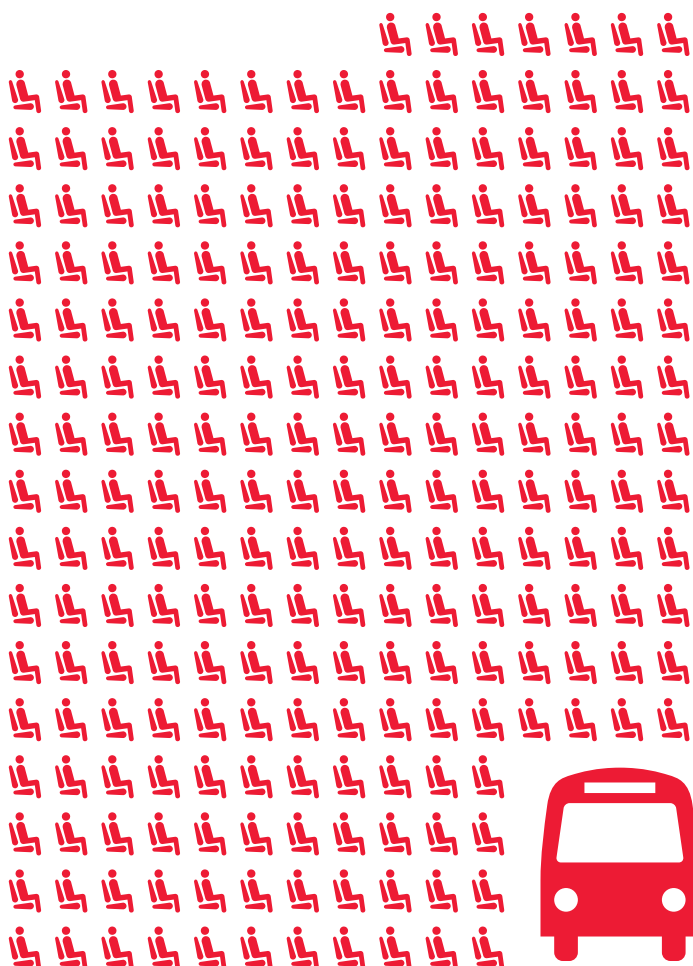
201 million regional transport passengers



34 million long-distance passengers

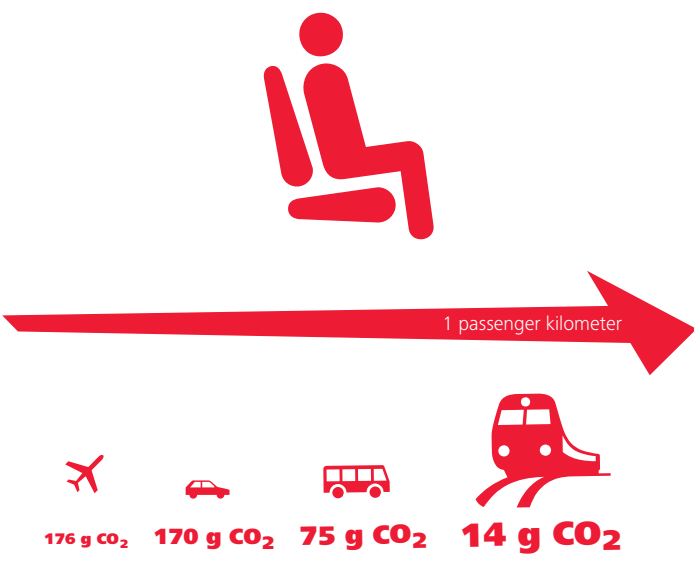


231 million bus passengers



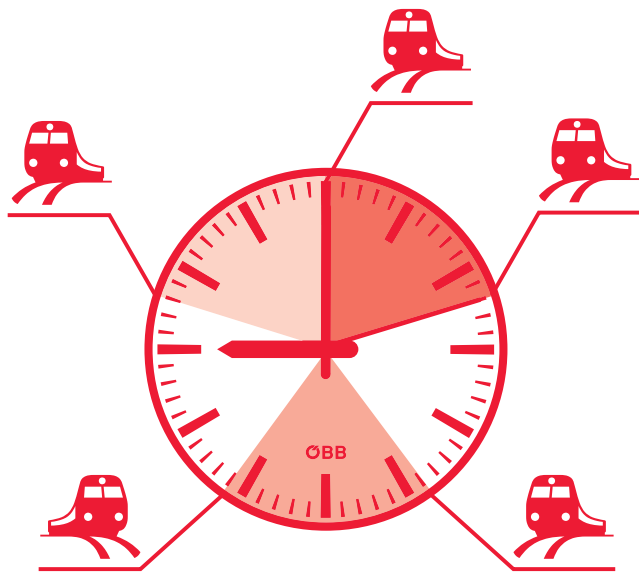
Passenger numbers. In 2014, 466 million passengers took advantage of the mobility services provided by ÖBB – of these, 201 million traveled on local and regional trains, 34 million on long-distance trains, and 231 million on busses.

Clean railway. The railway system leads the way in climate-friendly mobility, emitting just 14 g CO₂ per passenger kilometer. By comparison, cars emit 12 times and aircraft 13 times more CO₂.

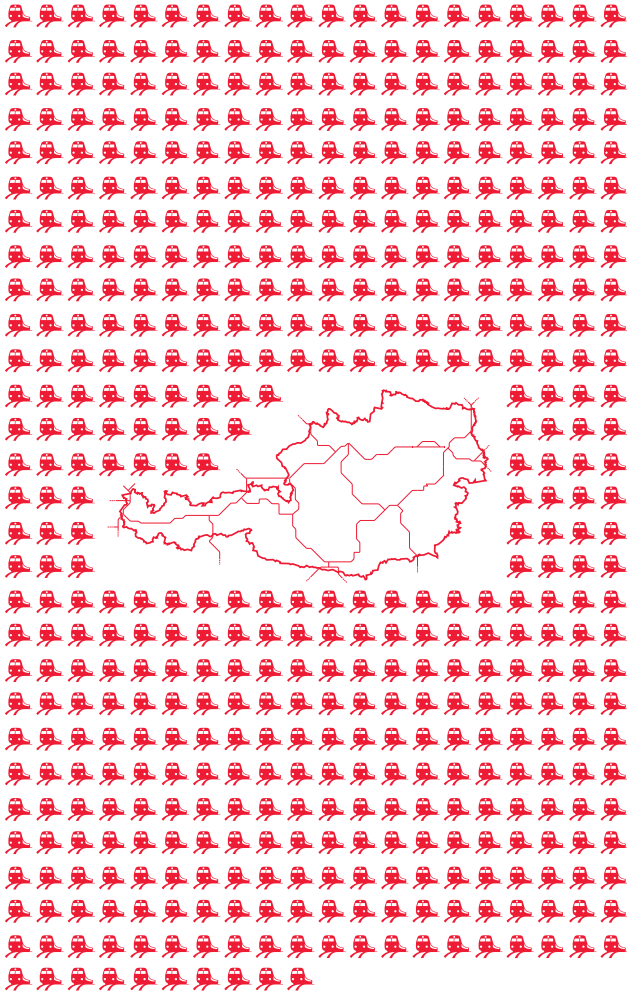
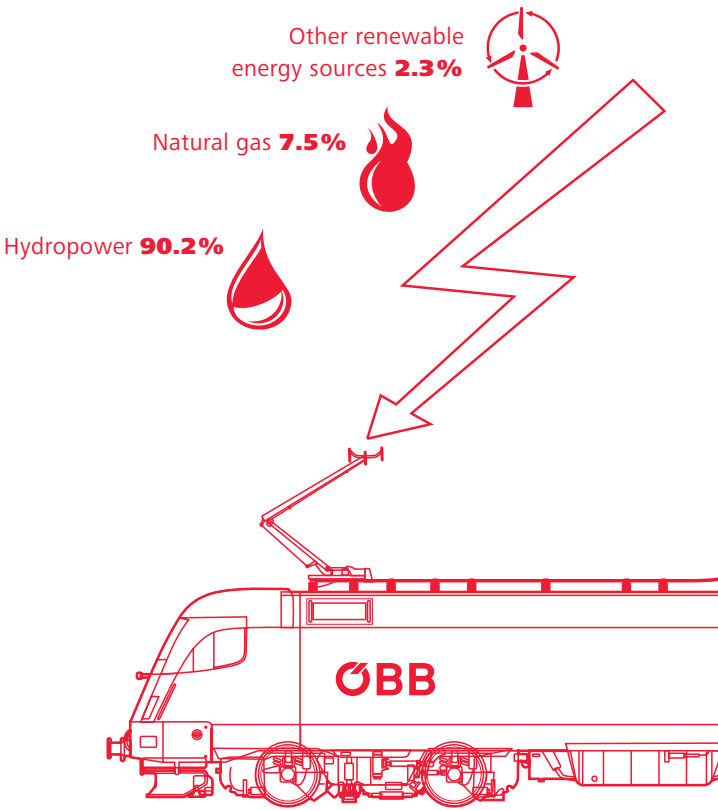


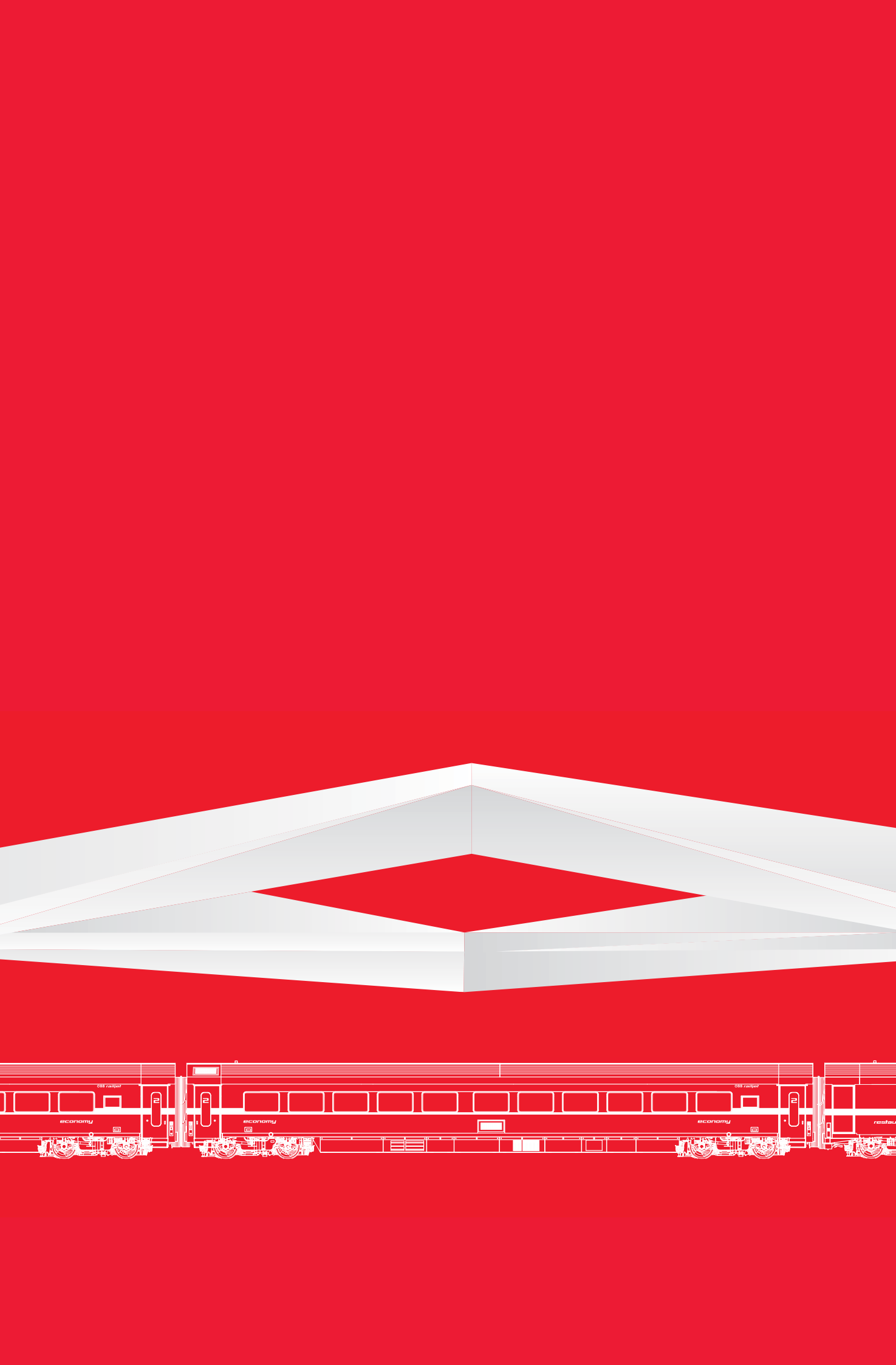
5 trains per minute.

Every 12 seconds, an ÖBB train sets off on its scheduled journey. During rush hour, 527 trains (see right) are en route at the same time, and an average of 381 Monday through Fridays, and 340 Mondays through Sundays.



Climate-friendly mobility. 90.2 percent of the traction power used by ÖBB is hydropower, while 2.3 percent is drawn from other renewable energy sources, such as wind, and another 7.5 percent from natural gas.





4,865 km
ROUTE NETWORK

466 mil.
CUSTOMERS
(RAILWAY AND POSTBUS)

6,360
TRAINS DAILY

2,220
BUSSES

39,481
EMPLOYEES

1,724
APPRENTICES

92.5%
TRACTION POWER FROM
RENEWABLE ENERGIES

