



**Speech for Telephone Conference
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Check against delivery.

Outstanding broad-based growth

Siemens is growing across the board. We've been able to follow up on our outstanding first quarter with a strong second quarter, both in terms of growth and profit. New orders and revenue of the Sectors have risen for the fourth quarter in succession. New orders are up 28 percent. Revenue is also 7 percent above last year's level. Our book-to-bill ratio is 1.17. Our order backlog is about 92 billion euros.

All Sectors are well within their margin corridors. We have doubled Total Sectors profit to around 3.7 billion euros. This unusually sharp increase is largely due to the income from the sale of our stake in Areva NP. Excluding that income, Total Sectors profit still rose 18 percent compared with the same quarter last year. New order growth is satisfactory in all Sectors and Regions. Strong demand in emerging countries is driving this growth. Over one-third of all new orders comes from emerging countries.

Stabilization of world economy

Growth in the emerging countries continues to exert a strong influence on the global economy. Worldwide, we are seeing a trend toward consolidation – although still at a high level, in other words, in the context of strong economic growth. Experts expect global growth to be 3.5 percent in 2011; last year it was 4.1 percent. So the global economy is in good shape – in spite of uncertainties such as: Political developments in North Africa and the Middle East, the rising prices of commodities and the debt situation of individual European countries and the U.S. government's deficit, which experts are increasingly criticizing. In contrast to that, the impact of the earthquakes in Japan on the global economy is likely to be limited, provided supply chains interruptions can quickly be fixed.

The situation in Europe is inconsistent. Our domestic market in Germany is one positive note. Growth of the German economy is estimated to be three percent; that's much more than that of the Euro Zone as a whole. We are profiting from both the dynamism of the emerging countries and from growth in Germany. Germany will continue to expand its renewable energy sources.

Sector highlights

Germany will continue to expand its renewable energy sources. One example of this is the “Borkum Riffgrund 1” project, for which Siemens will supply 89 wind turbines. Starting in 2014, they will deliver clean electricity to 330,000 households in Germany. Thanks to offshore projects, we booked new orders totaling about 1.2 billion euros just for renewables in the second quarter.

The other Divisions of our Energy Sector have also exceeded the levels for last year, in some cases considerably. With new orders of 9.2 billion euros, the Sector set a new record. The Sector is in an excellent position thanks to an attractive mix of innovative renewable energy sources and highly efficient conventional methods for power generation. The Fossil Power Generation Division has received an order to supply 12 gas turbines and five steam turbines for the “Ras Az Zawr” power plant in Saudi Arabia. The contract is valued at more than one billion U.S. dollars. “Ras Az Zawr” is already the fifth large power plant project for Siemens in Saudi Arabia. We recently decided to build a new production and service center for gas turbines in the eastern part of the country. This way, Siemens will create more than 1,000 jobs for local and international experts in the years ahead.

Growth in the Industry Sector has been just as strong, and here, too, it's broad-based. New orders are up 22 percent. Revenue rose by 9 percent. This means that we have further improved on the already high level of last quarter. All Divisions saw double-digit percentage increases in new orders. Mobility ranks at the top with a 27-percent increase. Yet another record is in the making at this Division: Siemens will book the largest order in its history for the delivery of 300 generation ICx trains to Deutsche Bahn, the German national railway, during the third quarter.

The Healthcare Sector remains very stable. New orders are developing well and are up 6 percent. Revenue is also 5 percent above the level for the same quarter of last year. Profit was 450 million euros, about the same level as last year.

One Siemens Cockpit – paving the way for profitable growth

Siemens is on a growth course. When we presented our “One Siemens” target system at the end of fiscal 2010, our message was “profitable growth.” And we have kept our word! As far as profitability is concerned, all three Sectors are well within their margin corridors. Capital efficiency exceeds the high target level we aimed for. Our debt-equity ratio is low. This gives us great freedom of action going forward. We are also on track as far as growth is concerned. Over the past four quarters, revenue has grown 7.6 percent on average. All three Sectors contributed substantially to that. Our revenue growth comes in slightly below the average revenue growth of our main competitors. This is particularly impressive because we achieved nearly the same growth rate organically that competitors to some extent accomplished through major acquisitions. We are safely on track. But we will not rest on our laurels. We are now in a position of strength, and now is the time to orient the company toward future growth in a highly dynamic competitive environment – to lead the markets we serve as a pioneer.

The new Infrastructure & Cities Sector

The most important part of the further development of our company’s organization is the creation of “Infrastructure & Cities,” the fourth Siemens Sector. It will be launched as the new fiscal year begins. One question has been of particular interest to the media and the general public over the past few weeks: That is the question of where the Sector’s headquarter will be located. The answer is: in Munich. Munich has an outstanding infrastructure, and that makes it an excellent place to showcase modern infrastructure solutions. That is one important point. It’s just as important that the Sector can operate in Munich with very lean Sector headquarters because it can utilize the resources offered by Siemens AG headquarters. In addition to the center of competence in London that is already under construction, we will be building two other centers of competence in Asia and the USA. This will create three extraordinary platforms for interaction with customers and opinion leaders. This constitutes a bold move to address the dynamic market for cities and infrastructures.

Concentration on core business

The transfer of Siemens IT Solutions and Services to Atos Origin and the planned Osram IPO support our aim to concentrate on our core business. In both areas, we are making great progress. The German anti-trust authorities have approved the transfer of Siemens IT Solutions and Services to Atos. The closing is expected during the fourth quarter of the fiscal year. Osram has had one of its strongest quarters yet and is in an outstanding position for the IPO. We have reported Siemens IT Solutions and Services and Osram as discontinued operations since the second quarter.

So, more than ever before, our focus is on our core business. And, growth of our core business is leading to growth of our workforce. We're creating new jobs. In the current fiscal year, we already created 12,000 new jobs worldwide, 2,600 of them in Germany. And we continue to expand! Siemens currently has some 3,800 unfilled positions in Germany alone – two-thirds of them in engineering and the natural sciences.

Outlook

I'd now like to summarize: In the second quarter, we achieved outstanding growth in orders across the board. We expect the organic order intake of continuing operations to significantly increase compared to fiscal 2010. Supported by our already strong order backlog, we expect the organic growth of revenue from continuing operations to be in the mid-single-digit percentage range in fiscal 2011. We are raising our profit forecast for fiscal 2011 to at least 7.5 billion euro.