

The background of the slide is a solid blue color. In the top left corner, there is a white rectangular box containing the word "SIEMENS" in a bold, teal, sans-serif font. Below the logo box, there is a white horizontal line. The background also features a faint, white, wireframe map of the world, with the continents of Europe, Africa, and Asia visible. The map is composed of a network of interconnected lines, giving it a digital or network-like appearance.

SIEMENS

Annual Shareholders' Meeting of Siemens AG

Speech by Peter Löscher, President and CEO | Munich, January 24, 2012

www.siemens.com



Ladies and Gentlemen,

A year of great upheavals lies behind us. A year of great challenges lies before us.

- > How can Europe master its crisis and how can countries with high debt loads regain room to maneuver?
- > How can industrialized countries boost growth and competitiveness?
- > How can emerging countries achieve progress without turmoil?
- > How can resources and wealth be fairly distributed worldwide?
- > And how livable will the world be for the generations that follow?

People all over the world seek answers to these questions: We all want stability, growth, and lower government debt. We all strive for progress and prosperity. And we all want a livable world for our children. These are aspirations that people all over the world share, whether in Germany, Europe and the USA or in Brazil, Russia, India or China. And these aspirations for a better world unite us. They spur us on. And they require cooperation – in society, in politics, and in business. On local, national and global levels. The basis for successful cooperation is always trust.

“Business is built on trust.” That’s what Carl Friedrich von Siemens said in 1919. He had just taken over the helm of the company, the position he then held for more than 20 years. His time was shaped by the World Wars, the global economic crisis, and political and social turmoil. In this time of great uncertainty, he relied on trust and on the unity of the company. He relied on the global market and on partnership. That’s how he safely navigated Siemens through the crises of his time. Today, about 90 years later, the world is in incomparably better shape – in spite of all the problems. Yet, today, too, trust in government and business is lacking.

In circumstances like these, the value of partners increases if:

- > Their strength is beyond doubt.
- > They share know-how and experience.
- > They prove their soundness and reliability.
- > And they set themselves apart through their pioneering spirit.

These are partners who offer security and earn the trust of others. They are “partners of trust.” And Siemens is that kind of partner. That’s the legacy of our company’s founder and his family. And that’s our aspiration today – and every day.

A stable company

Our trustworthiness is based on the stability of our company. We proved that again in the past fiscal year. 2011 was an excellent year.

- > New orders grew 16 percent to over 85 billion euros.
- > Revenue climbed to more than 73 billion euros.
- > Income from continuing operations soared 65 percent to over 7 billion euros.
- > And the Sectors posted an outstanding result with earnings of over 9 billion euros.

And in fiscal 2011 in Germany, we booked the biggest single order in the history of our company. It calls for the delivery of 300 high-speed ICx trains, our train of the future. This order shows just how strong Siemens is in its home market. And it also demonstrates the vitality of Germany as an industrial country. This is a fantastic success – I congratulate all colleagues involved and thank our customer Deutsche Bahn for placing its trust in a partnership that has proven itself over many years.

Last fiscal year, we also launched our One Siemens target system and introduced it to you. We achieved our targets in the first year:

- > As far as capital efficiency is concerned, we earned a three-fold return on capital employed.
- > All Sectors were able to achieve EBITDA margins within the defined corridors and so proved their profitability. We have now adjusted the target corridors to our new four-Sector setup.
- > Our revenue growth lags behind that of our most important competitors. However, their growth was often driven by high-priced acquisitions. Here, we obviously do not want to keep up with the competition.
- > We deliberately undercut our capital structure target to give ourselves financial and strategic latitude.

So, we met the expectations placed in us and are very happy about the excellent fiscal year. That strengthened trust in us in the capital market.

- > Siemens stock kept pace with the DAX throughout the fiscal year and performed better than the average of our most important competitors' stock.
- > Earnings per share jumped to 7.04 euros, after 4.49 euros the previous year.
- > The Managing and Supervisory Boards therefore propose a dividend of 3 euros for your approval. This is an increase of 11 percent over last year and corresponds to a payout ratio of 41 percent – that's in the middle of our previously defined corridor of 30 to 50 percent.

So, again, it is true: An investment in Siemens is secure, reliable and attractive – especially for investors with a long-term perspective. And these days, that's a very positive message.

Fiscal 2012 will be much more challenging.

- > The real economy cannot escape the influence of volatile financial markets.
- > Public budgets are tight.
- > Worries about credit bottlenecks dampen willingness to invest.
- > And the growth of global economy is leveling off.

Our first-quarter results reflect that. Challenges in individual business areas compound that, for example, delays in Energy Sector projects in Germany. The reason for that is that approval processes for the connection of offshore wind farms to the grid are lengthy and complex. All this adds up to a slow start into the new fiscal year. Our order backlog of currently more than 100 billion euros is a solid foundation. We expect conditions in the global economy to continue to be difficult in the second quarter. However, economic experts believe that a gradual recovery may set in by the end of the second half.

A year ago, I informed you that we would be publicly listing our lighting subsidiary OSRAM and remain an anchor shareholder. That continues to be our intention. But we will not do that until the market conditions for an IPO are more favorable.

Trust in Europe

The debt crisis in Europe is causing anxiety. Budget deficits, structural weaknesses, and unemployment are putting a strain on a number of European countries. Short-term measures such as a debt write-down for Greece or the expansion of the fiscal rescue package are necessary to manage the immediate crisis and regain trust. In the long term, however, trust in Europe is based on the competitiveness of its economy. And the foundation for that is a robust industrial base.

To strengthen this base, Europe needs more integration – not less. For example, in economic policy, in the modernization of infrastructures, in research and development, and – especially – in the training and education of young people. Trust in Europe – especially among young people – grows if the value of Europe is tangible, and if it's not just a necessity but also an inspiration.

Peaceful coexistence, freedom of movement, and a common currency – all that is completely taken for granted by young people today. This is no longer a vision – as it was for our parents. It is no longer a goal – as it was for my generation. Rather, it is reality – as though it had always been so. But what we take for granted today is not guaranteed tomorrow. That's why three points deserve special attention:

First, Europe is the engine of our prosperity. Europe is the world's biggest single domestic market. It has a volume of 12 trillion euros, that's about one quarter of global GDP. Almost one quarter of the worldwide foreign direct investments flow to Europe, home to only 7 percent of the world population. And Europe accounts for about 20 percent of foreign trade worldwide – that's more than China or the United States.

Second, the euro is a success story: It unites our common market. It's the second most important currency in the world. And since its introduction, nearly 9 million new jobs have been created. The euro strengthens Europe's leading role in the global economy. The current crisis is not a euro crisis. Rather, it's a sovereign debt crisis that burdens our currency.

Third, Europe must raise its voice and secure its position in a world that is increasingly multipolar, both politically and economically, and where the countries of Europe are no longer at the center. 500 million people from 27 nations form a diverse and vast pool of skills and talent. However, playing a leading role in tomorrow's world requires team spirit and a strong team effort.

As an export country, Germany relies on this strong team effort. At the same time, as one of the founding members of the European Union, Germany bears a special responsibility for its further integration. Our home market has efficient infrastructures, a first-class R&D landscape, the highly regarded dual education system, and the proven co-determination model. These are excellent pre-conditions for future success. And this is currently reflected by solid growth, low unemployment, and a robust industrial base.

Germany is strong. And Germany has the power to pull other countries; it can help turn Europe's challenges into opportunities for further integration. As a global company with German roots, Siemens supports that: We are committed to Germany. And we are committed to Europe's further integration. At the same time, we are meeting the challenges of the new reality, particularly the shift of economic growth to emerging countries. The emerging countries are the most important drivers of the global economy: Within the next five years, more than 60 percent of global growth will occur there.

Siemens is a partner for industrial countries and emerging countries. We rely on our global footprint. No matter where economic growth is strong, we will profit.

Committed to growth

We have set our sights on achieving annual revenue of 100 billion euros in the medium term. In view of the climate of the global economy, the ascent will have steep and less steep sections. But mountaineers know that climbs to a summit are never constant. We are well prepared for this climb:

- > Our One Siemens target system is the right compass.
- > We have 165 years of training in endurance and adaptability.
- > We've achieved an excellent position in the leading field of competitors.
- > We have an unmatched global footprint
- > And we bundle our strengths as a team – across Sectors and Regions.

Each Sector will contribute to meeting the 100-billion-euro target. A look back at the past eight years makes that evident. It shows that our core businesses today grew overall by an average of eight percent during that time – roughly half of that growth was through our own efforts and half was through acquisitions. And a look at our medium-term business planning, on which the target is based, makes that evident as well. It indicates that the Energy Sector will contribute most to growth, followed by Industry, Infrastructure & Cities and Healthcare.

We drive growth by forming close partnerships, for example, with suppliers, to enhance R&D capabilities and collaborate across organizational boundaries. And, of course, we nurture proximity to customers.

Customer proximity

Customer proximity is the basic principle of our new, four-Sector setup. And the new Infrastructure & Cities Sector exemplifies this principle to a special degree. Seven billion people now inhabit Earth. That's seven billion good reasons for more sustainability, especially in cities.

By the middle of the century, cities will absorb about 70 million new residents every year – that's nearly the population of Germany. This explosive growth will confront cities with enormous tasks. Also, cities consume around two thirds of the world's energy and account for about 70 percent of the greenhouse gas emissions. Worldwide, cities invest about 2 trillion euros per year to make infrastructures more energy-efficient, livable and competitive. And private-sector investments account for over two-thirds of this volume.

With our new Sector, we offer cities comprehensive solutions from a single source, for example, rail and mobility systems, smart grids, and efficient building technologies. More than 85,000 employees worldwide will drive the growth of these businesses. And they're breaking new ground to do that:

- > Our City Account Managers engage directly with urban decision-makers.
- > We are bundling our infrastructure expertise and will be introducing solutions to customers in centers of competence for urban infrastructure. Our first center, called "The Crystal," will be opening in London this summer. You saw it in the opening film. Two further centers are planned: one in Asia and one in the U.S.
- > And Siemens is also breaking new ground in the area of financing: We will further expand our offering of project and equipment financing.

Solutions that fit from a single source, a high level of expertise, and customer proximity – these are also key success factors in our Regional Companies.

A strong local partner

Our regional organization has grown over a period of 160 years. This year, for example: Siemens Canada is celebrating the 100th anniversary of its founding. 120 years ago, our first company office was founded in Australia. And our first general representative office was opened in Norway. The first Siemens representatives in Japan began their work 125 years ago. 150 years ago, Siemens won its first order in Spain. And 160 years ago, its first order in the Netherlands. This long tradition makes us a strong local partner. And we are proud of this. Employees from nearly 60 countries have told us why they are proud of our company.

- > For example, Karel Jurinek from the Czech Republic. He's proud to pass on his expertise in turbine production to younger colleagues.
- > Blanca Esperanza Cruz Soto from Colombia is proud that she is part of the global Siemens family and that she can offer her daughter a good education.
- > Ally Wey is a receptionist in Taiwan, and she's proud to provide excellent customer care there.
- > Jesce Horton in the U.S. is proud that the energy-efficiency program being implemented at our locations encourages customers to make similar changes.
- > Bappa Choudhury has worked for our medical engineering business for 30 years. His work has taken him to India, England, the United States and Germany. And wherever he is, he feels the passion that drives Siemens employees.
- > Raseena Illath works as an advisor for us in the United Arab Emirates. She is proud that Siemens technology supports the development of her region.
- > Angad Thorbole in India describes how his work protects the environment for the benefit of future generations.
- > And Steffen Fleckenstein from Germany is proud of the traffic control system of the Richard-Strauss-Tunnel here in Munich that he and his team designed – to improve safety for motorists and quality of life for residents.

Stories like these, gathered from the daily lives of our employees, show how deeply the German infrastructure pioneer Siemens is rooted all over the world – and why: Because the people of Siemens deliver and care passionately about their work. For that, I warmly thank all Siemens employees on behalf of my colleagues on the Siemens Managing Board.

Siemens has the home advantage all over the world. This is our unique strength. And this pays off doubly in difficult times. In spite of falling growth rates worldwide, we achieve good results and tap growth opportunities all over the world. The best proof of that is the dynamic growth of new orders in our Regional Companies.

- > Our new order volume in emerging countries grew 18 percent in fiscal 2011. The many success stories include our biggest order ever in Russia: Russia's national railway company RZD ordered additional regional rail coaches from us and our partner Sinara worth about 2 billion euros.
- > Our revenue in emerging countries increased 12 percent. And we were able to gain market share and strengthen the growth of the company as a whole.

Wherever there is growth, Siemens is there. We're at home in Germany and in Europe and well positioned on all continents – and we make the most of our global reach.

An excellent example of that is the major order for the delivery of turbines and generators, including maintenance and service, for a combined-cycle power plant in Saudi Arabia, one of the biggest in the world. This order is worth about 1 billion U.S. dollars. It was financed with the help of the U.S. Export-Import Bank. And here we prevailed against our main competitor.

China is another example of close international partnership and a high level of trust. In 1985, we were the first multinational company to sign a cooperation agreement with China, and last year we renewed and further substantiated that agreement. Our cooperation focuses on the key areas of China's latest Five-Year Plan, and we've agreed on annual summit meetings with the Chinese government. This is a milestone for our future in the fastest growing region of the world.

Investing in local communities

Our proximity to customers and our multi-local setup enable us to balance out regional economic fluctuations and tap growth opportunities. To make sure we maintain that advantage in the future, we invest both in traditional markets as well as in emerging markets. Our high liquidity affords us an outstanding base for expanding our core business. We have the flexibility to quickly respond to economic developments and growth opportunities.

Here, Russia is a good example. Together with partners, we will be investing around 1 billion euros over the next three years. We will be modernizing and building new facilities, conducting research in the innovation city Skolkovo, and supporting the path to modernization in a country with which we have maintained close ties since the days of our company's founding. I am pleased that Russia is eager to deepen its partnership with the European Union.

This partnership harbors great opportunities for both sides – even more so now that Russia’s accession to the World Trade Organization has been smoothed. And particularly against the backdrop of the global economy’s shift of weight toward the Pacific region, it would be good for Russia and the countries of the European Union to tap the opportunities opened up by contiguity and cooperation to a greater extent.

In addition to that, we invest in our global manufacturing network, for example, in our production plants for gas turbines. Here, the Energy Sector is planning on investing about 1 billion euros up to 2014. In addition to our lead plant in Berlin, we opened a new plant in the U.S. last November. We are planning to build two further plants: one in Russia, the other in Saudi Arabia. This will enable us to meet the growing worldwide demand for highly efficient gas power plants in both established and emerging markets.

We are also strengthening our businesses through acquisitions. The Industry Sector, for example, supplemented its software capabilities in the manufacture of composite materials last year by acquiring the medium-size industrial IT company Vistagy. We also plan to make an additional investment in our global sales organization and R&D.

Germany also offers growth opportunities. And here, too, we are investing – in factories and R&D facilities and also in our headquarters in Munich. At the Wittelsbacherplatz, we will be creating a pioneering building, a building that demonstrates the sustainability of our technologies. It will be carbon-neutral and significantly reduce demand for water, electricity and heat and meet highest international standards. Its design will encourage collaboration among employees and afford the space needed for that. And it will highlight our close ties to Munich as it will form an open, vibrant public space that links Munich’s inner city to its museum district. Siemens is opening its doors to Munich and its citizens. Munich’s Mayor Ude spoke of a “model of sustainable and responsible urban development.” I would like to warmly thank him and Munich’s city administration for their constructive support.

Innovation power

Our local roots all over the world drive growth and build trust. And so does our innovation power. With our innovations, we open up opportunities for partners: By providing healthcare solutions for a growing and aging population. By making cities more attractive. By leading the transition to a new age of energy. And by increasing industrial productivity.

Siemens presented a world premiere for industry at the Hanover Fair: The “Totally Integrated Automation Portal.” The TIA Portal is an engineering software platform for all types of automation tasks. And hundreds of software engineers have worked on its development over many years. Customers can save up to 50 percent of their engineering costs and drastically shorten time to market. This is our investment of millions in the future of the manufacturing industry.

The TIA Portal is an example of the innovation power of our more than 17,000 software engineers. They develop new systems for a host of applications – for industrial production as well as for CT scanners. So we are in an excellent position to play a key role in the growth market of industrial IT, a market with an annual volume of 60 billion euros. Our medium-term goal is to become a leading player.

Our partnership with AtoS will strengthen our efforts here. The integration of Siemens IT Solutions and Services made AtoS Europe's leading provider of IT services.

Our exhibits here in the hall showcase many more innovations: For example, the Volvo C30, for which we are cooperating with the carmaker to develop the drives, charging technology, and electronic components. At the end of this year, Volvo will deliver a pilot fleet of cars to us, which we will then test under real conditions.

Together with Diamond Aircraft and EADS, we've built the world's first aircraft with a serial hybrid electric drive. At the Paris Air Show, we presented the E-Star to the public. It's a small airplane propelled by a hybrid electric drive. This technology reduces emissions and fuel consumption by 25 percent.

And we are celebrating a further world premiere today together with you: the Roding Roadster Electric. Together with our partner "Roding Automobile," Siemens R&D developed a novel wheel-hub drive system for this sports car. It can almost completely recapture the kinetic energy of 70 percent of the braking actions.

Last fiscal year, the Healthcare Sector, too, once again proved its outstanding position in innovation. For example, with the first full-body scanner Biograph mMR, which combines magnetic resonance tomography and positron emission tomography in a single system. We presented the mMR to you last year. Since then, 15 systems have been installed worldwide, and they're proving their value day after day – for example, in the early diagnosis of cancer or in the monitoring of the effectiveness of therapies.

Answers to the most urgent questions of our times

One outstanding example of pioneering spirit of our engineers is the world record in efficiency that the Energy Sector achieved last May at the Irsching power plant of our customer E.ON. In combined-cycle operation, the system achieved an efficiency rating of 60.75 percent at an output of nearly 580 megawatts – that's enough to power Berlin. Our new turbine generation consumes one-third less gas per kilowatt hour than the average of the plants of this type installed worldwide, and it reduces CO₂ emissions by one-third.

I congratulate our engineers and our lead customer E.ON on this outstanding joint success. Irsching shows that climate protection and cost-efficient power generation with fossil fuels can in fact go hand-in-hand. We are proud that our technology not only makes our businesses successful but also provides answers to the most urgent questions of our times.

One such fundamental question is the energy question: And one event last year dramatically made clear how urgently we need new answers: Fukushima. The March 11 earthquake and its devastating aftermath deeply shocked and moved us. Day after day, new, horrifying pictures reached us. One picture in particular made the dimensions of this catastrophe very clear to me personally: It was a picture of Onagawa, a coastal town in northern Japan. I knew this town well. I was there often during the four years in which I lived and worked in Japan with my family. The picture I remembered was that of a picturesque coastal town. But the picture I then saw in a newspaper was of complete destruction.

Fukushima opened the eyes of the world to the residual risks of nuclear power. Germany's political leadership then very quickly reached the decision to change its energy policy, the so-called "Energiewende." In this context, Siemens concluded its exit from nuclear power. As early as ten years ago, we took the first step toward this exit by spinning off our nuclear business into the joint venture with Areva. Our withdrawal from Areva NP marked a further step. And even though this move caused friction, it was the right thing to do. Now we have drawn the line: In the future, we will no longer serve as consortium partner or participate in financing nuclear power plant projects. We will limit our activities to the supply of conventional components such as steam turbines and generators that are also used in solar thermal and gas power plants.

The change in energy policy, the "Energiewende," is a "project of a century full of opportunities." It's an opportunity for Germany because it further strengthens its leading position in the global market for energy-efficient and environmental technologies. Within just ten years, by 2022, withdrawal from nuclear power is to be completed; at the same time CO₂ emissions are to be drastically reduced. Both the goal and the time frame are ambitious and pose a number of challenges.

First, in the area of financing: Experts estimate that the turnaround will require investments of around 20 billion euros – and that each year.

Energy prices are the second challenge. We could save all the energy we want, yet if energy prices were to rise significantly, the bottom line would be a major competitive disadvantage – particularly for Germany's manufacturing industry. Wind power is on track in achieving competitive prices – even without subsidies. However, even the 6 megawatts produced by the most powerful wind turbines are still far away from the almost 600 megawatts generated by combined-cycle power plants like Irsching and the approximately 20 gigawatts that were delivered by Germany's nuclear power plants.

Third, the energy turnaround is an administrative and logistical challenge. Before a wind farm can be built and connected to a power grid in Germany, more than 40 approval processes of different government authorities have to be completed. The time needed for approval processes by far exceeds the desired time frames for projects, and that can significantly delay the deployment of replacement capacities for decommissioned nuclear power plants.

Complexity also results from the countless small power plants going into operation in many locations. Often, these projects are only attractive because of the guaranteed feed-in compensation.

The fourth challenge is that a greater number and variety of small power-producing plants raise the requirements power grids must meet. That, in turn, creates new challenges and risks as far as the stability of power grids is concerned.

It would be desirable that public discourse and political decisions take the larger European context into account. Energy Commissioner Oettinger's Energy Roadmap 2050 contains relevant proposals on these issues: a European power grid and a broad energy mix; on-shore and offshore wind farms where wind is abundant; solar where the intensity of the sun is great.

Much has already been said about the thousands of kilometers of new power lines in Germany. Here, too, priorities must be defined and procedures must be simplified and accelerated.

Fifth, a stable supply of power requires reliable base load coverage. Until now, Germany's nuclear power plants covered a large share of the base load. This coverage will now incrementally disappear. Wind and solar energy will not be able to provide base load coverage within a reasonable time frame. That's why new fossil-fuel power plants will have to be built. Gas-fired power plants can be built in a relatively short time and can be flexibly started up and shut down.

Sixth, Germany's energy turnaround requires effective cooperation among government, the energy industry, and business. Then the "Energiewende" will become an advantage for Germany and a model that sets new standards.

With our technology, we at Siemens can pave the way for the energy turnaround. And we support every action that helps achieve this goal and improve Germany's competitiveness.

Germany's industry leads the global market for environmental technology. This is a fantastic opportunity to demonstrate Germany's export power and competitiveness. Here our Environmental Portfolio contributes in a big way:

- > We have technologies that make fossil-fuel-based power generation more efficient and that improve the performance of renewable energy sources.
- > We have technologies that integrate distributed power sources and energy storage systems and that more efficiently balance loads – from high-voltage, direct-current power transmission systems and smart grids to electric cars and efficient buildings.
- > We have technologies that lower energy consumption – from next generation industrial motors to energy-saving solutions for buildings.

In fiscal 2011, our Environmental Portfolio generated revenue of nearly 30 billion euros – that's about 40 percent of our total revenue. These technologies enable customers to save about 320 million tons of CO₂ per year. That equals close to one percent of the world's total annual CO₂ emissions. For this commitment and our rigorous sustainability strategy, we received the "German Sustainability Award."

A culture of trust and recognition

Our proximity to customers all over the world, our leading position in innovation-driven growth markets, the stability of our company – all that is not possible without the energy, pioneering spirit and teamwork of the people who work for Siemens. It is they who stand by customers. It is they who produce the innovations that provide the answers to the world's most urgent questions. It is they who build trust as ambassadors of our company in their interaction with customers and the general public. We are one team – we are One Siemens.

Based on continuing operations, 360,000 people worldwide belong to this team, and 116,000 of them are based in Germany. Relative to last year, that's an increase of 6,000 in Germany and 24,000 worldwide. This, too, shows that Siemens is growing.

And Siemens is a preferred employer when it comes to training, education and career development. This past year, we spent more than 420 million euros worldwide on training and education – from dual education to training in technical project management and sales. In Germany, some 2,000 school graduates once again began their training with us this fall. The training and education of young people is a personal concern of mine.

At the end of 2011, almost one quarter of the young people in Europe were unemployed – in some debt-ridden countries, like Spain, it's almost one half of all young people. At the same time, companies are seeking skilled workers all over the world. Siemens alone has around 12,000 open positions, including approximately 3,400 here in Germany. This is a paradox. As a company, we can take action to mitigate this paradox – both in the interest of young people and in the interest of our company. Here, too, energy and commitment are needed.

For example, we are taking steps to export Germany's "dual education system." We are currently testing "dual system" models with local education partners at locations in the U.S., Brazil, Russia and the Middle East.

In another pilot project, young people from 14 European countries come to Germany to participate in our three-year European Training Program. They receive classroom training in English and practical training at our facilities, and after they graduate, they can return to their home countries to work as highly qualified mechatronic or electronic engineers.

We advocate the position that an individual's social background should not limit his or her opportunities. Our training program for disadvantaged youth is now in its fifth year. And so far it has provided 1,000 young people with training and jobs.

For us, a good education should hinge on an individual's determination and willingness to learn and on the guidance received. Access to education, an understanding of the working world, the opening-up of opportunities and, above all, guidance for young people by role models – this is what educational institutions and companies can offer if they join forces, here in our home country Germany, in Europe, and in many other countries throughout the world.

Nobel Peace Prize laureate Nelson Mandela once said: "Education is the strongest weapon that one can use to change the world."

As a responsible company, we promote changes for the better. That's why we support a number of education projects – and one very special project in South Africa. In Mvezo, the birthplace of Nelson Mandela, Siemens is building the "Mandela School of Science and Technology." It's the first secondary school there and gives about 700 pupils the opportunity to receive higher education.

I am especially proud of projects like this because they tangibly improve lives on the local level. They open the door to a better future – for individuals and for entire regions.

And that is also the objective of the Siemens Stiftung. Creating seedbeds for entrepreneurship, so-called social enterprises, is one way the Stiftung is enabling people in Africa and South America to become self-sufficient.

Integrity

This kind of engagement is social responsibility in action. That builds trust, and it's in line with our company culture and our core values. For us:

- > Being innovative means providing answers to urgent questions.
- > Being excellent means delivering excellent results for shareholders.
- > And being responsible means being a good employer and a reliable corporate citizen.

This value-based culture is especially important to us in times when markets are volatile and trust in government institutions and authorities is diminished. It provides security and guidance.

And it receives recognition in the outside world; our leading position in the "Dow Jones Sustainability Index," with the best score in the category "Compliance," is proof of that. Once again we were singled out as a role model for industry. We can't take this recognition for granted. We must continue to earn it by nurturing a value-based culture, by being vigilant, and, if need be, by rigorously enforcing rules.

Last year, incidents in Brazil and in Kuwait required rigorous enforcement. And we acted accordingly. Clean business always and everywhere – that is the straight line from which we tolerate no deviation.

The employees of Siemens see to that, as does our Compliance Team – and in that effort we receive the advice and support of our Compliance Monitor Theo Waigel. We greatly value his efforts in establishing and nurturing a culture of compliance in our company.

Dr. Waigel deserves much of the credit for the fact that Siemens today is a role model in integrity. We extend our sincere gratitude to you.

A partner of trust

Trust is a most valuable good. It is quickly lost. And hard to win. Trust is not only the foundation for social stability. It is also the foundation for lasting success in business, especially in markets like ours where partnerships are typically long-term.

For us, too, uncertain times, volatile markets, and political crises add up to a challenging business environment. And it's especially in times like these that safe harbors are valuable. Siemens is a safe harbor, a tried and proven partner, both for customers and investors.

That's why for us the opportunities outweigh the challenges. We will again emerge from a difficult phase in Europe stronger than before. As a company with answers. As a pioneer of the future. As a partner of trust.

