

Check against delivery!

**Annual Shareholders' Meeting of Siemens AG
on January 22, 2004**

**Dr. Heinrich v. Pierer
President and Chief Executive Officer
Siemens AG**

Ladies and gentlemen,

This year we are again impressed and grateful that so many shareholders have joined us today at the Olympiahalle in Munich. I would also like to most cordially welcome you to the Siemens Annual Shareholders' Meeting 2004.

Mr. Baumann has indicated that the first part of the Meeting will be carried live on the Internet, where interest in the event is quite high. Let me also welcome the many shareholders who are following my report via this media.

You, ladies and gentlemen, are the owners of Siemens AG. I thank you for your confidence in our company as investors. Today I believe one is justified in stating: Your trust in Siemens has paid off. Since the beginning of fiscal 2003, the price of the Siemens share has more than doubled from its lowest point at 32 euros to its current level of well over 60 euros. Siemens has thus substantially outperformed the German Stock Index DAX as well as key international indices.

We evaluate this development as an indication that the capital markets fundamentally approve our strategy and our efforts in the fiercely competitive global arena. And I promise you that we will continue doing everything in our power to ensure that your commitment to Siemens remains a good and rewarding investment – and one which will make you happy.

I would like to thank the representatives of the media – who have again appeared here in large numbers – for the attention that they paid to us last year. With your work, you help create the necessary ties to our shareholders, to the financial markets, to our customers and business partners, and to the political community and our neighbors wherever we operate throughout the world. And that embraces 190 countries.

I am quite aware, moreover, that the attitudes of our employees are formed not only from their daily on-the-job experiences, but from the reports and commentaries about Siemens they see in the media. That is another reason why we take media work especially seriously.

Highlights of fiscal 2003

Ladies and gentlemen, the results of fiscal 2003 have been published. We released the figures following the meeting of the Supervisory Board on November 13. And I would like to repeat here what we said when we announced those results: We can be quite satisfied with the year's key figures in light of the difficult business environment.

- On a comparable basis, net income climbed nearly 50 percent to just under 2.5 billion euros. In the previous year it was nearly 1.7 billion euros plus about 0.9 billion from sales of Infineon shares.
- Group profit from Operations was 4.3 billion euros, nearly matching the record level reached in fiscal 2000. This comparison naturally also excludes special effects.
- It is gratifying that we achieved this success despite the declining business volume. As a result of the generally weak economy and industry-specific market problems, together with persisting unfavorable currency parities, new orders and sales were substantially lower than in the previous year. But we responded to the situation well in time and created cost structures that enable us to achieve good results even with weaker volumes.

- We generated net cash from operating activities of 5.7 billion euros for the year. This included cash outflows of 1.2 billion euros in supplemental cash contributions to Siemens pension trusts. After deducting the cash used for property, plant and equipment and for acquiring companies, net cash from operating and investing activities was 1.8 billion euros. I think this is quite a respectable performance. As one says, “a heavy purse makes a light heart!” – especially in difficult times. And we have acted accordingly.

In the past year we also intensively dealt with another theme that has recently made headlines: company pensions. Naturally we are also affected by the unfavorable demographic development. And let me give you just two numbers to illustrate this: In 1970 we had more than four active employees for every retiree. Today the ratio is roughly one to one. One active employee to one retiree!

After intensive and highly constructive talks with our works councils, we have decided that we can also secure our company pensions in the future despite this unfavorable development. To achieve this, we have put the company pension system on a new basis. We will continue to be able to offer our employees an attractive pension. Anything less than this in a company whose founder was a pioneer in the area of pensions would have been hard to communicate.

- Let me get back to our key figures for the past fiscal year. The overall good results are also reflected in our economic value added, or EVA. As we always emphasize, EVA is the most important controlling and performance measure in the company. Last year it was substantially positive, at around 450 million euros. This means that we earned more than the capital employed by the company. We have created value for you, our shareholders. And our employees also participate in this success in an appropriate manner.

In view of the company's performance for the year, the Managing Board and Supervisory Board propose increasing the dividend from one euro per share to one euro ten cents.

Let me turn for a moment to the development of our workforce. Within the past fiscal year, the number of employees declined to 417,000 from 426,000. In Germany, the number decreased by 5,000 to 170,000, and our international workforce dropped by 4,000 to 247,000. I would like to make the following four points regarding these developments:

- First: Workforce cutbacks are always regrettable. It is a burden on the company. It is a burden for those affected, insofar as they are not normally retiring. And it also burdens the social budget. But I protest against the media repeatedly talking about “mass firings at Siemens” in this context. Our workforce has decreased by two percent last year. If one excludes the effects of consolidations, there was a three percent decline. The term “mass firings” is thus completely over-exaggerated.
- Second: I hope you will believe me when I say we never take the easy way out when making necessary capacity adjustments. When, however, fundamental and persisting market weaknesses impact a Group or a particular location, we have no other choice but to also reduce the number of jobs. That is unfortunately the case at the Information and Communication Networks Group. And therefore we had to act.

We have, however, developed – particularly at Hofmannstrasse here in Munich – a complete package of measures to make the necessary capacity adjustments as socially compatible as possible. This includes, for example, insourcing – which means having work done in-house that was previously handled outside. It includes shorter working hours, part-time pre-retirement schemes, and termination contracts by mutual agreement.

It also includes transferring the affected employees into a qualification and placement unit. This is a unit that takes in employees for a certain time,

trains them for new jobs, and then places them in a new position. More than 400 IC Networks employees at Hofmannstrasse accepted the offer for transferring into a qualification and placement unit early last year. In the meantime, over 230 of them have found jobs in other parts of our company or have been successfully placed outside Siemens. The program will continue until August 31, 2004. We assume that a substantial share of the affected employees will have been placed in a new job by then.

- Third: A glance at the overall figures in a company as big as ours really provides insufficient information about actual fluctuations. It is often overseen that we also hire a large number of people every year – primarily to compensate for natural fluctuation – even when the “bottom line” workforce number declines. In the past fiscal year, we hired 5,000 new employees in Germany and thus offered them a career perspective. This should also be taken into consideration in public discussions.
- And finally, fourth: We take our responsibility for vocational training especially seriously. At present, some 12,000 young people are doing an apprenticeship or other training at Siemens. And last year, the Managing Board decided to offer an additional 100 apprenticeship spots in the eastern German states. All in all, that is much more than what we need for our own purposes.

And one thing is also clear – and we mention this at every opportunity because it is so important: Every kind of mandatory apprenticeship levy considered by the government would not promote industry’s willingness to train more people than they need, but rather dampen it. With such a mandatory levy, what would be the incentive to offer more training positions than a company actually needs? Such a government measure would clearly be counterproductive.

Success of Operation 2003

The past fiscal year, ladies and gentlemen, was not one of the easiest in our company history. That we were successful despite the adverse conditions is also a result of the rigorous implementation of our company programs.

You might recall: Following the full implementation and completion of the Ten-Point Program launched in 1998, we set medium-term margin targets for our operating Groups in December 2000. These targets were to be reached by fiscal 2003. We announced these targets as part of our Operation 2003. This both increased our transparency to the financial markets and certainly increased pressure on ourselves. We had to perform, and that was just what we intended.

December 2000 was the peak of the New Economy boom marked by especially favorable market conditions, strong market growth and universal optimism. Yet just a short time later, in the spring of 2001, profound structural breakdowns became visible – particularly in the markets for information and communication technologies. These profound market changes virtually destroyed overnight the prerequisites needed by some of our Groups to meet their targets in the prescribed period. Similar fundamental market problems also arose in certain segments of the industrial business. In response, we gave five Groups additional time to reach their goals.

Eight of the nine Groups with unchanged margin targets for fiscal 2003 reached their goals. They exceeded their target, landed in their target corridor or ended up only marginally below it despite weak economic conditions.

- These Groups include Power Generation and Power Transmission and Distribution in the Power business area.

In the past fiscal year, Power Generation integrated Demag Delaval, a specialist in the sector of compressors. It was part of the activities that we had taken over from Atecs Mannesmann. In addition, the Group is also

integrating the industrial turbine business taken over from Alstom.

Power Generation now offers a complete spectrum of products. As in the past, we provide comprehensive solutions to power utilities. And we can now offer our customers in industry as well as municipal power utilities smaller, market-adapted energy supply solutions. In addition, we will continue to expand our offerings for power systems used in the oil and gas industry. We see many promising new business opportunities here.

- The Groups in the Transportation business area – Transportation Systems and Siemens VDO Automotive – also met their goals.

Siemens VDO Automotive provided a special surprise for the capital markets (and less for us) by generating a profit of over 400 million euros. The growing success of our automobile business is certainly also due to the model integration of the company part that we had taken over from Atecs Mannesmann.

But this factor wasn't alone responsible for the success. The Group has leading market positions in driver information systems, airbag controls and, in the very near future, in gasoline injection valves. Siemens VDO Automotive is also among the industry leaders in future-oriented products with high growth potential like navigation systems and diesel injection systems. Our business is among the top three in the automotive electronics industry. It is distinguished by a high rate of innovation and stringent cost and quality management. On this basis, the Group hit its highly ambitious margin target precisely in the past fiscal year. The business will certainly be the source of great satisfaction.

- And once again, Medical Solutions, Automation and Drives, Osram, and Siemens Financial Services showed outstanding performances. Their results can be compared with the best in their respective industries. In some cases we are now the ones that are setting the benchmarks for our competitors. And we have to keep this up!

The Siemens Building Technologies Group unfortunately missed its goal. We have taken the necessary consequences here. The measures now being implemented are comprehensive and lead us to expect that we will be able to get close to the Group's margin target in the foreseeable future.

The five Groups which were given more time are still some way from reaching their goals. But here, too, there were a number of positive developments to report:

- One of the priorities was to bring the three Groups in the Information and Communications business area back into the black. We succeeded here. IC Mobile and Siemens Business Services already achieved this in fiscal 2002 and repeated their performance last year. The most heavily hit Group, IC Networks, returned to profitability in the fourth quarter of fiscal 2003, as planned – and in fact showed a quarter profit of 57 million euros.

Ladies and gentlemen, the Information and Communications business area is the largest in our company. And due to its importance, it often stands in the center of public attention. We have made every effort to get our business back in shape as quickly as possible – and on a sustainable basis. And I have every reason to thank all the employees and managers of the three I&C Groups. They have tackled the challenges with great personal commitment and have done everything to get things back in order again.

We took the necessary action not only with capacity adjustments and restructuring measures. Downsizing – as it is called in the emotionless manager's language – does not alone secure the future. The task of downsizing is strenuous, difficult and, in many cases, painful – and must be handled with full consequences. There is no other choice. Especially at IC Networks, where sales plunged from 13 billion to seven billion euros within only two years – without our losing market share, which I would like to stress.

But at the same time, one must set the course for the future. We need motivated employees and new customers. And we can find them only with new products and new solutions, and with new market strategies. We are on the right path in all three I&C Groups. IC Mobile, for example, sold 15.2 million cellphones in the fourth quarter, a new record. We have launched many trendy new models on the market.

One major winner was the SL 55. I recommend it as a gift for your wives, gentlemen! You don't need to wait for Christmas to make such gifts – they are perfect anytime! Mr. Lamprecht, who is sitting behind me on the stage, will be happy to take orders today for this phone and other models.

- I can't show you any products made by the Siemens Dematic Group, which we newly formed following the takeover of specific parts of Atecs Mannesmann. In the course of last year and unfortunately in the first quarter of the current fiscal year as well, we uncovered old business burdens. These had to be covered by taking risk provisions. The Group loss of more than 200 million euros was more than disappointing.

But there is not only bad news at Siemens Dematic. The Group's successful restructuring of the Postal Automation Division is quite gratifying. And we are also pleased that our one-time model pick-and-place machine business – which was particularly hard hit by the economic slump – is back in the black. New orders are once again on the rise. Things look much better again.

In the future, we will rigorously utilize the synergies of the Siemens Dematic units among themselves and within the company. To this end, we are planning to merge the legally separate company with Siemens AG. The Group will be called Logistics and Assembly Systems. It is almost superfluous to mention that the Group's figures will naturally continue to be generated and published as a separate entity and offer the same degree of

transparency that is practiced by all other Groups. This will enable one to clearly follow the improvements in earnings we expect to achieve.

- The fifth Group given more time because of changed market conditions is Industrial Solutions and Services. I&S was hit worldwide by the slumping demand for industrial solutions. In addition, the Group was no longer competitive in simple services in Germany, particularly against smaller companies.

Industrial Solutions and Services therefore had to make capacity adjustments and restructure. The efforts are taking hold. And the Group can now return to the black again after two years.

Parallel to restructuring the Groups affected by structural crises, we also focused on substantially reducing overhead costs at corporate headquarters as well as in the Group headquarters and the larger Regional Companies. On the one hand because we had run a number of special projects toward the end of the last decade that were no longer necessary. On the other hand, because the ratio of central costs to overall company costs must be critically evaluated especially in times when the business volume declines.

We are already on the home stretch in this project. Overall, we will achieve cost reductions of one billion euros in the span of three years, including this year's budgets. Corporate headquarters accounts for slightly under half of this total. Just over half was contributed by the Group and Regional Company headquarters.

All in all, then, Operation 2003 was a success. We are leaving the margin targets for our operating Groups unchanged. This means: Those Groups which have already reached their margins must continue working to secure their success. The other Groups must now direct all their efforts to getting close to their respective margin targets as quickly as possible.

I am confident that we will continue to make further progress across our entire company. Because we have created a performance culture in which the willingness to perform and the satisfaction in succeeding is felt every day. We have won the trust of our customers, our business partners and, certainly not least of all, of our investors. Our managers and our employees know what they have to do. Because we set clear and ambitious goals, because we define concrete actions, and because we then implement them rigorously. “We do what we say!” And we want to make sure everyone can rely on that.

Siemens Management System

Ladies and gentlemen, one of the most important internal tasks in the past fiscal year was the overhauling of our entire management system. Our goal was to be even more transparent, stronger and more efficient. To this end, we further expanded our proven *top+* business excellence program and incorporated it into a comprehensive Siemens Management System.

The new management system is oriented to our claim: “Siemens – Global network of innovation.” The focal point of the system is three company programs: Innovation, Customer focus, and Global competitiveness. Each of these programs is backed by a number of company-wide initiatives. And the programs are flanked by coordinated measures for management learning and training.

This means, for example, that our selection of managers will stress their ability to help advance the three programs. And this also means we will more rigorously focus the contents and objectives of our vocational training and continuing education on these three fields.

Innovation, Customer focus and Global competitiveness will define our management learning and management training. These themes will be more intensely developed, while peripheral themes will be dropped. And we also intend to reduce the share of abstract academic training in favor of stressing concrete business-related case studies. To this end, we will have our managers

serve more than in the past as lecturers and moderators in these study courses. I am especially interested in promoting the exchange of experience and the passing on of knowledge to following generations.

We introduced the new Siemens Management System at the Siemens Business Conference in Berlin last October to our 550 top managers from around the world. The system was subsequently spread throughout the entire company via management meetings in the Groups and Regional Companies. We will carefully coordinate internal communications and training programs to ensure that the structures and contents of the Siemens Management System become part of our ingrained culture across the entire company.

At the Siemens Business Conference in Berlin, we did not focus solely on fundamental ideas. We also specifically committed our people to a concrete directive for operations in fiscal 2004: *“Go for profit and growth!”* This makes certain that profitability remains high on our list of priorities. But it is also urgent that we must achieve healthy growth again.

Because one thing is absolutely clear: Over the long term, only a profitable and growing company has the strength to work intensively on the innovations of tomorrow. And thus, in turn, pave the way for further growth and secure jobs. Only a growing company can optimally serve its customers. And overall: Only a growing company can optimize its cost structures and prevail in the highly competitive global arena. How is this reflected concretely in our three company programs?

- At present, two initiatives stand in the foreground of our company program *Innovation*: We will focus more strongly on developing cross-Group technology platforms and on developing trendsetting technologies.

Platform strategies play an important role, above all at Medical Solutions, Automation and Drives, and IC Networks. Our Medical Solutions Group, for example, has a software platform called Syngo that is now being used in more than 50 of its products. The platform offers physicians a uniform

graphic interface for operating equipment – from ultrasound systems to magnetic resonance imaging (MRI) systems, from making, processing and archiving images, to patient monitoring systems.

The “Totally Integrated Automation” and “Totally Integrated Power” platforms were developed in the Automation and Control business area. On the basis of these technologies, one can utilize uniform solutions for automating factories, for plants in the chemical and food industries, for logistics and building systems, including power distribution systems for all industries and applications.

And last year, the concept of “Lifeworks” was presented at IC Networks. This system links enterprise networks with the networks of the telecom operators and makes all their applications available in every network and at every terminal.

In the new initiatives we are now working on additional applications that can be used by such joint platforms to reduce our costs and offer benefits to customers. In particular, we want to help our customers further upgrade their installed systems without losing their previous investment.

The other goal of this company program – to be a technology trendsetter in as many fields as possible – has a simple background: Only those who set technology trends and aren't followers can secure sustainable success. Our successful Groups in particular have shown that sustainable turnarounds cannot be achieved alone with cost-cutting measures and by creating streamlined value chains. They are, of course, necessary prerequisites for success. But innovation is also an essential part of the formula. And innovations that convince the market, that offer competitive advantages, and that can be defended as long a possible. I have touched on this already.

At Medical Solutions, I am thinking in particular of our 16-slice computed tomography that enables one to view extremely clear, three-dimensional images of the body's interior live. At last year's Meeting we showed you

such images. The next generation – 64-slice computed tomography – is about to start clinical testing. And it will also be another technical trendsetter.

Or I am thinking of the new multiple drive unit technology in the rail sector, where there is no longer a locomotive at the head or end of the train. The new technology distributes the drive units along the entire train to achieve better acceleration and lower power consumption. Similar pioneering innovations can also be found in the field of railway signaling systems and in driverless subway systems, which we are installing in Paris and Nuremberg.

Among such trendsetting technologies are our diesel injection systems based on piezo technology. These systems enable cars to be considerably quieter, more comfortable, cleaner and more efficient. In the future we will also utilize our piezo technology for gasoline engines to achieve further substantial reductions in fuel consumption.

And in the Information and Communications business area, one of the innovations is the “Softswitch” – an exchange system that runs as an application on PCs and sets new standards in quality and convenience for our customers. Or take our base station for UMTS networks, which we developed together with our Japanese partner NEC and brought to market. Or our optical transmission technology, which has just won the first customers in the fiercely competitive American market. And don't forget the so-called wireless modules, which will enable the communication between machines of all kinds.

These are naturally only a few examples of our successful innovations. But believe me, there would be lots more to report here. Our pipelines are full.

- With our second company program, *Customer focus*, we will further expand our business volume by better exploiting market potential with existing and new customers.

Europe continues to remain our Number One regional focus. We generate more than fifty percent of our business here. And we have long since set our course in order to take advantage of the new opportunities that will be offered with the eastward expansion of the European Union. We are solidly represented in all of the countries that will be joining the EU – in part with separate Regional Companies, in part by having neighboring countries handle the newly opening markets.

Our Finnish Regional Company, for example, is responsible for building up activities in the Baltic countries. Our Austrian Regional Company looks after the states in Southeast Europe. And we also use our bases in Greece and Turkey to cover markets that are nearby and have cultural affinities.

The most important single market remains, of course, the United States – which has 30 percent or more of the global market in our business areas. I like to repeat: We can be successful on the global market only if we have a leading position in the U.S. We are solidly anchored there with nearly 70,000 employees and we will further expand our market positions.

As part of a special U.S. Business Initiative, we have substantially improved the earnings of our U.S. Operating Companies. The number of U.S. businesses which urgently needed attention has been radically reduced. There were 24 such units in fiscal 2001; one year later we cut the number to ten and in the past year there were only five left. Overall, our U.S. business now makes a significant contribution to the company's profits.

In China, whose market is growing dynamically at eight to nine percent annually, we have built up a profitable business across all Groups over recent years. We are now launching the second phase of our engagement in the country. This includes opening additional offices in provinces which were not the focus of our attention in the past. This also includes building further manufacturing capacity. And it includes increasing the use of locations in China for research and for developing software.

We are also launching new growth initiatives in Russia, India and Japan. We generate sales of roughly one billion euros or more in each of the countries. And we see further excellent potential for above-average growth rates.

We have an advantage in all of these growth initiatives that no other company can offer: We deliver complete solutions from one hand. We are using this approach right now in the U.S. under the “Siemens One” program. Examples include hospitals, airports, sports stadiums and university complexes.

One excellent example for this approach is the new Reliant Stadium in Houston, Texas. Four Siemens Groups provided – from one hand as “One Siemens” – the stadium’s communications systems, the switching systems for the fiber-optic networks, the structure’s control and regulating systems, and the fire protection and security systems. In addition, Siemens provided the major parts of the light rail system connecting the stadium with the city: the track construction, the train vehicles, the signaling system and the power supply and distribution system. Projects of this kind, in which we bundle responsibility for Groups that would otherwise operate alone, cannot be offered by other companies. That is our competitive advantage. That is the strength of Siemens.

- The third company program, *Global competitiveness*, aims at increasing the efficiency of our worldwide activities. And we are continuing our work to improve our cost position.

The fact is that we also have to more rigorously orient our procurement activities toward the global market, in part as a result of the changing currency parities. And we must also take advantage of the differences in worldwide costs for production, software development, engineering and administrative functions. Our competitors are doing just that. And if we don’t follow suit, we would cripple our global competitiveness. Or to put it bluntly: We – including our German jobs – would then no longer be competitive on the international markets.

It would be helpful if the current wage negotiations in Germany – particularly in our own industry – could come up with solutions that would improve the competitiveness of our German locations. We need greater flexibility. And we need innovative ideas in order to secure as many jobs as possible – and also to create new jobs again. Growth in Germany will only resume when we stop rejecting – a priori – the new and letting other regions march ahead. There are certainly enough examples of good ideas in our own product spectrum.

2004 Outlook

Back to Siemens. As soccer fans in Europe like to say: “The next game begins when the last game ends.” And that is also true for us. The successful numbers for fiscal 2003 are over and done with. We are concentrating now on the new year.

I have described to you today a company, ladies and gentlemen, that is changing and moving. And one that is ready to tackle coming challenges with confidence. We started out fiscal 2004 with some optimism. And that optimism was reflected in our outlook for the year. At the beginning of the year, we said we saw good chances for growing sales and profits again. Net income could even show a double-digit percentage increase. We communicated this in November. And we are sticking to this statement.

But I want to make certain that the other part of my message isn't lost in this optimistic statement. Namely, that much depends on general economic conditions not deteriorating again. And the dollar-euro exchange rate naturally also plays a role here. Due to our global spread, we are less exposed to a weak dollar than other companies. Of course changes in currency parities do not leave us completely untouched. But please don't misunderstand me: This is *not* a profit warning. We are not changing our original prognosis in the least. We are not looking for excuses. But facts are facts.

Early this morning we released the figures for our first quarter of 2004 – for the period October 1 to December 31, 2003. The figures are within the framework of our expectations, and in part exceed them. They show that we are right on track. And they also prove that we have no reason to revise our forecast.

- Net income of 726 million euros exceeded the first quarter of fiscal 2003 by 39 percent.

It should be clear that the book gain that we made last week from the sales of 150 million Infineon shares is not included in this figure. That deal fell in the second quarter and will be booked as an extraordinary item. This special item, including all tax effects, will be around 800 million euros.

With the sale of the shares, we have taken another step in separating from the semiconductors business. From the very beginning, we explained that we intended to reduce our stake in Infineon to zero. Because we are convinced that the attractive nature of the volatile semiconductor business – that many shareholders like – does not fit the profile of the Siemens share. From many discussions, we know that our investors value a more continual and more easily calculable share price development. And I believe that our withdrawal also offers advantages to Infineon shareholders.

- Group profit from operations was just about 1.4 billion euros in the first three months, a 24 percent increase over the previous year's figure. Nearly all Groups substantially improved their results.
- Business volume – new orders and sales – grew, adjusted for currency effects. On a comparable basis, new orders rose 6 percent to 20.5 billion euros. Sales, also on a comparable basis, climbed 2 percent to 18.3 billion euros.

- Net cash provided by operating activities reached 64 million euros. This quarter we again made a supplemental cash contribution of nearly 1.3 billion euros to our pension trusts. After deducting this contribution, our net cash was a negative 1.2 billion euros, putting us roughly at last year's level.
- The workforce declined by 3,000 to 414,000 in the first quarter. Of these, 167,000 work in Germany and 247,000 outside of the country.

All in all, I believe we made a good start in the new year with these figures. Group profit has further improved. I am especially pleased that we are again showing real growth. I would like to end my general evaluation of the quarter's figures here. Details are available in the comprehensive quarterly report and on the Internet. And tomorrow you certainly will be able to read reports and commentaries in the media.

Drive change, preserve tradition

Ladies and gentlemen, in recent years Siemens has undergone profound change and successfully responded to global challenges. We will continue to drive necessary changes. Because we cannot – and will not – stand still. That might be uncomfortable and even painful for some. But only one thing counts: not the success of a single day, but sustainable success!

This requires that we tackle and fix any weaknesses we identify in individual business areas without hesitation and with full consequences. That we do not allow cross-subsidies between our businesses. That we quickly adjust our capacities and costs to market realities. That we optimize our regional spread. That we work with full commitment and strength to develop customer-oriented innovations for tomorrow's market success. And that we secure our employees and managers around the world through motivation and competence. To accomplish all this, we don't need to invent something new, but must only continue to rely on our traditional strengths:

- First: We have never bet everything on a single card. Our business portfolio has always been limited to the field of electrical engineering and electronics – and for good reason. But within this large and dynamic field, our business has always stood on a number of pillars. This position kept us robust and protected us from the imponderabilities of individual business sectors. It is gratifying to be able to often point out that we didn't follow popular trends. And by this I mean our refusal in recent years to follow outside recommendations to focus our business on a single field.

By the way, we must naturally continually analyze and possibly redefine the limits of the electrical engineering and electronics market. The market is not cast in concrete, but continues to develop dynamically. We interpret our fields of activities expansively, not statically.

- Second: Our business portfolio is based on the ongoing and consequent search for innovations and on bringing them successfully to market. Nearly 50,000 of our people currently work in the field of research and development. Innovation has always been the lifeblood of Siemens. And it will remain so.
- Third: Siemens has been an international company since its earliest days. Our market was – and is – the global market. Today we are using the opportunities of globalization to achieve a regionally balanced business spread. And we are also using our global presence to win over and tap the skills and strengths of people around the world. Siemens is a true multicultural society.
- Fourth: We have always avoided risky adventures. Siemens stands for conservative financial management and for financial solidity. That position was not always popular, but it was always right.

- Fifth: Corporate governance traditionally enjoys high priority at Siemens. We have explained our position here in great detail in our Annual Report. Mr. Baumann has already covered this theme today.
- And sixth: We serve people, societies and the environment with our ideas, our technologies and our actions. We answer to our social responsibility wherever we operate.

Drive necessary change and maintain proven traditions in doing so. We want to continue managing the company – a company that belongs to you, our shareholders – on the basis of this fundamental belief. Siemens, our global network of innovation, has good times ahead of it. I am convinced of it.