



**Speech for Telephone Conference  
3<sup>rd</sup> Quarter Fiscal 2011**

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Check against delivery.

## Siemens achieves strong growth

Siemens remains on a growth track in the third quarter. As previously announced, however, we see slower growth in the second half year than in our first six months. One key reason for this is that the comparable figures from the prior year set a very high baseline due to the strong economic recovery that began in the spring of 2010. This base effect – as announced in the past quarter – is now apparent.

New orders climbed 20 percent to 22.9 billion euro. The major ICx order accounted for a large share of this increase. The order backlog reached a record high of 96 billion euro. Revenue rose two percent to 17.8 billion euro. Excluding currency translation and portfolio effects, revenue increased eight percent. Despite these effects, both new orders and revenue exceeded levels posted in the third quarter of the prior year and in the strong second quarter. Income from continuing operations was 763 million euro, down from a year earlier. This decline was due to profit impacts in the Healthcare and Energy Sectors.

## World economy – growth slowing

Operations again showed strength in the third quarter – and that in a global economic environment marked by uncertainties. The global economy continues to grow. However, the upswing is losing its momentum. For 2011, experts expect solid but flatter growth of 3.3 percent – after 4.1 percent growth in the previous year. There are a number of risks, such as the possible overheating of the economies of some emerging countries, the situation in North Africa and the Middle East, and fluctuating raw material prices. In addition, there is the debt situation of some European countries as well as the U.S. – with the associated nervousness of the financial markets. At the same time, however, it is clear that the development of the manufacturing industries remains robust. Demand for industrial goods has also most recently increased.

## Sector highlights

The Industry Sector accordingly showed a strong performance in the third quarter. New orders rose 54 percent, driven by growth in all Divisions. This included the major 3.7 billion euro order at Mobility from Deutsche Bahn for the new ICx trains. This biggest order to date is again proof of our power of innovation and our leading position in the mobility business. And this is not an isolated case. The Mobility Division is about to pass further milestones: Our Velaro trains have now received the go-ahead for operating in the Eurotunnel. We are the preferred bidder for the major London Thameslink project. This project entails the delivery of up to 1,200 coaches for regional trains. We have founded a joint venture for regional trains with the Sinara Group in Russia. Together, we have signed a memorandum of understanding to deliver 240 trains to Russian Railways (RZD).

The Energy Sector posted new orders of eight billion euro, matching its prior-year level. The Sector's operating profitability is high – driven above all by the Fossil Power Generation Division. A negative 682 million euro profit impact resulted from a payment made to Areva due to an adverse arbitration decision related to the ending of the nuclear power joint venture. The Sector is heading for a strong overall year in growth. The high growth in wind energy orders in recent years is now also contributing to climbing revenue. New orders at the Renewables Division have nearly doubled since 2007 thanks to the wind business. The order backlog currently lies at the record level of around eleven billion euro. The wind market, in particular the onshore segment, is increasingly competitive – in part through the growing number of suppliers from emerging countries. One of our strengths is our industrial competence that we intend to leverage for technology leadership as well as high manufacturing quality and productivity.

New orders at the Healthcare Sector declined slightly by two percent, on a comparable basis, in a challenging business environment. The Sector profit was burdened by charges of approximately 380 million euro for the particle therapy projects. Just a note here: Particle therapy is a highly innovative and, from a clinical perspective, a very promising form of treating cancer. We are worldwide the only company that has implemented this technology in combined systems that treat patients with both protons as well as carbon ions. More than 400 patients have already been treated with this method since the end of 2009. In the course of

developing this technology, however, we have determined that our estimates for the commercial aspects of operation were too optimistic. We have therefore approached our customers with the goal of finding a mutually satisfactory solution for the initiated projects – and have already reached the first concrete agreements.

In the third quarter, we closed the transaction of Siemens IT Solutions and Services to Atos Origin on July 1. In addition, OSRAM completed its conversion to a stock corporation. This is a central requirement for the company's IPO which we are planning for this fall.

### Well positioned for the future

Siemens is outstandingly positioned with its setup. We are represented wherever growth is taking place – even if this growth in one area or another or in individual regions temporarily slows down. We are broadly positioned in the established economies that continue to depend strongly on top technologies. With our Environmental Portfolio, we are the leader in technologies for ensuring energy and resource efficiency, and are thus the partner for developing and modernizing infrastructures. On the east coast of the U.S., we will build a power superhighway to supply Manhattan with electricity. In London, we have signaled the start for the development of the infrastructure for electric cars.

In Denmark, the prototype of the new gearless 6-MW wind turbine has started test operation. At the same time, we are also strongly positioned in the emerging countries. They are increasingly the drivers of the global economy – and we want to win a large share of this business.

Our business in the emerging countries has more than doubled since 2005. With our first offshore wind order in China, we have just succeeded in getting a foothold in a large growth market. The number of our SMART products keeps growing and now embraces over 160 lines. We thus have more and more products that are targeted to specific market requirements and customer needs.

Let me sum up: We continued to grow in the third quarter and are on track to reach our targets for fiscal 2011. New orders again rose sharply, driven by the large ICx order at Mobility. We're vigorously tackling operating challenges. Our markets are still robust, although the risks are tending to increase in the global economic environment.