

## **Siemens – Global network of innovation**

Siemens, headquartered in Berlin and Munich, is one of the world's largest electrical engineering and electronics companies and holds leading market positions in all its business areas. Sustainability for the benefit of its customers, shareholders and employees has been a hallmark of the company ever since its founding 160 years ago. At Siemens, sustainability means long-term economic success coupled with environmental awareness and the social responsibility. In fiscal 2006 (ended September 30), the company employed approximately 475,000 people and posted sales of €87.325 billion from continuing operations. Net income for the year totaled €3.033 billion. Siemens generates more than 80 percent of its sales outside Germany.

Siemens has a strong international presence, with operations in over 190 countries and manufacturing facilities at about 290 locations worldwide. The company's business portfolio is focused on six key areas: Information and Communications, Automation and Control, Power, Transportation, Medical and Lighting. Global business operations at Siemens are the responsibility of 13 Groups, including Siemens Financial Services and Siemens Real Estate. In addition, Siemens is also a partner in joint ventures – with Bosch in the household appliances sector (BSH Bosch-Siemens Hausgeräte) and with Fujitsu in computer systems (Fujitsu Siemens Computers).

The company has a well-balanced business portfolio in the field of electrical engineering and electronics, and its activities are influenced by a variety of regional and sector-specific factors. In addition to internationally oriented businesses, such as Power Generation, Power Transmission and Distribution, Medical Solutions and Transportation Systems, which are generally subject to long-term business cycles, other sectors – for example, the consumer goods businesses in legally separate parts of Information and Communications and Osram, and the capital goods

business of the Automation and Drives Group – are subject to short-term business trends and immediate economic conditions. A well-balanced portfolio helped Siemens master the challenges posed by the difficult business environment of fiscal 2006.

Moreover, our six business areas are in line with the global megatrends. Siemens is developing solutions for the major challenges of the future in the fields of healthcare, energy, water, communications, mobility, security, logistics and automation.

As a global network of innovation, Siemens successfully leverages synergies across its broad portfolio and operates with a central strategic orientation and decentralized entrepreneurial responsibilities and organizational structures, combined with local value creation. The company's traditional strengths are its power of innovation, its strong customer focus, its global presence and its financial solidity.

Innovation is a top priority for a world-class electrical engineering and electronics company. In fiscal 2006, Siemens invested €5.7 billion in research and development, including customer-specific activities to stay at the forefront of technological progress. Last fiscal year, Siemens researchers and developers turned out around 10,400 inventions – a 17% increase – and applied for patents for about 6,200 of them. The company is the largest patent applicant in Germany, in second place in Europe and among the top ten in the United States. Most of Siemens' approximately 49,000 researchers and developers are working on software projects, making the company one of the world's largest software houses. Siemens continues to concentrate on expanding the range of services, solutions and systems that complement its product portfolio.

Transparent and responsible management and control systems – oriented toward achieving sustainable growth in company value – are indispensable for earning and maintaining trust in Siemens and its business policies. Siemens has traditionally attached great importance to respecting and protecting shareholders' rights, providing transparent and timely information about the company, and ensuring close cooperation between its Managing Board and Supervisory Board. International and national corporate governance standards have long been complied with at Siemens.

As a good corporate citizen, we also help improve the quality of life wherever we operate. We support the education and training of youth, work to alleviate social problems, and promote the arts and culture.

With over 800,000 shareholders from over 100 countries, Siemens is one of the world's largest public corporations. About 55 percent of the company's share capital is held outside Germany. Since March 2001, Siemens shares have also been listed on the New York Stock Exchange (NYSE).