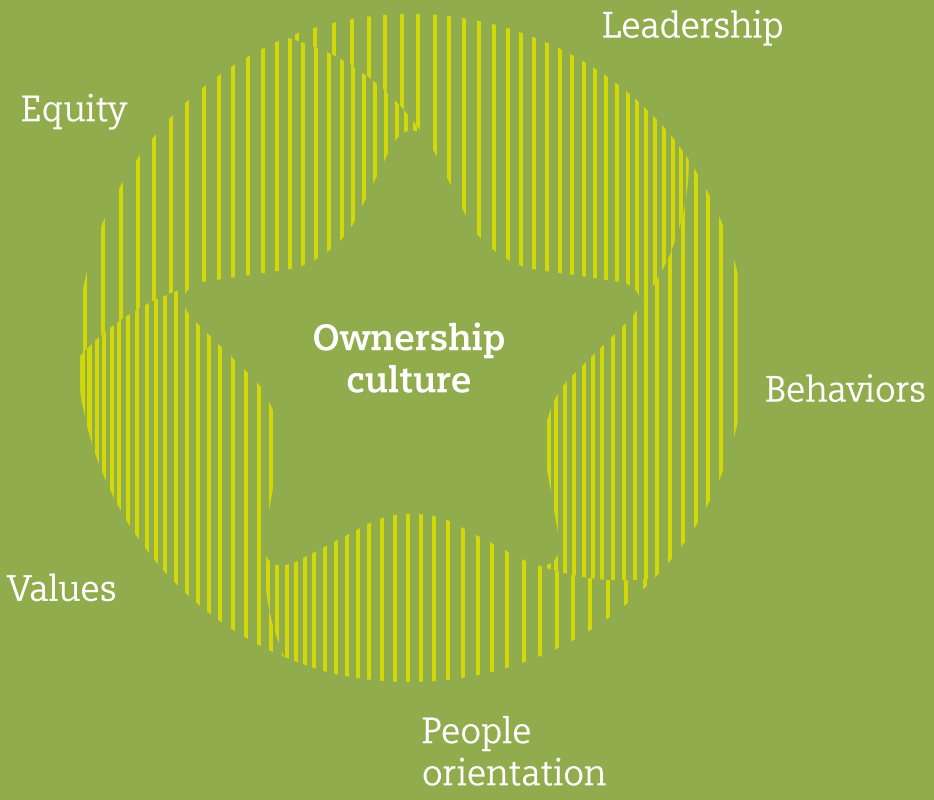
Ownership culture

It's not just strategy that makes the difference; it's also a company's culture, its values and what it stands for.



Siemens is a company that was led for generations by owners who had a passionate interest in the firm's long-term successful development. They all knew that every individual makes a contribution every day to the Company's enduring success. We're following this conviction and want to foster an ownership culture worldwide that includes all of our people. We believe the following principles are especially important here:

Owners ensure our business success

Our managers should serve as role models for the Company's strategic direction and ensure the sustainable and efficient use of available resources – thus inspiring and empowering their teams to give their best for the Company.

Our behaviors bring the ownership culture to life

Entrepreneurial behavior should be the standard and foundation for how we act at Siemens. This applies to each individual in the Company – since only then can behaviors constantly evolve and improve.

Owners care for each individual

We strive for a people-oriented approach that values and clearly fosters diversity of experience and expertise. If this is reflected in all that we do, we'll improve the performance of our Company.

Ownership culture is based on our Company values

If everyone in the Company acts responsibly, achieves excellent results and is innovative, they will personally contribute to the sustainable success of Siemens. Responsible, excellent, innovative – these values are the foundation of our ownership culture.

Owners identify themselves fully with Siemens

We strongly believe that employee shareholders act responsibly and are oriented to the long term when they directly participate in their Company's success. That's why the equity culture is an integral part of our ownership culture. → SEE PAGE 63

Var en förebild och följ säkra rutiner för en säkrare framtid.

Be a role model and follow safe routines for a safer future.

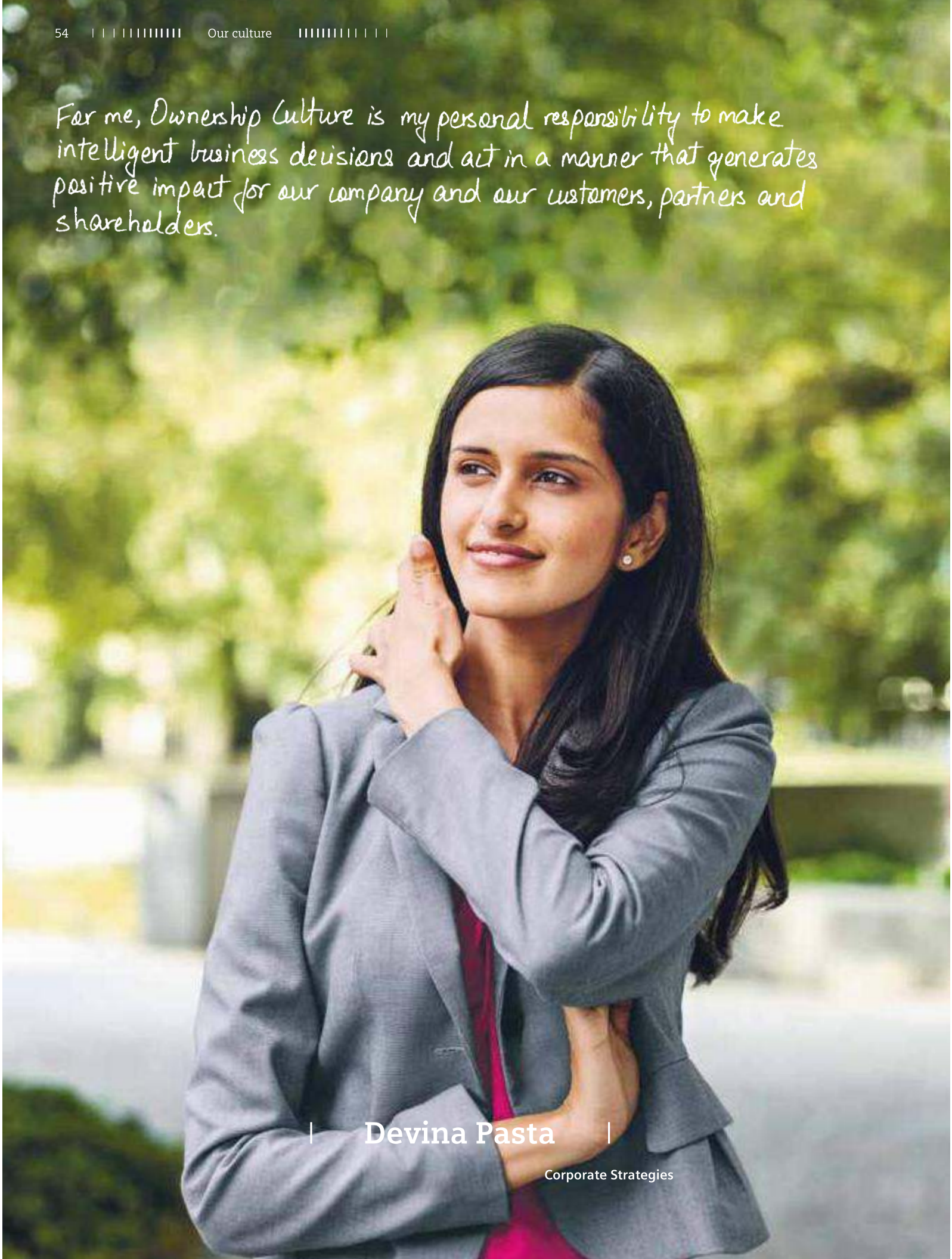
Jesper Rönnbäck

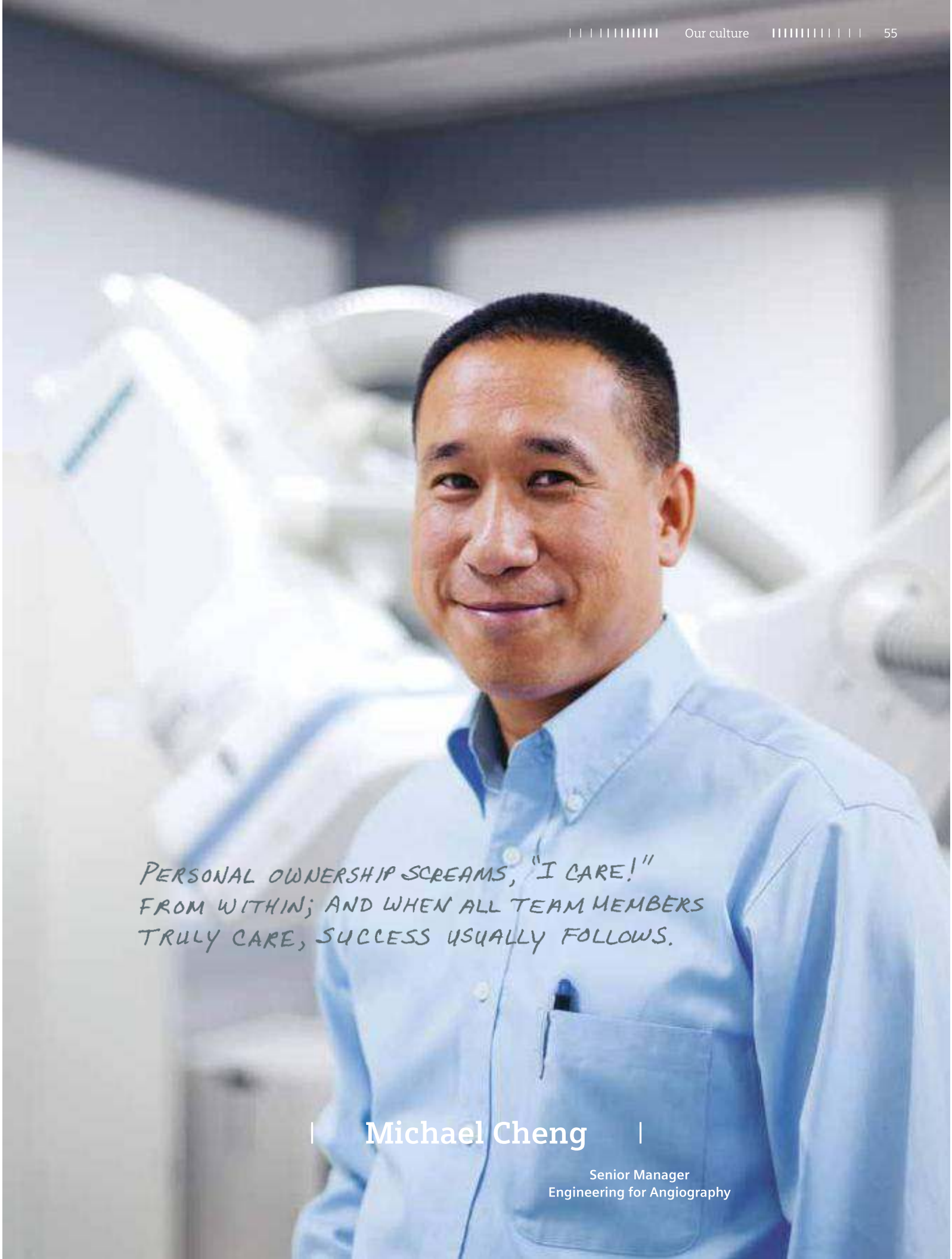
Electrician

Ownership culture is being self-motivated by continuous improvement for sustainable success, whatever your position is.

Juliana Furlanetto Odoni

Sales Support Manager


For me, Ownership Culture is my personal responsibility to make intelligent business decisions and act in a manner that generates positive impact for our company and our customers, partners and shareholders.
Devina Pasta
Corporate Strategies



Michael Cheng

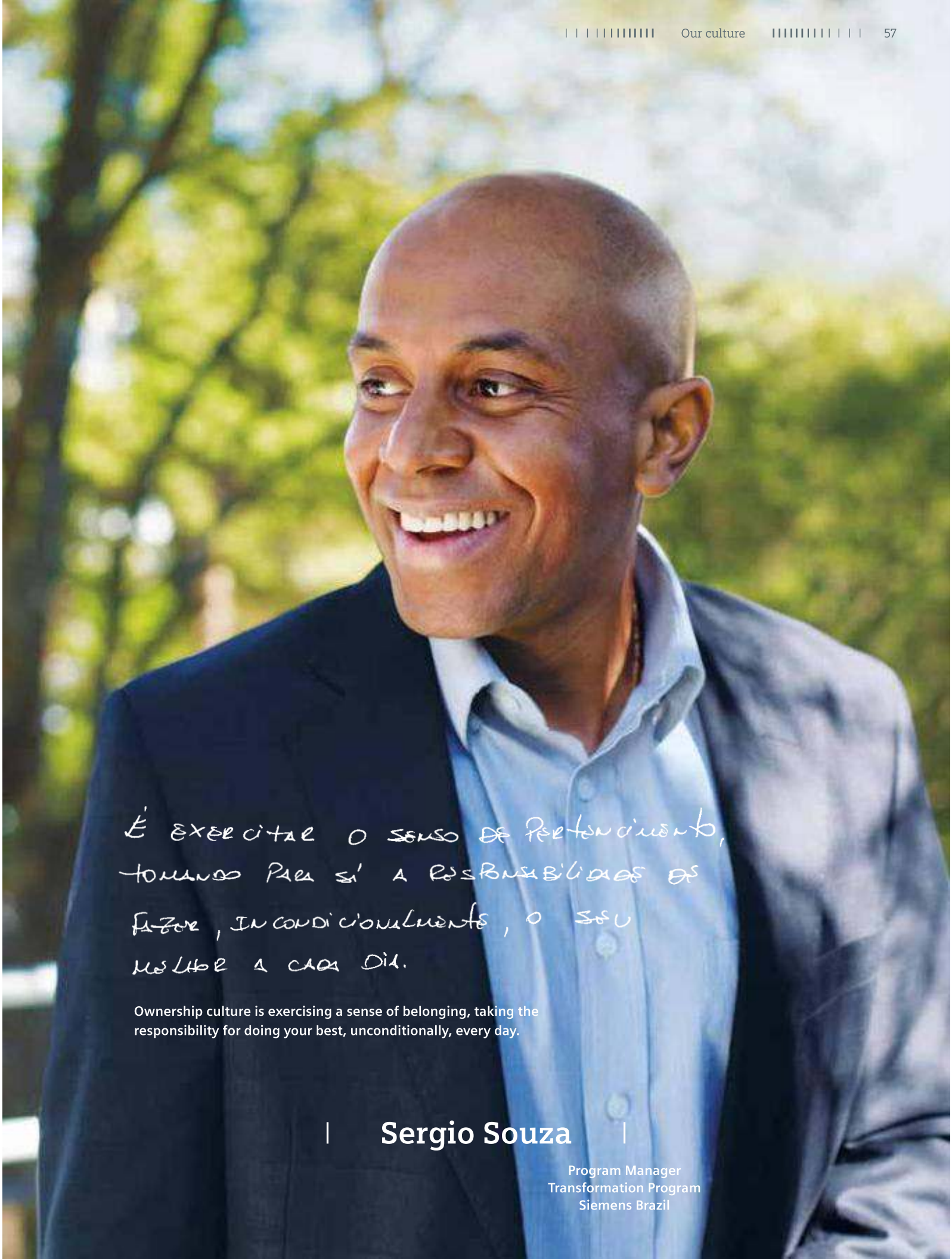
Senior Manager
Engineering for Angiography

Crear un buen ambiente de trabajo, confiando y respetando el uno al otro, eso es lo que significa para mi la propia cultura del trabajo.

Creating a good working environment, trusting and respecting one another – that's what ownership culture means to me.

Elena Rubio López

Apprentice
Europeans@Siemens



Ownership culture is exercising a sense of belonging, taking the responsibility for doing your best, unconditionally, every day.

Sergio Souza

Program Manager
Transformation Program
Siemens Brazil

Lena Ikejiri de Medeiros
São Paulo, Brazil

After graduating with a degree in business administration and specializing in HR, Lena Ikejiri de Medeiros joined Siemens in 1996 as an intern and has worked in human resources with passion ever since. Lena's core competencies are employee and leadership development, succession planning and learning – the areas for which she's currently responsible at Siemens Brazil. Drawing on two cultural heritages, Brazilian and Japanese, Lena lives both cultures' values with great enthusiasm. She's further enhanced her intercultural capabilities by working in a variety of Latin American countries.

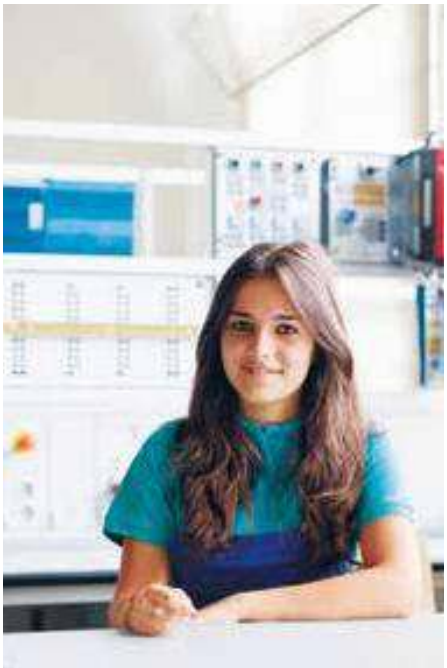
Mariel von Schumann
Munich, Germany

Mariel von Schumann joined Siemens in 1999. After serving the Company in various capacities, she was appointed head of Governance & Markets in November 2013. In her current function, she combines internal management of governance topics with the external view from the capital market. This includes, for instance, communicating with the shareholder community, coordinating remuneration of Siemens' Managing Board and top executives, and managing the Company's organizational structure and internal equity programs. In addition, she orchestrates our initiative for fostering an ownership culture at Siemens, one of the main building blocks of our Vision 2020. She's eager to be a role model in that respect – living this ownership culture drives her actions.

Rickard Olsson
Finspång, Sweden

Rickard Olsson is a workshop test manager at our Siemens Industrial Turbomachinery AB site in Finspång, a town in the Swedish province of Östergötland. Once famous for its cannon production, the locality now pursues peaceful activities, building the most modern and efficient gas turbine in its class. Rickard looks back on many years of experience in this field. He started his career as a trainee, followed by on-site assembly and commissioning work. Before assuming his current duties, he held various positions in a transfer project in the Middle East and worked as a warranty engineer in Europe.

Janina Kugel
Munich, Germany
I
Janina Kugel is responsible for strategic personnel topics and executive development at Siemens. After studying at universities in Mainz and Verona, she began work as a management consultant in 1997. Since joining Siemens in 2001, she's been involved in the Company's development in various capacities. From 2012 to 2013, Janina headed the global HR organization at OSRAM and prepared the business for the IPO that was completed in July 2013. Since 2014, she's been Chief Diversity Officer at Siemens AG.



Georgia Davari | Elena Rubio López
Berlin, Germany
I
In many EU countries, one out of every two young people has neither a job nor a vocational trainee position. Through the Europeans@Siemens initiative, we're helping improve this situation by giving young people the chance to complete a dual education-and-training program in Germany. Since 2012, 90 young Europeans from 18 EU member countries have been selected by their respective Siemens Regional Companies and sent to Berlin. Among them are Georgia Davari and Elena López, who entered the program on August 1, 2014. Whereas 24-year-old Georgia had already earned a college degree in automation engineering in her home country of Greece, 18-year-old Elena left Spain after attaining the "Bachillerato," which is a college entrance qualification. In the coming years, in alternating phases of theoretical instruction and hands-on practice, these two women will learn the occupation of electronics technician. After that, they intend to take the knowledge and skills acquired in the program back to their home countries. But first, they need to become proficient in German, the language in which the final examination is conducted.

Hamad Al Khayyat
General Manager Oil & Gas, Qatar

Hamad Al Khayyat joined Siemens WLL Qatar in December 2010 as General Manager of the company's oil and gas business in the Gulf state. As a highly respected expert in Qatar's oil, gas and petrochemicals industry, Hamad boasts vast experience in strategic planning and in fostering business relationships with other organizations and the representatives of governmental and non-governmental institutions. As a large number of projects impressively attest, he's helped strengthen Siemens' successful, trust-based partnership with the nation of Qatar.

Jesper Rönnbäck
Finspång, Sweden

Jesper Rönnbäck plays a key role in keeping production running smoothly at our gas turbine plant in the Swedish town of Finspång. Starting out as a technical assistant and moving up to the position of foreman in 2010, Jesper is responsible for all the plant's electrical installation work, including the connecting up of the SGT-750, one of our latest gas turbines. A smaller gas turbine in the Siemens portfolio, the SGT-750 is capable of generating 37 megawatts of power. Its outstanding features include versatility, high efficiency and low emissions – all of which make it one of the most environmentally friendly turbines in its class.

Juliana Furlanetto Odoni
São Paulo, Brazil

Juliana Furlanetto Odoni holds a bachelor's degree in environmental engineering and a master's degree in business management. The 28-year-old Brazilian first came to Siemens in 2008 as an intern in corporate quality management before joining a trainee program in 2010. Since 2011, she's been working as a sales support manager. Always motivated to improve processes, Juliana has participated in several projects and programs focused on making Siemens Brazil a benchmark in leadership, productivity and customer satisfaction. Very committed to sustainability issues, she's also been serving as an environmental education volunteer and panelist.

Devina Pasta
Munich, Germany
I
An electrical engineer, Devina Pasta joined Siemens India in 2006, where she held positions in the area of motion control – first in product management, later in business development. There, she launched a product for the Asian market and created new business models. After driving business in Asia, she now works at Corporate Strategies in Munich, managing aspects of digital transformation – such as a Siemens CEO community – in order to address the key opportunities arising from digitalization. Devina has studied, worked and lived in Asia, America and Europe and thrives in international environments.

Michael Cheng
Chicago, USA
I
Michael Cheng works at Siemens in the Chicago area. He holds a degree in actuarial mathematics from the University of Michigan. After working for 16 years as a pension consultant, applications specialist, tester and quality assurance manager in the defined benefits industry, he joined Siemens in 2007. Michael successfully led a test center for six years before moving on to manage a team in systems engineering.

Sergio Souza
São Paulo, Brazil
I
Sergio Souza joined Siemens in 1990 as a field service technician in the area of telecommunications. Since then, he's held a wide range of positions in Brazil and other countries. Since August 2013, Sergio has headed the Transformation Program, a Regional initiative aimed at making Siemens Brazil an agile organization with an excellent working environment and at enabling the company to better serve its customers, better fulfill its responsibilities to society and consistently outpace its competitors.

Owners identify themselves with their Company and thus give their best.

Joe Kaeser

President and CEO
of Siemens AG

Strengthening our equity culture

A company owes its existence to the fact that its employees identify with it, trust it and commit themselves to its positive development. **We're proud that around 140,000 of our employees are today expressing these feelings by owning Siemens shares. We intend to increase this figure by at least 50%.** Therefore, we want employees below the management level to participate in their Company's success on an annual basis. Because the more our people trust their own Company, the more personal commitment they will feel and the greater each individual's sense of belonging and sense of responsibility will be. This is the culture we're striving to create at Siemens – a culture that will be decisive for our Company's long-term success.

Ready for take-off – Thanks to virtual planning

In May 2014, the word was "ready for take-off" at Hamad International Airport in Doha. Each year, some 30 million passengers arrive in or depart from Qatar by air – a logistical challenge that also encompasses catering services. Every day, around 82,000 meals are loaded onto specially prepared trolleys that convey them to the aircraft and have to be cleaned on return. The whole system runs smoothly, thanks to sophisticated technology and logistics based on German engineering. Eisenmann SE – a global supplier of industrial systems headquartered in Böblingen, Germany – was commissioned to provide a fully automated electrified monorail system that enables the trolleys to be transported within the airport's huge logistics center. The engineers from southern Germany relied on industry software from Siemens that allowed them to plan, test and optimize the entire system in a virtual environment before it was actually installed.

130 carts
simultaneously coordinated and controlled

20,000 deliveries

a day

1.6 km

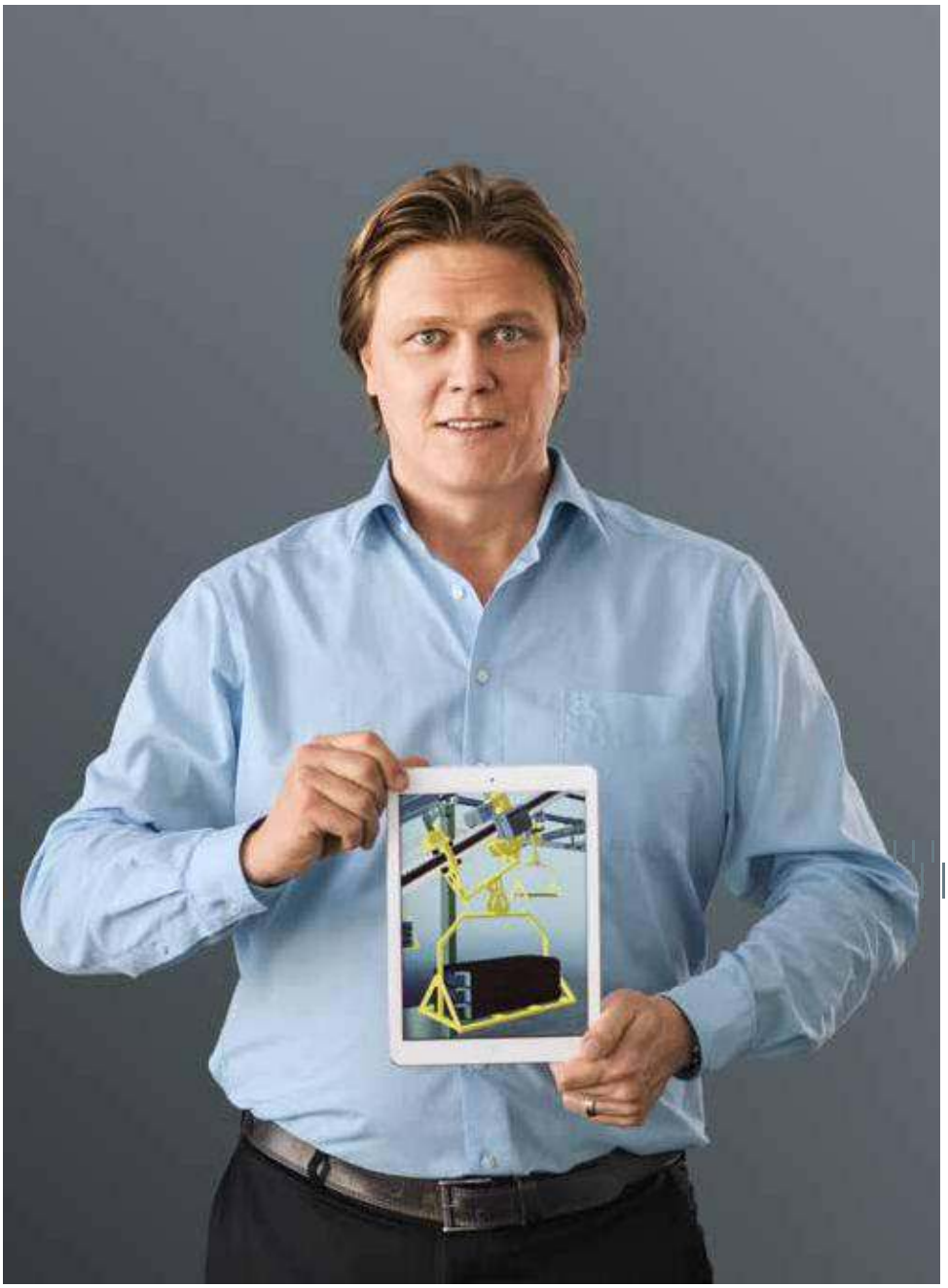
Total length of electrified monorail system

Intelligent planning is the key | Machine and system suppliers such as Eisenmann SE are now faced with enormous complexities as well as growing time and cost pressures. The key to mastering these challenges is intelligent planning and meticulous preparation from the very beginning – with the help of innovative software. "Just a few years ago, we would've had to send a team of engineers to Qatar for on-site testing of the system in order to spot and eliminate weaknesses in the software," says Dr. Monika Schneider, simulation expert at Eisenmann. Today, everything is simpler: "Thanks to Siemens' Tecnomatix Plant Simulation software, we were able to test the entire system right here in Böblingen – even though the airport itself was still under construction."

It's best to spot errors before they're made | Eisenmann opted for Siemens' Tecnomatix software solution, which enables engineers to fully visualize, simulate and analyze a system using a "digital twin" model. Potential faults or weaknesses can be detected early on and corrected before the system is actually installed. For the Hamad International Airport project, the engineers conducted a detailed analysis of all the parameters for the electrified monorail system on the computer before virtually simulating all its processes. And the processes are numerous: 130 carts move independently along the 1.6-kilometer electrified monorail system, making around 20,000 deliveries every day. There's no room here for error.

Entering uncharted territory | For the Hamad International Airport project, engineers working at computers in Böblingen, Germany, pushed fully loaded flight-service carts onto waiting trolleys, transported them to the supply station, unloaded them, cleaned them in the designated area and then conveyed them to the appropriate terminals – all in a virtual environment and up to 20,000 times a day. "The programmers had to foresee every scenario with the potential to cause problems," says Monika Schneider – for example, when a trolley fails to reach its station or the storage area for empty trolleys is too small. "When we used the real electrified monorail system for the first time, everything worked just as we'd planned in the virtual world."

Errors cost hard cash | "How does an increase in flight operations affect catering? How can items of different sizes be transported? What can be done to ensure that system processes don't interfere with one other?" By answering questions like these before a system goes into actual operation, Tecnomatix offers decisive advantages for mid-sized Eisenmann. "Development times were shortened. There was no need for tedious, labor-intensive on-site work, and we were able to quantify our business risks, because the possibility of project delays could be completely eliminated," explains Monika Schneider. This approach will enable Eisenmann to continue shortening its delivery times in the future – a key competitive edge.



"Our software solutions enable us to connect productivity and efficiency across the entire product and production lifecycle – from product design to services."

Magnus Edholm,
Siemens software developer

In a world full of questions, software provides the answers | In a globalized world, the question is always the same: How can companies boost their productivity and flexibility while cutting costs? Tecnomatix software adds a new dimension to planning. Thanks to 3D simulations, users can obtain a networked overview of a nearly limitless abundance of variables that are nevertheless clearly visualized – even in the case of large and complex systems. Scenarios and problems can be tested interactively: Does the system still run smoothly when operating at full capacity? Where do bottlenecks arise, and how can they be prevented? What's more, every euro invested in the Tecnomatix simulation solution results in savings of up to 12 euros by the time the system is completed.

1.
Product design – Digital planning, designing and validating of products

2.
Production planning – Digital planning, simulating and optimizing of production and factory automation

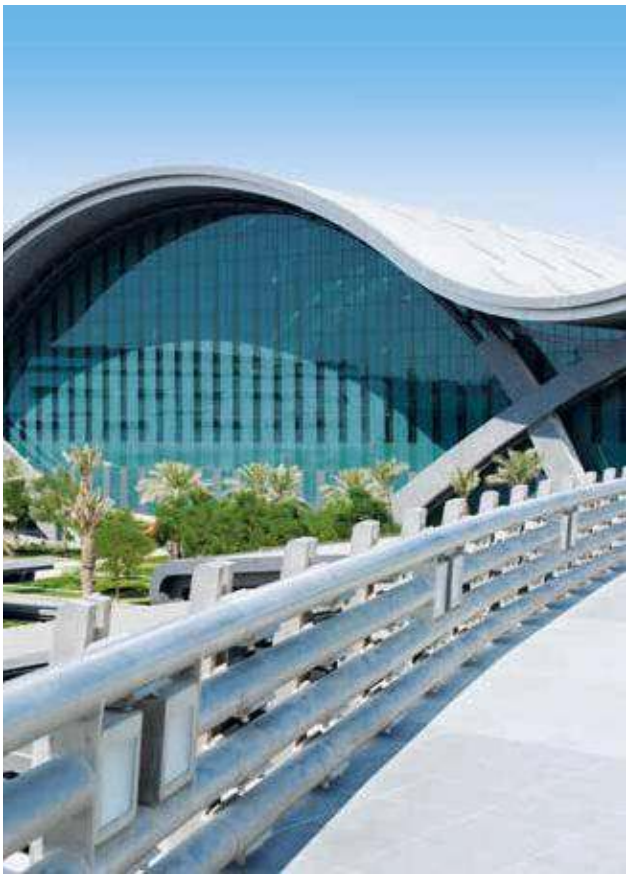
3.
Production engineering – Integrated plant management throughout the entire lifecycle

4.
Production execution – Scalable data process information in real time company-wide

5.
Services – Customer service and support throughout all steps of the value chain

Integration as a success factor | In the future, Eisenmann will standardize its various processes – everything from sales to service – worldwide. For example, the cross-border exchange of data within the company's international project teams will be significantly simplified. Product developers and system designers are now using Siemens software solutions: Teamcenter (PLM) as a shared engineering data platform and NX software (MCad), from which data can be effortlessly transferred to Tecnomatix. Gerd Schneider, Corporate Vice President at Eisenmann, sums it all up: "This integration is bringing our worldwide project teams even closer together. So its advantages extend far beyond the benefits of the individual software solutions."


QACC




4

As the development and commissioning of the electrified monorail system for Hamad International Airport in Doha impressively demonstrates, industrial production is now inconceivable without integrated software solutions. Thanks to industry software, product development is now digitalized and production systems and processes are networked – making efficient, flexibly reacting production environments possible. With our comprehensive offerings in the areas of automation technology, industrial switchgear, industrial drive systems, industry software and services, we supply and support customers along the entire value chain – from product design, production planning and engineering to actual production and service.

The future of industry – Linking the virtual and real worlds

New competitors, global value chains and highly transparent markets are all increasing competitive pressures. Industrial companies have to boost their productivity – using innovative technologies that make production more cost-effective and flexible while cutting time-to-market.

On the way to the Fourth Industrial Revolution

Scenarios that sounded like science fiction just a few years ago are increasingly becoming a reality. Machines are largely organizing themselves, supply chains are automatically coordinating themselves, and products are supplying all their production data to the machines on which they'll be manufactured. A new kind of industrial production – sometimes referred to as the Fourth Industrial Revolution or Industry 4.0 – is now blazing its own trail.

Whether revolution or evolution, one thing is certain: the growing demands being placed on industrial production and the introduction of new technologies have ushered in irreversible change. And we'll play a key role in shaping this change – because we're better equipped for the job than virtually any of our competitors. As a world-leading provider of automation technology and industry software, we not only boast decades of experience in industrial production; we're also one of Europe's biggest software companies, with some 17,500 software engineers. We offer a complete portfolio of industry software, encompassing everything from the automotive, shipping and aviation industries to the production of chemicals, pharmaceuticals and food. We're shaping the future of industry – today.

1 – Hamad International Airport is one of the world's newest aviation hubs.

2, 3 – The design of the passenger terminal complex is inspired by the waves of the Arabian Gulf. Planned to handle some 30 million passengers a year, the building includes over 40,000 square meters of shops, cafés and restaurants.

4 – At the end of 2015, 19 Siemens trams will begin operation in Qatar's Education City, linking 25 stations along 11.5 kilometers of track without any overhead contact lines – thanks to an innovative energy storage system.

Eisenmann is a leading international supplier of systems and services for surface finishing and paint technologies, material flow automation, thermal process engineering and environmental technology. Located in southern Germany, the company's been building highly flexible, energy- and resource-efficient manufacturing, assembly and logistics facilities for over 60 years.

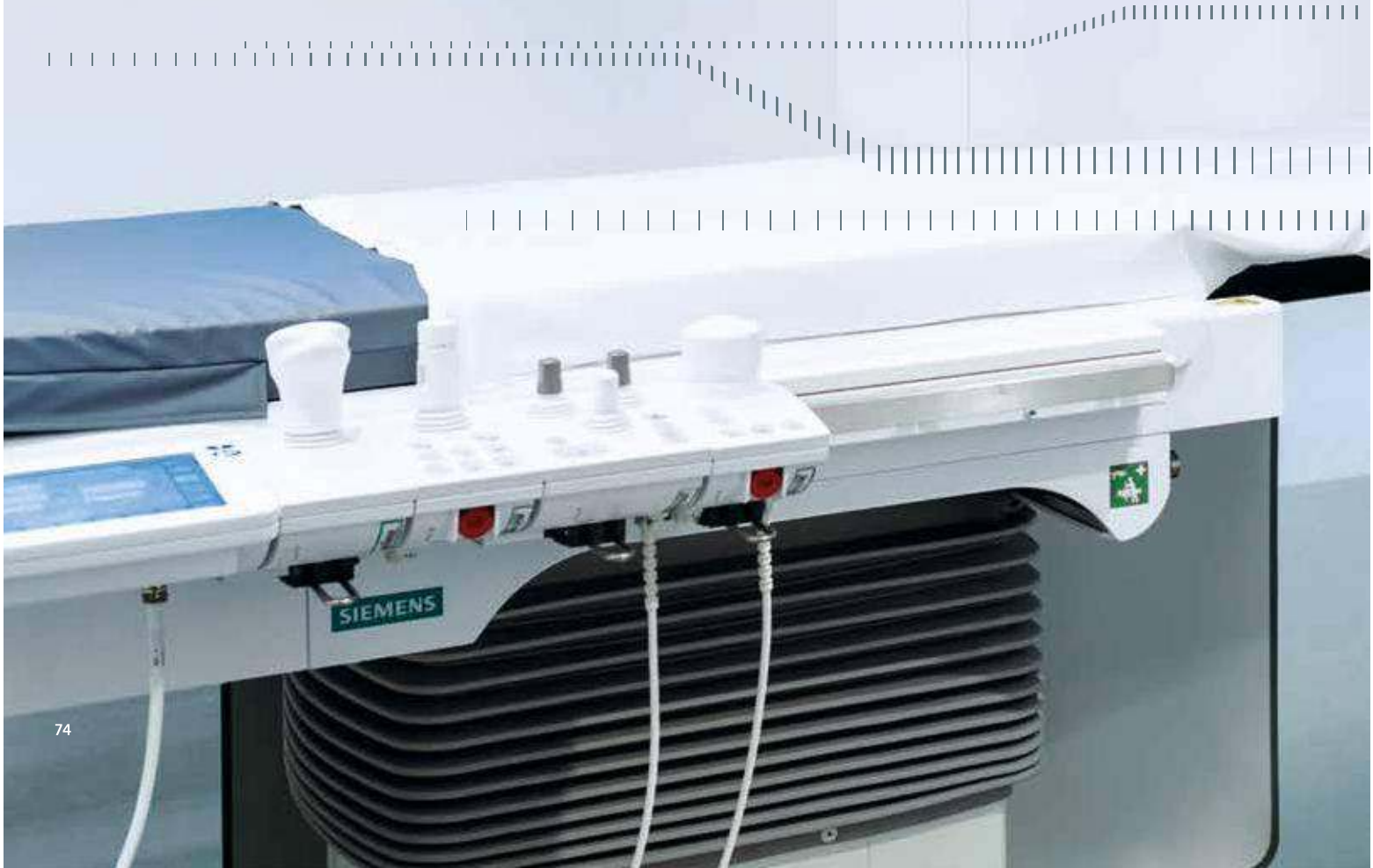
WWW.EISENMANN.COM

As the first company in the world to bundle all offerings for the digital factory under one roof, we're ideally positioned to reinforce and expand our leading role in turning the digitalized company into reality.

WWW.SIEMENS.COM/ FUTURE-OF-MANUFACTURING

Moving into the lead – In partnership with Siemens

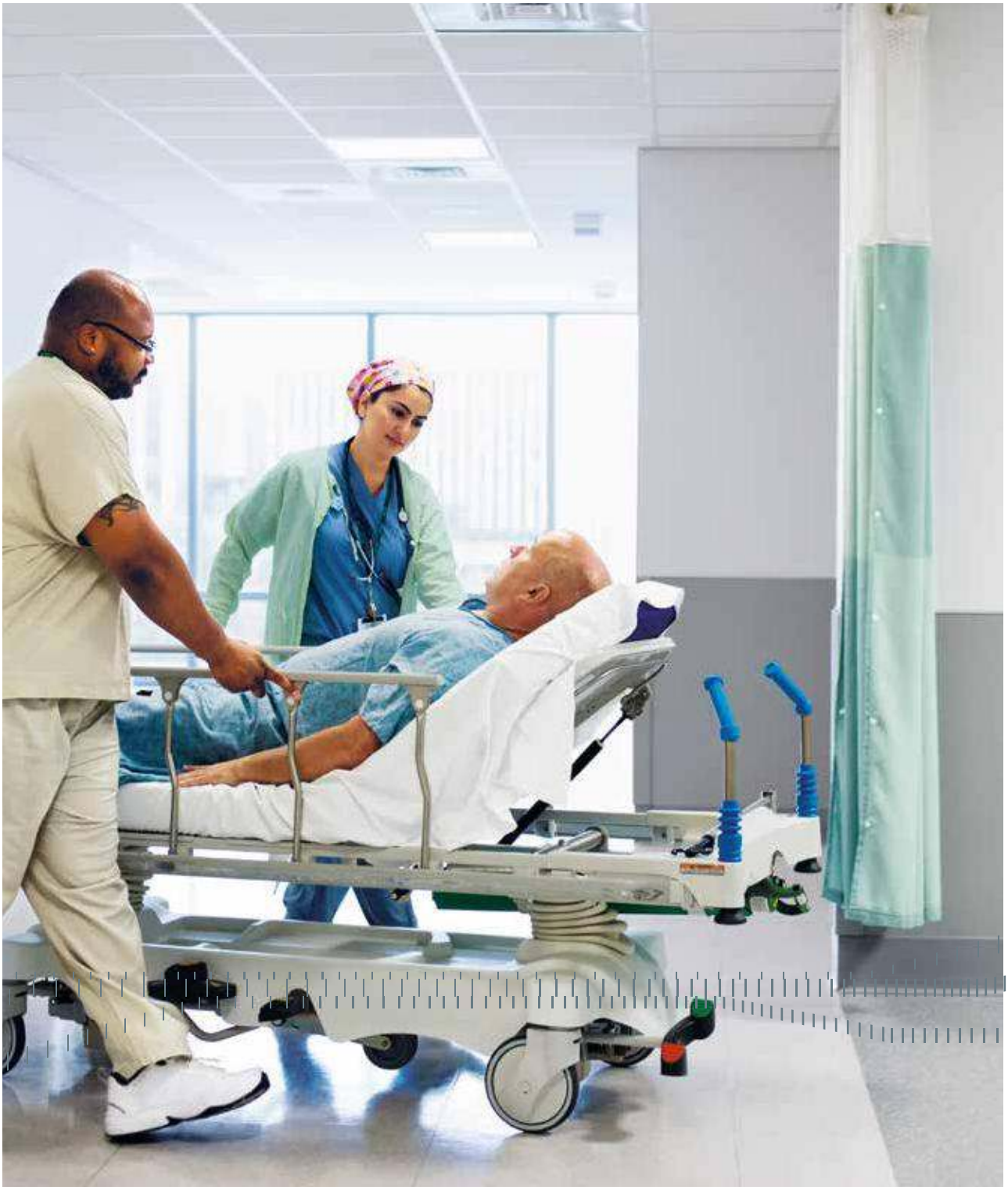
Hospital operators around the world are faced with the challenge of delivering the best possible healthcare, based on state-of-the-art technology, at affordable prices. And Rush University Medical Center in Chicago, Illinois, is no exception. That's why the facility's management team decided ten years ago to embark on a major project that would make the medical center one of the leading hospitals in the U.S. The ambitious plan called for existing buildings to undergo extensive modernization, a new building to be constructed and the entire campus to be equipped with leading-edge healthcare technology – while the complex remained in operation. The hospital's project team was looking for a partner with worldwide experience, outstanding technological competence and a proven track record of implementing complex projects – and chose Siemens.




SIEMENS
Artis
CARE+CLEAR

Partnering as equals | To provide the best possible consulting services in the area of healthcare, you must have a fundamental understanding of clinical workflow processes. That's why Bernard F. Peculis, Administrative Director at Rush (pictured on the left), places his trust in Siemens. By consulting with Jim Gurney, project head for Siemens (pictured on the right), Peculis was able not only to clarify product-specific questions but also to discuss the project as a whole. He concurs with Peter Butler, President and Chief Operating Officer of Rush, who says, "I was very involved in the selection of Siemens. We knew a lot about their culture and their impact on healthcare worldwide, and the depth and breadth of what they could bring to our partnership. We felt there was really a lot more intellectual capital than other vendors could bring to the table."

A made-to-measure hospital | The extensive modernization and expansion of a hospital complex is an opportunity that comes along at best once in a career – and the opportunity was tackled with great determination at Rush University Medical Center. Once the decision to implement the project had been made, a team was formed to address fundamental questions relating to the planned changes. How can a building be designed to minimize the distances walked by staff and patients? How can the highest standards of hygiene be maintained? How can IT be embedded to accelerate workflow? In the post-9/11 era, the list of questions also included how to ensure the provision of basic medical services for millions of city residents in the wake of an event like a terrorist attack or an epidemic. These are only some of the topics the project team considered and discussed with Siemens.

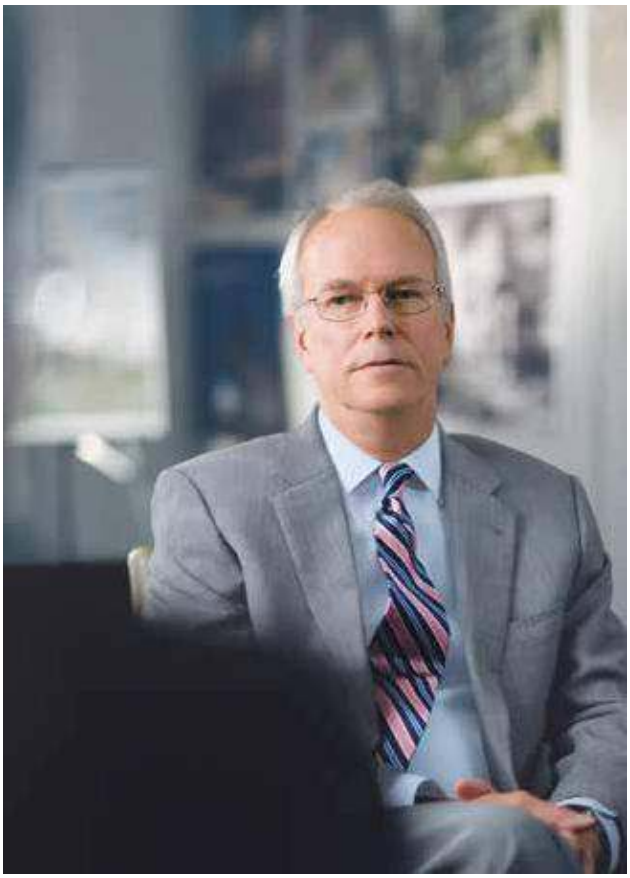


Saving time can save lives | When discussing ideas for enhancing clinical workflow, the project team always returned to the key priority: optimizing patient treatment and outcomes. In the case of a medical emergency like a stroke, patients need to obtain medical treatment as quickly as possible. Here, too, Siemens is a competent partner for Rush: we've designed a consulting model that builds upon an analysis of the processes used at some of the world's leading hospitals as well as the latest scientific insights into treating stroke victims. Based on this model, numerous suggestions for improvements were developed and implemented that save time – and can thus save lives. As a result, clinicians at many other hospitals in the U.S. now consider Rush University Medical Center a benchmark in stroke treatment.

Revealing what's hidden | Rush University Medical Center is aiming to set standards in healthcare imaging as well. The intelligent networking of newly acquired imaging systems was an important part of the hospital's modernization. From computed tomography systems that generate images faster and minimize radiation doses to magnetic resonance imaging systems for neurological applications and fluoroscopy systems that are used in connection with contrast media, for example, to examine internal organs: Siemens supplied the systems and adapted them to the facility's requirements. That's one of the reasons why the medical center chose Siemens, as the facility's CEO Larry Goodman, MD, confirms: "When we pick a technology, we also pick the company and the people. They're the ones who are critical to the smooth implementation of the new technology. Our partnership with Siemens has been very successful."

Information is the key to success | In healthcare, as in many other areas, information technology now plays a vital role. That's why IT experts from Siemens helped Rush University Medical Center intelligently integrate its medical systems and optimize the flow of information. Peter Butler recalls, "In 1982, the last time we renovated the facility, I still saw patients being rolled down the hall with X-rays on their knees." Those days are long gone. Working closely with the building planners, Siemens defined all requirements early on. The challenge was not only to install new systems and get them up and running but also to integrate systems from other manufacturers that were already in operation. And all the systems had to be incorporated into the Medical Center's IT system without a hitch. When the new hospital tower opened its doors in January 2012, everything worked perfectly. And Siemens employees at the facility are ensuring that this will continue to be the case.

Creating knowledge by sharing | Comprehensive healthcare requires knowledge – or, in Dr. Goodman's words, "Training is incredibly important." That's why it was essential to familiarize hospital personnel with the systems' capabilities as quickly as possible. To accomplish this, a training plan was developed for every work group and every function – from doctors and nursing staff to technicians. In addition, the training time for participants was significantly reduced by offering online training to supplement classroom-based courses held at the Siemens training center and on-site at Rush. Around 150 Rush employees have taken part in training sessions so far, thus ensuring that all equipment is optimally utilized. Dr. Goodman is thrilled with his employees' learning curve and commitment. "The key was that the entire team was enthusiastic about the project and also willing to take the extra time for training. I'm really proud of how the entire organization got on board. We had the spirit and everyone said, 'We can do it!'"



With the demand for healthcare continually increasing worldwide, solutions that offer better treatment at lower cost are needed. At Siemens, we've been working for years to improve medical care around the globe with our imaging and laboratory diagnostics systems and related IT solutions. We partner with hospital operators throughout the world – providing everything from consulting for the construction of new facilities to innovative healthcare technologies, intelligent software solutions and staff training.

A hospital at its best

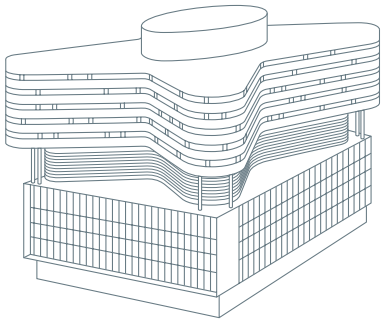
"Our goal was for Rush University Medical Center to rank among the top ten percent of the nation's hospitals." Formulated by CEO Larry Goodman, MD, this ambitious aim was the basis for all planning. Together with the project team, Goodman set out to make his university hospital in the heart of Chicago one of the country's most advanced facilities – a hospital that sets standards for medical care as well as for university research and education. The project called for modernizing older sections of the complex, building a new hospital tower shaped around patients' needs and fully integrating the entire healthcare infrastructure, including an intelligent IT system. The acquisition of new medical technologies – particularly in the field of imaging – was also part of the plan, and Rush formed a special team for that task.

A trustworthy partner

To achieve all this, the hospital team was looking for a partner who could not only deliver the technological solutions but also accompany the project with its expertise and competence. And they chose Siemens. Company employees advised the hospital management and the project team throughout all key phases of the facility's modernization. Siemens was also involved in the construction phase, supplying building technology systems, for instance. In addition, the Company equipped the hospital with numerous imaging systems, provided staff training and developed a solution for ongoing services. For example, the facility's computed tomography (CT) systems, which are vitally important for emergency care, are constantly monitored. Networked with the Siemens Guardian Program, the systems are watched online by Siemens technicians around the clock. What's the advantage? Potential system errors can be corrected proactively and maintenance can be planned at an early stage. And an analysis of the captured data can also lead to suggestions for enhancing system-related processes – thus creating value for the hospital.

Dr. Goodman and Peter Butler still have lots of plans for Rush. They intend to continue developing the hospital on an ongoing basis: "Our foremost concern is the patients and their optimal care. That's why we want to become even better and make Rush a leading healthcare center." And in pursuing this vision, they'll continue to rely on Siemens.

The statements described herein are based on results that were achieved in the customer's unique setting. Since there is no "typical" hospital and many variables exist (e.g., hospital size, case mix, level of IT adoption), there can be no guarantee that other customers will achieve the same results.



Rush is a not-for-profit healthcare, education and research enterprise headquartered in Chicago, Illinois. Over 2,000 students are enrolled at Rush University in preparation for careers in the medical field. With around 700 beds, Rush University Medical Center is one of the biggest hospitals in Chicago. With areas of specialization including neuroscience, orthopedics, oncology and cardiology, the hospital has received many awards in recent years. In particular, its outstanding nursing care and exceptional patient satisfaction have made Rush one of the top-rated hospitals in the United States.

WWW.RUSH.EDU

Together with customers and partners, we're working on improving healthcare throughout the world. We measure our progress in three key areas. During fiscal 2014, we sustained the positive trend of the previous years, achieving or even exceeding the targets we'd set for ourselves.

WWW.SIEMENS.COM/ HEALTHCARE-INDICATORS

1 2
3 4

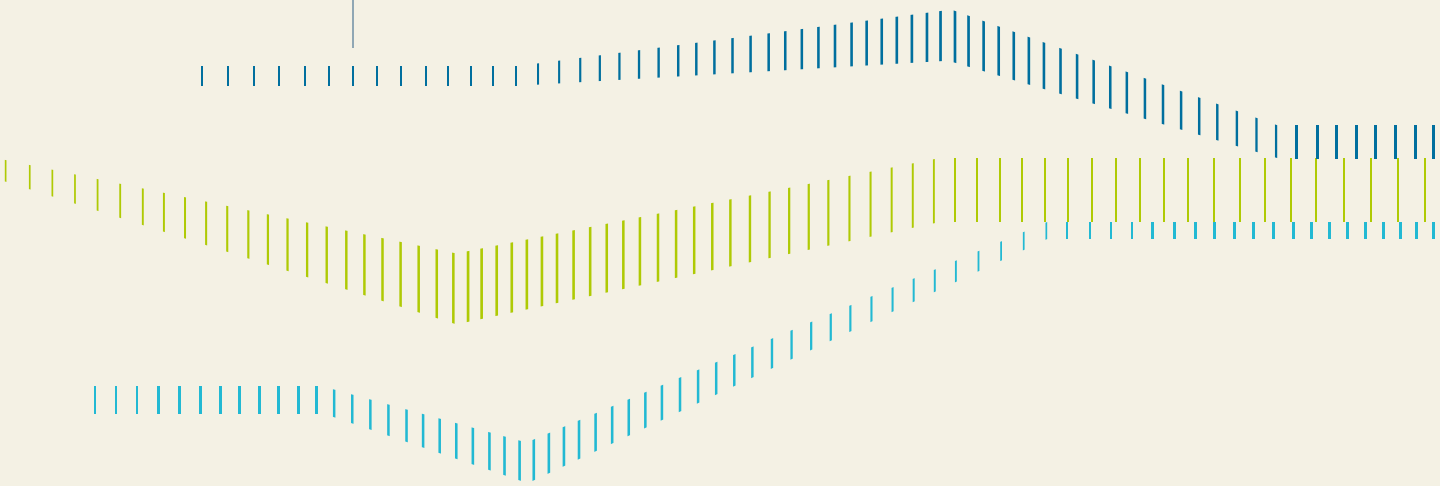
1 – Peter Butler, President and Chief Operating Officer, Rush University Medical Center

2 – Exterior view of the new hospital tower

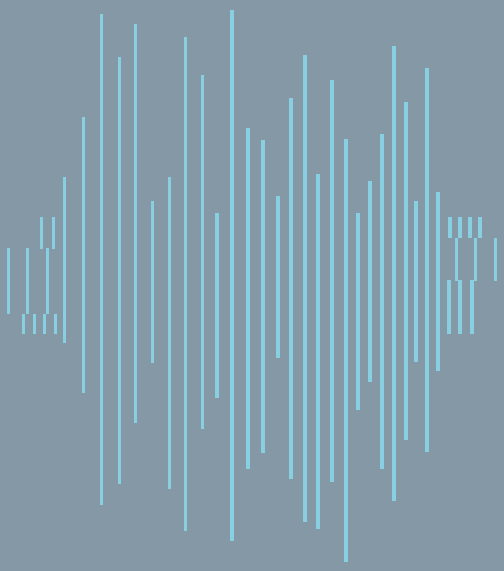
3 – Interior view of the entry pavilion with circular skylights

4 – Larry Goodman, MD, Chief Executive Officer, Rush University Medical Center

Successful company management demands more than financial targets – it requires a comprehensive strategic framework that integrates the key fields of corporate governance: a strategy that sets the course.



Our strategy



Setting the course

Strategy sets the course

To leverage the diverse opportunities of our complex world, a company needs a clear direction, a strong internal setup, and people who follow the set course and turn plans and ideas into reality. And that's exactly what our strategy does: it includes a sharper customer and business focus, streamlined governance and an integrated management model that defines the concrete targets and measures required to closely follow the course we've set.

To leverage the diverse opportunities of our complex world, a company needs a strategy to point the way forward and set clear priorities.

Joe Kaeser

President and CEO
of Siemens AG

Customer and business focus

We're focusing on our positioning along the value chain of electrification. This is where our core business lies. From power generation to power transmission, power distribution and smart grid to the efficient application of electrical energy – in every one of these interrelated fields, electrification, automation and digitalization are the key business drivers. Our integrated setup not only enables us to leverage opportunities in individual markets; it also allows us to exploit the potential at their interfaces. A worldwide go-to-market setup and an organization geared toward shared customer markets are making this possible.

Power generation

The field of efficient power generation – encompassing conventional and renewable energy sources as well as comprehensive services – is addressed by our Power and Gas Division, Wind Power and Renewables Division and Power Generation Services Division.

Power transmission, power distribution and smart grid

Solutions and products for power transmission and distribution as well as technologies for smart grids are all bundled at our Energy Management Division.

Energy application

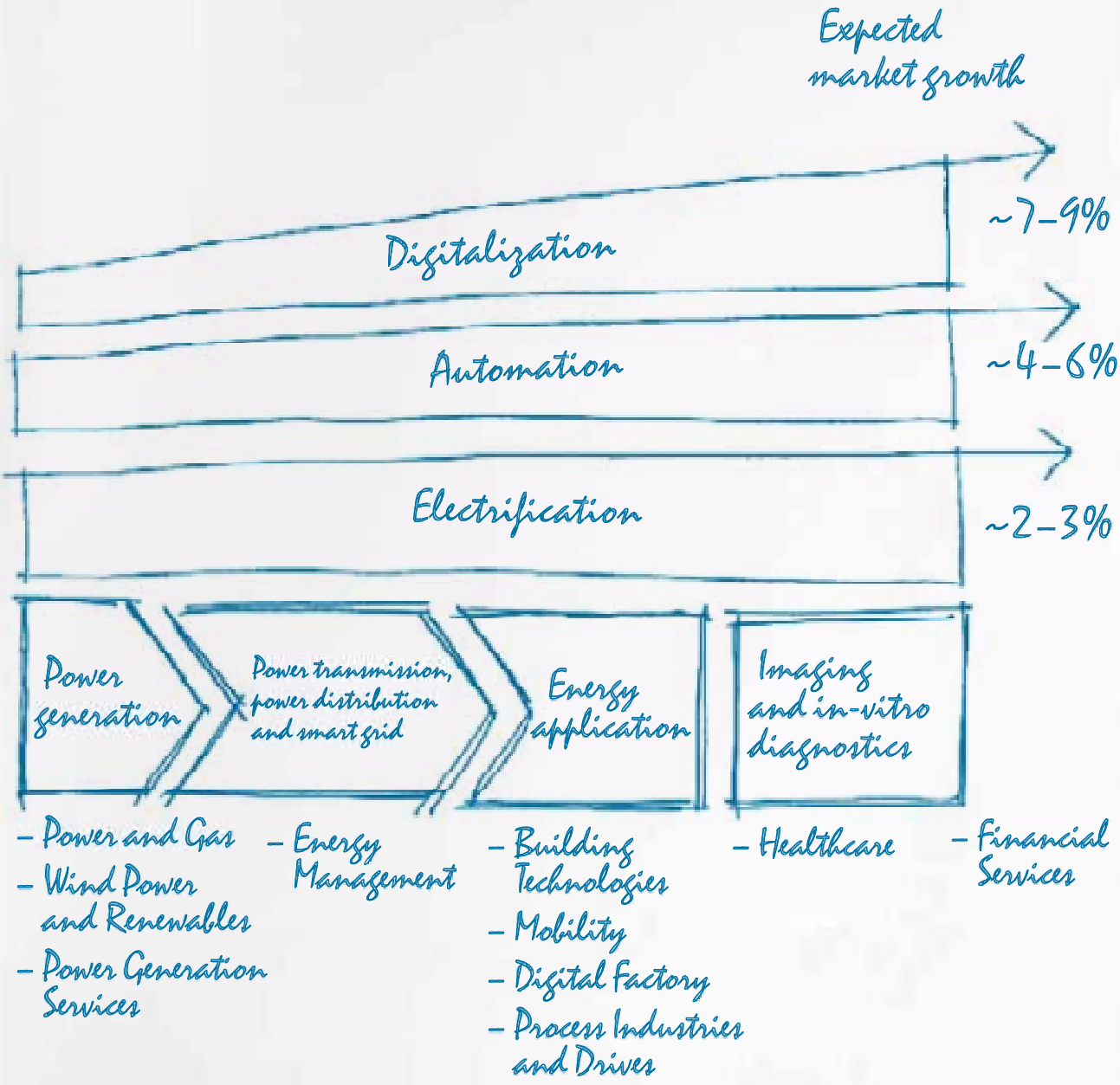
Our Building Technologies Division, Mobility Division, Digital Factory Division and Process Industries and Drives Division are delivering technologies for the efficient application of energy in building technology, transportation and industry.

Imaging and in-vitro diagnostics

Siemens Healthcare is responsible for our medical imaging and in-vitro diagnostics businesses.

Financial Services

In all areas related to project financing, Financial Services is a reliable partner to our customers.



Customer and business focus

Customer and business focus also includes setting clear priorities for resource allocation in the future. We'll utilize the power of our employees, our technological expertise and our capital in a more targeted manner in the areas where they'll create maximum value for Siemens. Positioning our Company rigorously along the value chain of electrification and allocating resources in a targeted manner will enable us to access the fields that promise to provide us with long-term profitable growth. On this double page, we present selected growth fields.

Flexible and small gas turbines

In the area of power generation, the trend is increasingly toward decentralized energy supply. Customers worldwide are relying more and more on individualized energy supplies and demanding tailor-made solutions. As a result, we see major growth potential in the field of flexible and small gas turbines – potential that we intend to rigorously exploit.

Offshore wind power

Among renewable sources of energy, wind power will play a key role over the long term. Offshore wind turbines deliver high yields and are subject to less fluctuation than other renewables. We want to continue building on the leading position in offshore wind power that we've captured in recent years. We consider double-digit market growth realistic in this field in the medium term.

Distribution grid automation and software

Energy management is becoming increasingly vital – for distribution grids as well as industrial and private energy producers and consumers. Energy management systems make it possible to integrate increasingly decentralized power supplies into the energy cycle, while mitigating the negative impact of the fluctuations that occur when power is generated from renewable sources – thus improving the utilization of existing power grids. Our intelligent, integrated automation solutions offer customers decisive added value.

Urban and interurban mobility

In greater demand than ever before, intelligent mobility solutions are providing major impulses for growth – particularly in the areas of urban transportation and automated traffic-control solutions. We see stronger growth potential in this area as well.

Digital-twin software

The virtual and real worlds are merging more and more. Already today, our software solutions are helping customers develop products much faster, more flexibly and more efficiently. For example, they can now perform endurance tests even before a single bolt is tightened in the real world. Not only products but also the plants in which they're produced have digital twins that can be used to coordinate and integrate product design and production planning. The digital models are always up-to-date – as planned, as built, as maintained – while allowing improvements throughout entire lifecycles.

Key sectors in process industries

Some industry sectors – oil & gas and food & beverage, for example – are growing at above-average rates. We want to participate in this growth. That's why we're bundling our expertise in process industries and drive technologies and continuing to expand our related portfolio of products and software solutions.

Image-guided therapy and molecular diagnostics

The increasing use of molecular biological methods and progress in the life sciences are accelerating technological change in healthcare. To improve quality and efficiency, societies worldwide are also demanding new solutions for next-generation healthcare. Against this backdrop, fundamental changes are emerging – changes to which we're optimally gearing our Healthcare business.

Business analytics and data-driven services, software and IT solutions

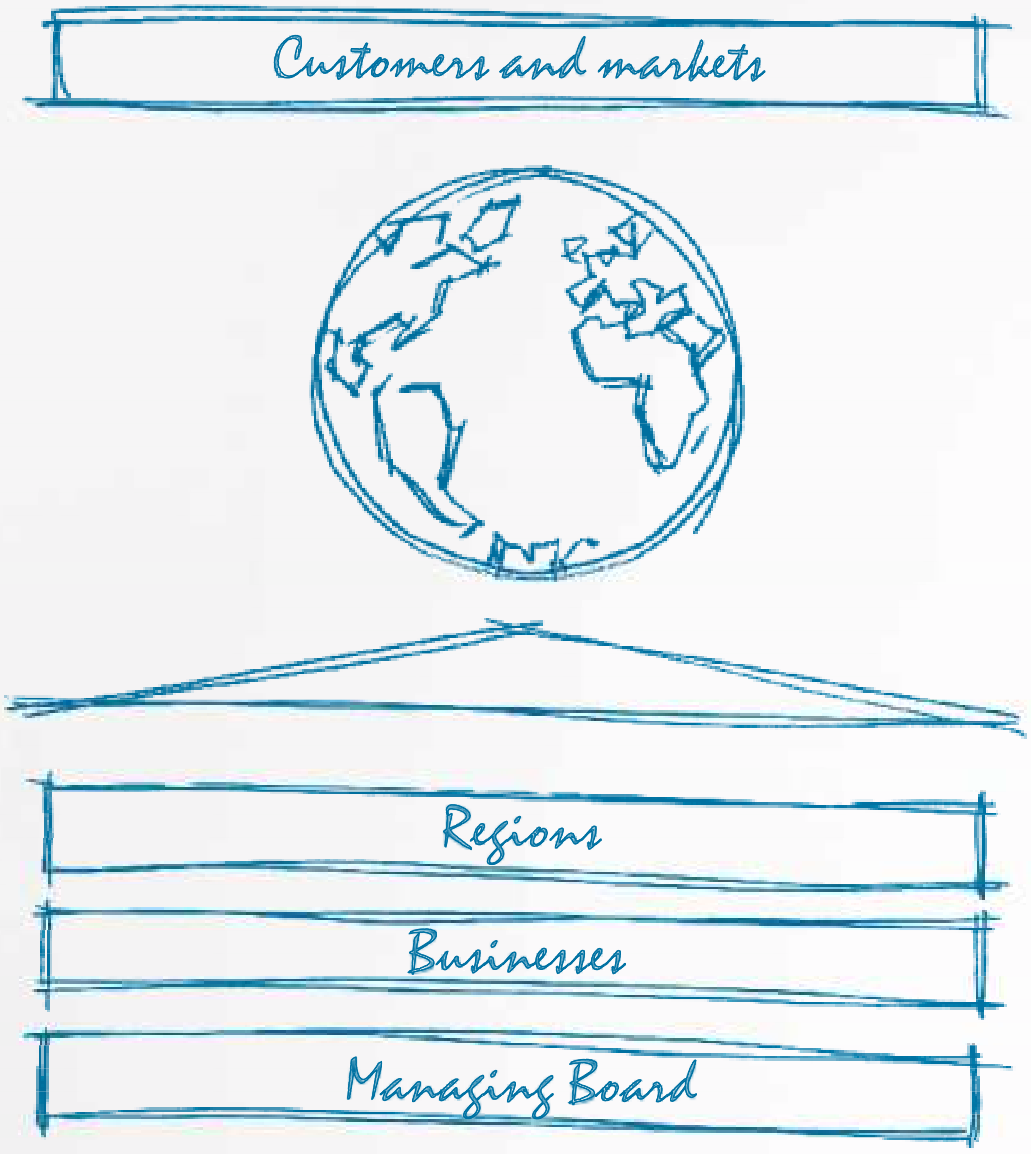
We have a comprehensive understanding of our customers' business processes. In the future, we want to leverage this knowledge even better by analyzing the data generated in these processes, providing recommendations for improvement and action, and thus creating value. The resulting competitive advantages for our customers are increasingly derived from cloud-based solutions and services powered by data analytics software. A clear example is our cross-unit remote service, which we're continuously expanding.

Governance

We want to lead Siemens in such a way that we focus on our customers at all times and further expand our market penetration while maintaining lean and flexible structures. That's why we've selected a market-integrative setup that combines a common regional organization with a coordinated vertical approach. Against this backdrop, we've retailored the structures and responsibilities of our businesses, our Regions and our corporate governance functions. Concretely, this means:

- We've removed layers from our Company, thus bringing our businesses closer to customers and key markets. We replaced our 14 Regional Clusters with 30 Lead Countries. These Countries, which generate more than 85% of our business, now report directly to our Managing Board.
- We've also eliminated the Sector level and consolidated our business activities into nine Divisions and one separately managed unit, Healthcare. This change, too, is increasing our customer proximity and accelerating our decision-making.
- In addition, we've made governance even more stringent across all levels of our organization. Our Managing Board leads the Company and maintains the balance between our businesses and Regions. It's supported by strong, efficient corporate governance functions, our Corporate Core. This Corporate Core ensures fast, unbureaucratic decision-making across key Company functions.

Stringent governance also means making sure that our proven methodologies for continuously improving performance are rigorously applied Company-wide in our businesses and projects in the future. In this connection, we're relying on our well-established *top*$^{+}$ program. We're also managing our compliance system and Company-wide compliance organization directly from Company headquarters to ensure that our activities always fully comply with applicable laws and with our own internal principles and regulations.


Customers and markets
Regions
Businesses
Managing Board

Management model

A strategy sets the course. In the end, however, it's implementation and results that count. To enable us to manage our Company more effectively, we've expanded One Siemens into an integrated management model that combines under one roof the overarching targets and priorities with which we're implementing our strategy throughout the Company.

Financial framework

To measure and compare our development vis-à-vis the market and in our competitive environment, we use a system of defined key indicators. We've now refined and expanded this financial target system.

→ SEE PAGE 96

Operating system and Corporate Memory

We manage our Company in accordance with specific, clearly defined priorities. And we do it rigorously. In addition, the Corporate Memory – our knowledge management – ensures that we learn from mistakes and keep our work focused on success. → SEE PAGE 98

Sustainability and citizenship

We contribute to sustainable development by maintaining a responsible balance at the Company level between profit, planet and people.

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These factors are making a decisive contribution to our Company's success – managed jointly and holistically, not individually or in isolation. That's how One Siemens is helping us to reach our Vision 2020 goals.