

SIEMENS

**Press Conference Call
Economic Stimulus Programs**

**Peter Löscher
CEO of Siemens AG**

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Check against delivery!

We're constantly reading and hearing about the stimulus programs that governments throughout the world are using to counter the impact of the economic crisis. Today, after a systematic analysis of the largest of these stimulus programs, I would like to provide you with an appraisal of what they mean for Siemens.

The global economy remains in its worst crisis since 1929. Experts are now calling for the global economy to contract by 2.6 percent this year. This is a 0.1 percent greater decline than was forecast in April. The prognosis has once again been revised downward. Yet the decline appears to be slowing down. Therefore, we can realistically hope that we're now approaching the low point. However: it is still very difficult to predict how long the economy will remain at this depressed level, and when and at what rate of incline it will once again rebound.

As far as Siemens is concerned, I reported at our Semiannual Press Conference that we are preparing ourselves for business to weaken in the third and fourth quarters of this fiscal year. This statement remains valid, even against the backdrop of the analysis of the stimulus programs. That's because we expect these stimulus programs to have a stabilizing effect on our business – and then on our new orders – next year at the earliest.

Significant business opportunities for Siemens from the current stimulus programs

In recent months, governments throughout the world have announced stimulus programs with a value in the neighborhood of €2 trillion. Of this €2 trillion, approximately €700 billion has been earmarked for the construction and upgrading of public infrastructure. The rest will go for example toward tax incentives. Of the €700 billion, approximately 20 percent is relevant for Siemens. That's about €150 billion. The other four fifths are for areas in which Siemens is not active – for example the construction of roads or bridges. Because of the average global market share of our products and solutions, we anticipate orders of approximately €15 billion from the stimulus programs, over three years. Based on likely projections, we expect these orders from fiscal 2010 to 2012, when the stimulus programs take full effect. Of this €15 billion, approximately 40 percent will go to "green" infrastructure investment projects. One thing is already clear: the percentage of our company's revenue generated by our green portfolio will increase significantly. We will become even greener!

Let me give you three "green" examples of where we were successful recently with public contracts, and where we see opportunities for us in the context of the stimulus programs.

Green examples for our growth

The first example is from Germany: In a number of cities, we have converted traffic lights to LEDs. If all traffic lights in Germany were converted to LED technology, this would result in energy savings of 1.4 billion kilowatt hour (kWh) per year. This, in turn, would result in savings of approximately €170 million per year. In times of tight public budgets, this is a particularly attractive approach, demonstrating how economic and environmental goals can be pursued simultaneously during the crisis.

The second example is from China: A few weeks ago we received an order related to more than 100 Velaro high-speed trains. Together with our Chinese partners, we will be implementing the fastest and longest high-speed train in the world. And even with a top speed of more than 300 kilometers per hour, the Velaro's energy efficiency is outstanding: for every 100 kilometers, the Velaro would use only 0.3 liters of fuel per seat – an amount equal to a can of cola. It's no wonder that this green train is such a bestseller. Of the last six tenders for high-speed electrical multiple unit trains, Siemens has won five. Other opportunities present themselves: the Chinese government has reserved more than 700 billion Yuan, an amount equal to €70 billion, of its stimulus program for the development of rail infrastructure.

The third example is from the U.S.: Earlier this year, Siemens assumed responsibility for energy-saving renovations of more than 135 schools in the U.S. state of Tennessee. These renovations resulted in dramatic reductions in energy costs. The cost savings are close to 40 percent. The annual reduction in CO₂ emissions is also impressive: 13,000 tons. That's equivalent to more than 3,000 mid-sized cars traveling 20,000 kilometers a year.

The market potential of this energy contracting for only public buildings is impressive: In Germany alone there are more than 66,000 public buildings, and their total energy costs are approximately €1 billion per year. Through energy contracting, these costs can be reduced by up to €400 million. For more than 20 years Siemens has been offering energy contracting. With this combination of consulting services, installation and financing, customers do not have to make any up-front investment. Energy contracting allows them to make their payments exclusively with energy cost savings over the term of the contract.

Allow me to make one final comment about our business opportunities in the U.S.: The Obama administration has reserved more than US\$4 billion of its stimulus program for improvements to the U.S. power transmission infrastructure. Another approximately US\$8 billion is to be invested in high-speed trains. We are very strong in both of these areas. And we intend to take advantage of this strength. I've provided some green examples from the U.S., China and Germany where we expect most of our infrastructure orders in the short- and medium-term.

In the medium- and long-term green markets will grow at a well above average rate

The long-term challenge consists of making our business more sustainable and particularly to make it more focused on green growth markets. Last year our portfolio of "green" products and solutions generated revenue of €19 billion. Our goal is to reach the target of €25 billion by 2011. We see the stimulus programs as an important driver of growth. This growth not only secures jobs, it creates new jobs. Measured by revenue, approximately one quarter of Siemens' workforce is already engaged in the area of green technologies. And with the support of the stimulus programs, this number will grow every day.

Green markets will grow at a well above average rate in the medium- and long-term: The market for offshore wind turbines is expected to grow by more than 20 percent per year. The market for energy-efficient power transmission is expected to grow by more than 20 percent per year. The market for solar technologies is expected to grow by 24 percent per year. We play a leading role in these growth markets – or we will be. That's why we are investing a total of approximately €1 billion in research and development of green products. That's why we're investing in green factories, where business is growing, most recently in Kansas, Shanghai and Berlin.

Siemens has been active in most countries of the world for more than 100 years

Siemens is an internationally established company. In most countries of the world, Siemens has been active for more than 100 years and is an important employer. We have German roots, yet, but: In China we employ almost exclusively Chinese – approximately 40,000. In the U.S. we have created almost 70,000 jobs since the mid-1970s, primarily for Americans.

Therefore, we see the current debate over the protection of national industries with a certain sense of calm. In the U.S., we are present in every one of the 50 states. And in China we have established more than 90 companies and 60 subsidiaries. We are a “local global player”.

Let me summarize: The various government stimulus programs create new business opportunities for all of our Sectors. The Energy Sector and the Mobility Division stand to profit the most. These programs will help to cushion the effect of the downturn on business with private sector customers in the short- and medium-term. No one can say for certain what the global economy will look like after the crisis. But one thing is certain: it will be a greener and more sustainable economy than it was before the crisis. We are determined to further enhance our position at the forefront of this fast-growing, green economy.

Our intensive participation in the Desertec project is also relevant in this regard: In 1855, it was Siemens that completed the first telecommunications megaproject – the telegraph line from Finland to the Crimea, over a distance of 10,000 kilometers. In 1874, it was Siemens that connected Europe to North America with the first trans-Atlantic cable. And today, it is Siemens that is implementing one of China’s longest and most efficient electricity superhighways. Looking ahead, generating power in the desert and bringing this power to Europe over an ultra-efficient transmission system... that’s a job made for Siemens.

Today Siemens is already the green infrastructure giant.
And in the coming years we will become even bigger and even greener.