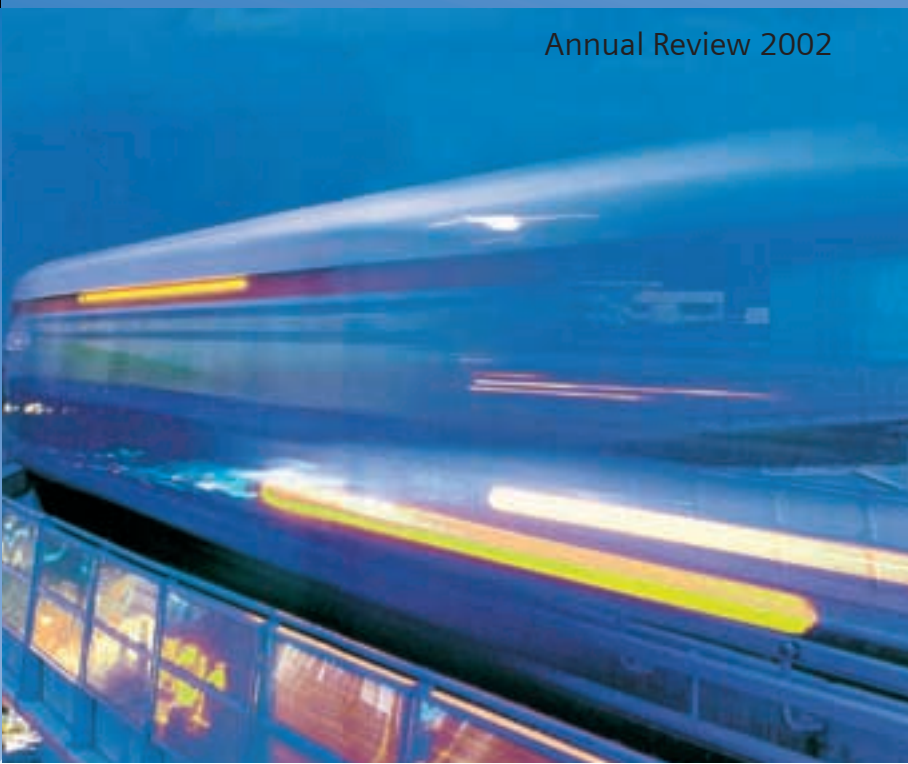




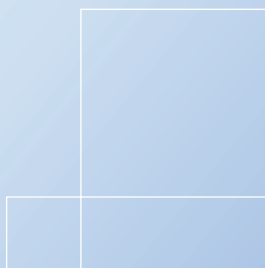
SIEMENS

FINLAND

Annual Review 2002



Siemens in Finland and the Baltics



The Siemens Osakeyhtiö Group is a technology and service company active in the information technology, communications, industry, energy, transportation and medical engineering sectors in Finland and the Baltics. During the year under review, the business group had net sales of €410 million and employed 1,363 people.

Siemens Osakeyhtiö is a subsidiary of the global Siemens AG. Siemens Group Worldwide had net sales of €84 billion and employed 426,000 people. Siemens began business activities in Finland in 1855 when the company built a telegraph line between St. Petersburg and Helsinki. The Finnish subsidiary was founded in 1898, 104 years ago.

The Siemens Osakeyhtiö Group includes subsidiaries in the Baltics: AS Siemens in Estonia, and its subsidiary AS Siemens Electroservices, Siemens SIA in Latvia and UAB Siemens in Lithuania.

There are three joint ventures: Wincor Nixdorf Oy owned by Wincor Nixdorf International GmbH (50.1%) and Siemens Osakeyhtiö (49.9%), PICS Automation Oy owned by PI-Consulting Oyj (70%) and Siemens Osakeyhtiö (30%) and CoPower SIA owned by PVO Engineering Oy (33%), Vantaa Energy (33%) and Siemens Osakeyhtiö (33%).

Other Siemens companies in Finland are BSH Kodinkoneet Oy, Fujitsu Siemens Computers Oy, Oy Osram Ab, Siemens Building Technologies Oy, Siemens-Elementa AB and Siemens Rahoitus Oy, which has a subsidiary in the Baltics.

Siemens companies in Finland and the Baltics have net sales of around €680 million and employ 2,061 people.

2	Vision, values, Siemens people and sustainable development	10	Highlights	26	Joint ventures
4	Management review	12	Board of Directors and Company structure	27	Other Siemens companies
6	Employees	14	Business segments	31	Financial statements
8	A partner in the energy industry	23	Subsidiaries	42	Siemens Group
				44	Addresses

Siemens Osakeyhtiö - Business Groups

Information and Communications



ICN Carrier Networks

Customers:

Information and communication network and service providers.

ICN Enterprise Solutions and Services

Customers:

Information and communication service providers, companies, public administration, entities and other organizations in Finland and in Siemens Group Worldwide's international projects.



Information and Communication Mobile

Customers:

Mobile network and service operators, companies and consumers in Finland and in Siemens Group Worldwide's international projects.



Siemens Business Services

Customers:

Forest and food industries, electronics industry, telecom companies, service industry and public administration.

Industry



Automation and Drives

Customers:

OEM industry, panel builders, system partners, sales partners, electrical wholesalers, process industry and system integrators.



Industrial Solutions and Services

Customers:

Paper, pulp and metal industries and public administration.

Energy



Power Generation and Distribution

Customers:

Municipal power utilities, industrial power generation units, energy companies and producers of basic energy.

Transportation



Transportation Systems

Customers:

Finnish Rail Administration (RHK), VR Group, Electric Rails Ltd, Helsinki City Transport (HKL), port authorities and railway authorities in the Baltics.

Products and services:

Data network solutions ranging from the main network to access networks, broadband ADSL access networks, telephone exchanges and next generation IP-based voice networks, SDH and DWDM transmission systems, radio links, technical support and training.

Products and services

HiPath IP solutions for corporate voice and data communication, Contact Center solutions, dealer telephone systems, wired and wireless LAN solutions, installation, support, maintenance, service, training and total services.

Products and services:

Mobile systems (GSM, GPRS and UMTS) radio and main networks, value added service systems and turn-key solutions, mobile phones, Smart Devices, wireless home phones, fixed network home phones, ISDN terminals, technical support and training.

Services:

Planning e-business models, business process description, ERP consulting, logistics supply chain planning and optimization, installation and deployment services for e-business applications, information systems operating services and training.

Products and services:

Automation systems and equipment, electrical drives, process automation projects, motion control automation systems, converters, low voltage switchgear, installation material, technical support and training.

Products and services:

Part and turnkey projects for the paper, pulp and metal industries, systems and services throughout the lifecycle of an industrial plant, industrial IT systems, traffic control technology, parking control systems, low voltage devices, software engineering, installation, commissioning, automation service, maintenance, spare parts and modernizations.

Products and services:

Power plants, steam and gas turbines, power plant automation systems, substations for energy transmission and distribution, industrial and power plant electrification and maintenance services.

Products and services:

Signaling systems, railway control, track control and electrification systems and related project management, commissioning and maintenance services and rolling stock.

Siemens Osakeyhtiö Group

Key Figures

€M (U.S. GAAP)	2001/2002	2000/2001	1999/2000
New orders	415	365	272
Orders on hand	117	110	86
Net sales	410	339	269
Net sales, including commission sales	454	359	408
Income before taxes	22	16	13
as % of net sales	5.4	4.7	4.9
Balance sheet total	141	150	128
Investments	3	7	9
Employees at 30 September	1,363	1,568	1,211

Due to conversion to U.S. GAAP no comparable figures for 1998 and 1999 available.

Local strength, global flexibility

Every single day, 426,000 Siemens people think and work together to make life throughout the world a little better. We believe that profitable business, the use of new technology, excellence and a respect for sustainable development create a sound platform for business prosperity, people's well-being and quality of life.

Our customers have every confidence in Siemens' resources, our global innovation network, which is closely intertwined with our Finnish excellence. To our customers, Siemens synergy, globality, translates into technological leadership, cross-cultural ideas and integrated excellence. The cornerstone of Siemens' shared culture is the customer – satisfied and lifelong. It is this awareness, firmly implanted in us, that has helped us to grow into a global company, effectively drawing on a rich multinational culture.

Our goal is to promote technology and well-being and vision and values are guiding our actions



Our work is driven by customer success



Profitable business ensures continuity



We will prosper through outstanding cooperation



Learning is the key to continuous improvement



We are committed to good corporate citizenship



New innovations shape our future



Our business culture fosters top results

Vision

Our customers are winners. With us, Siemens individual. I am an expert, I will learn, prosper and grow in value. We are the best investment. A sought-after leading-edge company.

Values

Siemens is an international company uniting many nationalities, cultures and beliefs. Our operations show an ability to work seamlessly together irrespective of our background or geographical location. We have something that unites us. We have shared values we act in accordance with.

Siemens people

Siemens people are responsible individuals, team players with leading-edge skills. A pleasure to work with.

Siemens is committed to sustainable development

Sustainable development has three dimensions: economic, ecological and social. We are firmly committed to developing our business in an increasingly sustainable direction in these areas.

The provision of economic well-being calls for effective, profitable and competitive business operations. Economic well-being also forms the platform for ecological and social responsibility.

Siemens recognized its ecological responsibility at an early stage; Siemens' environmental protection organization was already put in place over 30 years ago. Much has happened since then. The group's environmental policy and ways of working have been defined and an expert global organization has been created. What is also important is that 426,000 Siemens people each day are able to act as required by modern environmental protection. In 2001, Siemens invested €75 million in environmental protection.

We and our customers alike benefit from the environmental R&D carried out by our parent company. Since technology means less energy, raw material and waste, we protect the air, water and soil at the same time. Siemens Osakeyhtiö's goal is to receive ISO 14001 environmental management certification in the near future.

Social responsibility means the well-being of our people, good working practices in our relationships with all stakeholders and productive, long-term cooperation with colleges, local schools and other organizations.



Management review



Siemens Osakeyhtiö Group made good overall progress during the year under review. New orders, net sales and result were all up. Net sales rose over 20 per cent and income before taxes 39 per cent. Siemens Business Services, Information and Communication Mobile and Power Generation and Distribution had a particularly successful year. Siemens Osakeyhtiö and all subsidiaries achieved positive returns. Given the modest economic conditions in Finland, we performed extremely well at group level.

Strong growth in the Baltics

Over 40 per cent of our net sales during the year under review came from our activities in the Baltics. Hindsight has shown we were right to establish subsidiaries in Estonia (1994), Latvia (1995) and Lithuania (1995). Investments, long-standing cooperation and expectations of those countries have been rewarded. The modest market in Finland has been mitigated by the dynamism with which the Baltics have forged ahead in building the infrastructure, especially in the mobile communication, telecommunications network and energy sectors. The application of Estonia, Latvia and Lithuania for EU membership adds further impetus to their desire for modernization and construction, and enhances Siemens' business potential in those countries.

Growth was greatest in Latvia, where the encouraging economic climate provided added momentum to the business of Siemens SIA, which more than doubled its net sales on the year. In Estonia, AS Siemens increased its share of the market in almost all business areas and enjoys second place in the mobile phone market. In Lithuania, UAB Siemens has a strong position in the telecommunications, energy and industrial sectors, and is market leader in the mobile phone market.

A successful year for SBS in Finland

Siemens Business Services focuses on IT services and had an excellent year, continuing to build on earlier growth. All major forest industry companies in Finland rank among SBS customers. This success has not gone unnoticed elsewhere. In April 2002, Siemens' global SBS established a forest industry center of excellence in Finland to support customers in global IT system projects. In line with its target, SBS built on customer relationships in the public sector, intensified cooperation with the Finnish Defence Forces and secured a major new customer, Finland Post Corporation.

On the network front, the focus of deliveries was on broadband transmission networks. Despite poorer demand for mobile phones, ICM increased its share of the market and further consolidated its position as number 2 on the Finnish mobile phone market. Development addressed 3G technology, which the market is eagerly awaiting.

On the industrial front, we successfully increased net sales, with e-commerce now accounting for over 20 per cent of net sales. This is in line with our objectives. We also won several automation and electrification orders.

Investments in Finnish power plants increased our orders on hand. The decision to go ahead and build a fifth nuclear power unit may well stimulate industrial investments and investments in transmission networks.

Economic fluctuations and market trends affect business groups differently

Market trends and economic fluctuations usually affect Siemens Osakeyhtiö's four business groups in very different ways. The diversity of our business is reflected in the special expertise of our people. Expertise and job demands do not necessarily transcend business group boundaries. Whilst Siemens Business Services is growing strongly and taking aboard new recruits, elsewhere within the company employer-employee negotiations were underway to shed jobs. This was in the face of the global downturn in IT investments gaining ground in December 2001, the impacts of which were also felt by Siemens Osakeyhtiö. The downturn was further exacerbated in June 2002 and industrial investments also began to dip. Job transfers and training meant that actual job losses were fewer than anticipated.

Employee skills a competitive factor

Major challenges facing us during the year were employee skills, customer relationship management, well-being at work and a motivating leadership culture. We seek to strengthen a service culture from which our customers can benefit. We also pushed forward with management and leadership ability in a bid for expert, vital Siemens people.

Challenging future

The uncertainty prevailing in the global economy, tension in the worldwide political arena and a delay in the expected recovery of the Finnish economy make it increasingly difficult to predict economic trends. Overall production in Finland is expected to pick up slightly this year and next, with little actual growth and major fluctuations in different industrial sectors.

Likewise in these conditions, we are looking to continue financially balanced growth. This we will achieve by increasing our share of the market and by further intensifying customer partnerships. Work continues on building the infrastructure in the Baltics, where Siemens considers there to be further growth potential in all business groups, especially in the energy and SBS market.

Customer and employee acknowledgment

I would like to thank our customers for the confidence they continue to show in us. We secured several long-term projects during the year under review. This reflects our customers' faith in our global state-of-the-art technology, strong local skills and long-term cooperation.

I would like to thank all Siemens employees. The result and growth we achieved during the year under review is tribute to the expertise and continued commitment of our people to the success of Siemens.



Risto Kortela
Chief Executive Officer
Siemens Osakeyhtiö

Competent people, motivating leadership culture

Customer relationship management and increasing the value of strategic customer relationships form the platform for profitable business. Successful customer relationships call for good leadership. It is only through people that we can translate strategies into results.

The year under review saw us shape our Siemens Osakeyhtiö management system built on Balanced Scorecard indicators and daily coaching. Additionally, values and vision also guide our management. We seek to foster motivated people who are committed to a customer-focused service culture.

Less need to recruit

Instability in the global economy and market uncertainty resulted in less need to recruit during the financial year ended 30 September 2002. The impact of this was particularly felt in the IC business group, with the exception of the Siemens Business Services unit, which recruited steadily throughout the year.

Whilst we were regrettably forced to shed staff, Siemens diversity proved to be invaluable in this situation and we were successfully able to redeploy several persons within the group.



Group employee information

Employees (30 Sept 2002)	1,363
Trainees	33
Average age, employees	39.3
Teleworking agreements	651
On assignment	24

Leadership excellence fosters well-being at work

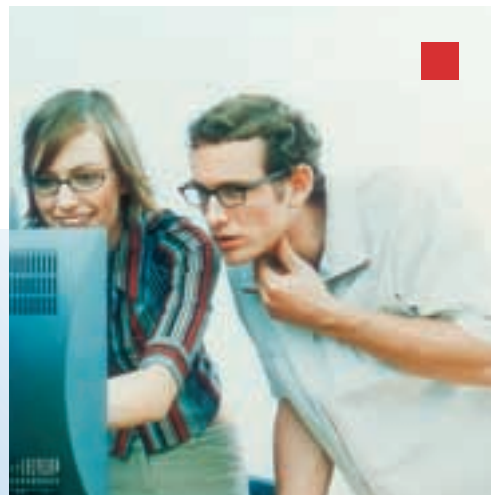
Good leadership is the hallmark of a successful organization. Achieving objectives calls for competent, motivated staff at all times. To ensure future success, we are developing organizational learning and supporting the well-being at work of our people.

During the year under review, Siemens Osakeyhtiö created a competence development and management model as a tool for leadership excellence. This model is part of our overall well-being at work concept. We defined our core excellences and incorporated them into individual competence profiles.

During the year under review, we also revised our objective, development appraisal discussion and performance discussion practices so that they fully support management and well-being at work.

We aim to achieve the world's best leadership culture

Siemens Group Worldwide intends to create a leadership, Leadership Excellence, second to none. In response to this challenge, we continued



vigorously developing our leadership in Finland. The year under review saw us build two manager support training programs, which are part of the Siemens Group Worldwide Management Learning Programs. These programs will be put into place during the new financial year. We are reinforcing our new leadership with new bonus and assessment models aimed at supporting and developing existing managers and at identifying future persons suited to management tasks.

Rewards further objectives and provide incentive

An overall bonus system, which was overhauled during the year under review supports our leadership systems. We use rewards to guide the implementation of our strategic objectives. Employee competence and motivation is Siemens Group Worldwide's most important resource. We measure results and added value each financial year and in the long term. In keeping with its values, Siemens Group Worldwide is committed to being a good corporate citizen.

We consider rewards a strong management tool and part of a motivating human resources policy. Our salary policy is built on a platform of Siemens Osakeyhtiö's values and vision. By rewarding top performance we create a motivating cor-

porate culture and dynamic working environment. Fairness, motivation and an opportunity for every Siemens employee to impact on his or her own salary level are key to our reward policy.

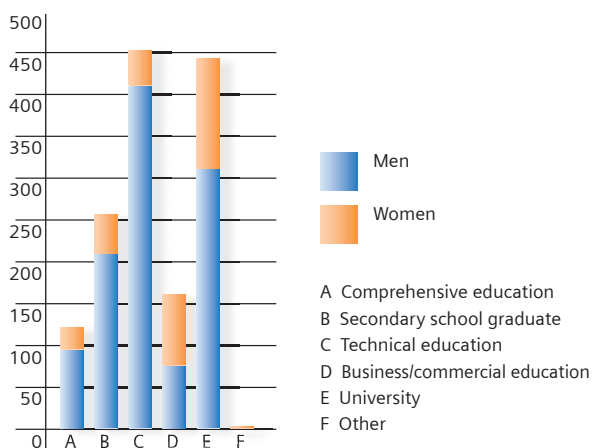
HR policy supports management

Siemens Osakeyhtiö Group specified its HR policy during the year under review. Our HR policy expresses the principles according to which human resources are managed within the Siemens Osakeyhtiö Group. Our HR policy seeks to ensure a skilled, efficient, motivated team providing outstanding customer service and is intended to ensure consistency in decisions relating to our employees.

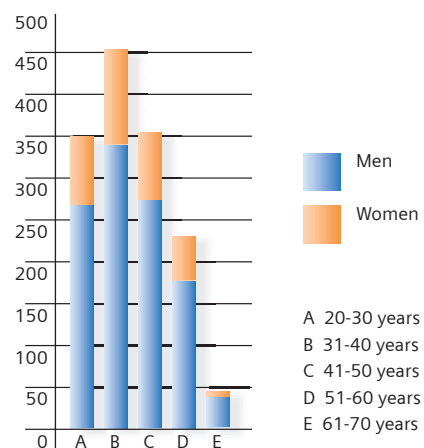
Business Conduct Guidelines support an ethically sustainable corporate culture

The group's Business Conduct Guidelines were specified when Siemens Group Worldwide listed on the New York Stock Exchange in 2001. The guidelines are based on the group's values and highlight the importance of complying with the law and ethical norms in our daily business and strategic decisions and commit all Siemens people throughout the world.

Analysis of employee education within the Siemens Osakeyhtiö Group



Employee age structure within the Siemens Osakeyhtiö Group



Siemens – an innovative, reliable partner in the energy business

Effective, environment-aware power generation is in the interest of both the private sector and the national economy alike. As an energy intensive industry, pulp and paper mills require effective process steam and electricity production.

Siemens has long played a key role in building and maintaining Finland's energy supply. Since power plant age is measured in tens of years, the lifecycle of the entire power production system, our customers in the energy business value long-standing partnerships.

Siemens founder, Werner von Siemens, discovered the dynamoelectric principle in 1866. Today, global Siemens and numerous energy projects ensure the ongoing development of our technologies and solutions.

World record turbine efficiency

To date, we have delivered some 1,200 gas turbines and are holders of the world record in gas turbine efficiency. The gross efficiency of the turbine we delivered to the brown coal power plant at Boxberg in Germany is no less than 48.5 per cent.

Environment-friendly fuel cell technology is securing an increasingly key position in a decentralized energy market. Siemens already has nine demonstration fuel cell power plants worldwide in operation or on order. We will build Europe's first close-to-series 250-kilowatt SOFC (solid oxide fuel cell) power plant in Hanover by 2003. SOFC efficiently converts chemical energy directly into power and heat and, what is paramount, with practically no emissions.

On the wind power front, we are a turnkey supplier of both land and sea solutions. Working together with partners, we deliver entire wind parks on a turnkey basis. For example, the Emlichheim wind park in North Germany was built in under a year and, depending on wind conditions, currently generates a total of 31.5 megawatts of wind power using 21 1.5-megawatt mills.

Global player

We are a global player in power generation and transmission. In the financial year, Siemens energy business had a global net sales of around €14 billion and the business employed 42,400 people.

Energy products and services span the entire sector from field equipment to total projects: steam and gas turbine plants, related maintenance and spare part services, power plant automation, electricity substations, protection and control systems, industrial and power plant electrification and maintenance services.

Aside from our excellence in energy technology, we also have the competence to view matters from the business and infrastructure aspect. This enables us to enhance the business of our customers through enterprise resources planning systems, IT maintenance services and communications solutions.

For our customers, Siemens synergy and global presence translates into cross-cultural ideas and integrated skills. Nevertheless, customer satisfaction is also built on the local knowledge provided by local experts in the field.

Environment-friendly energy production

A recent example of Siemens power generation excellence is the world's largest back-pressure turbine unit for the pulp and paper industry. The unit to be delivered to Wisapower Oy in Pietarsaari has an output of around 150 megawatts of electricity and its heat generation can be used in the production process. The turbine is characterised by high efficiency and flexible application. Siemens also supplied the earlier turbine unit at Pietarsaari in the 1970s.

On the power transmission front, we are involved in the entire transmission process from the power plant to the consumer. We delivered a 400 MVA main transformer at Pirttikoski to Fingrid Oyj, the body responsible for the Finnish national

grid, on a turnkey basis. We have also delivered electricity substations to the Baltics, where work continues to forge ahead on building and modernizing the infrastructure.

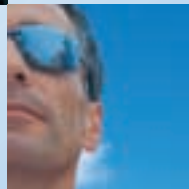
Power plant automation ensures high capacity and efficient power generation. Siemens is at the leading edge in automation and customers have every confidence in our excellence in challenging projects. Siemens is modernizing the turbine automation system of both units at Olkiluoto. The system covers the whole range from turbine to condenser and feed water pumps. The implementation is based on Teleperm XP automation system.

Globalization of the energy market

Liberalization of the energy markets is changing the business environment in which we work.

Comprehensive energy production is placing new demands on the availability of energy sources and care for the environment. One interesting issue in the changing energy market will be the use of alternative energy resources, energy reserves, distributed power production systems and transmission systems having lower energy loss.

We are actively working on new technologies to distribute energy more efficiently, produce lower energy losses and to consume more sparingly. Our success on this front is based not just on our forward-looking way of working, but also on the excellence we have accumulated during our 155 years of business.



Highlights during the financial year

Major events for Siemens Osakeyhtiö's Baltic subsidiaries - AS Siemens, Siemens SIA and UAB Siemens - appear in the reports on those companies on pages 23-25.

22 October 2001

Siemens Osakeyhtiö's ICM and ICN business groups commenced employer-employee negotiations to axe staff in the light of a weakening market in both groups and a significant decline in investments made by corporate customers. Concluded on 18 November 2001, the negotiations sought to redeploy employees and find training solutions. This will mean the loss of 36 jobs, fewer than expected.

14 November 2001

Siemens Osakeyhtiö donated a communication system to Tampere University of Technology for research and teaching purposes. The donation included a HiPath 5000 Voice over IP system, terminals with licenses and system training.

15 November 2001

Oulu Telephone Company began installing the DWDM hardware ordered from Siemens to increase fiber optic capacity. The communications capacity requirement has grown dynamically in the Oulu area.

22 November 2001

Siemens launched the C45 mobile phone onto the Finnish market. The phone can be tailored to user image by changing the shell. Users can also design their own personal shell at <http://www.my-siemens.com/city>.

26 November 2001

Siemens Osakeyhtiö merged its Netron Oy subsidiary with the ICN business group and also divided Enterprise Solutions and Services and Carrier Networks into two distinct business groups. Netron Oy ceased being a separate company.

29 November 2001

Radiolinja signed a framework agreement with Siemens on UMTS network deliveries. The agreement includes delivery of base stations, control units and a switching network as well as value added services. This agreement consolidated Radiolinja's earlier decision to choose Siemens as its 3G network supplier.

5 December 2001

Delivered by Siemens and NEC, the first UMTS network in Europe entered into service on the Isle of Man.

11 December 2001

Siemens Osakeyhtiö and Elisa Communications signed a key partner agreement aimed at creating a readiness to develop new business and improve the cost-effectiveness of both companies.

12 December 2001

Siemens commenced electrification and automation deliveries to the future RAP5 line at AvestaPolarit's plant in Tornio. The RAP5 line at Tornio integrates several processes and is the largest of its kind in the world.

14 December 2001

Monaco Telecom started testing its UMTS network. Siemens and NEC supplied the UMTS network, terminals and applications to Monaco.

3 January 2002

Siemens delivered a mySAP.com solution and operator services to Metsä-Botnia. Metsä-Botnia deployed the solution in its five Finnish production plants.

9 January 2002

Sonera inaugurated an IP-based system to switch telephone traffic. Initially the system, which transmits phone calls via the IP main network, was introduced between Helsinki and Tampere. The system was implemented using a Siemens Surpass system.

29 January 2002

One of the base stations on Radiolinja's pilot 3G mobile network was located at Siemens Osakeyhtiö's premises at Perkkää in Espoo. The UMTS network and its properties were presented to partners and media representatives.

12 March 2002

Siemens launched the M50 mobile phone fitted with java and GPRS technology. Additionally, Siemens announced a free GPRS software update for S45 and ME45 models.

5 April 2002

Finland Post Corporation chose Siemens as its partner to implement a mySAP.com solution. Finland Post's solution includes supply chain management (SCM), customer relationship management (CRM), financial control and technical integration.

5 April 2002

Siemens Business Services established a forest industry center of excellence in Finland. This global business group thus reinforced its position close to key customers in the forest industry.

9 April 2002

Siemens Business Services and Intershop Communications started work on implementing an electronic procurement center for Sonera Corporation. The solution functions as a shared work desk between Sonera Gateway's corporate customers and their chosen suppliers. Implementation also includes real-time financing and asset management functions.

2 May 2002

Siemens Osakeyhtiö increased the guarantee period on the mobile phones it imports to two years. The two-year guarantee applies to Siemens' C45, ME45 and S45 models and to all new Siemens' phones coming onto the market. The guarantee on batteries and accessories remains one year.

15 May 2002

Siemens Osakeyhtiö delivered an e-business solution to M-real's board business. Inaugurated in April, the turnkey solution included the necessary hardware, internet connections and maintenance, as well as customer service support functions. Siemens Business Services bears the main responsibility for the project.

10 June 2002

The global downturn in communications networks worsened and industrial investments fell. This was the second time during the financial year that the company faced employer-employee negotiations. With the redeployment and training solutions concluded in the negotiations in August, 63 jobs were lost.

17 June 2002

Siemens Osakeyhtiö concluded a major contract with Teollisuuden Voima Oy to deliver automation to the Olkiluoto nuclear power plant in Eurajoki. Siemens is to provide automation for the turbine control system and update the simulator. The new automation system and simulator will be in full operation during 2006.

17 June 2002

Siemens launched its C55 mobile phone, which records and repeats both polyphonic and real sounds.

26 June 2002

Siemens Osakeyhtiö signed an agreement with Saint-Gobain Isover to implement a mySAP.com system in Isover's future Russian production plant. Additionally, Saint-Gobain Isover outsourced operating and management services in a SAP-based IT environment to Siemens Business Services.

27 June 2002

Siemens Osakeyhtiö agreed on the delivery of broadband subscriber interface technology to Elisa Communication Corporation's network companies. Delivery includes broadband DSL connections, subscriber network IP routers required to build Elisa's network and related training and maintenance services. The network technology enables IP-based services and a wide range of IP- and ATM-based main network connections.

10 July 2002

Siemens Osakeyhtiö agreed on an automation project delivery to Saint-Gobain Isover Oy. Saint-Gobain of France, the world's largest manufacturer of mineral wool insulation is expanding into Russia. The production plant to be built in Yegorievski will be fitted out with Siemens automation. The project is to be implemented by Automation and Drives, the Siemens arm specializing in process automation systems.

23 August 2002

Siemens Osakeyhtiö agreed on the delivery of a splitting line to a stainless steel processing plant in the Netherlands. The customer is AvestaPolarit Processing B.V., which processes steel bands made of cold rolled stainless steel. Delivery includes electrification and automation of the line on a turnkey basis. The line mechanism is being supplied by Fimi of Italy.

26 August 2002

Siemens signed an agreement to deliver the world's largest back-pressure turbine plant in the pulp and paper industry to Wisapower Oy. The power plant is part of UPM-Kymmene's Wisaforest pulp mill in Pietarsaari. The turbine plant in question has an output of some 150 megawatts of electricity.

19 September 2002

Siemens Osakeyhtiö sold its cubicle manufacturing at Ulvila to AS Harju Elekter. Cubicle manufacture was incorporated and continues under the name Satmatic Oy.

Group executives

Board of Directors

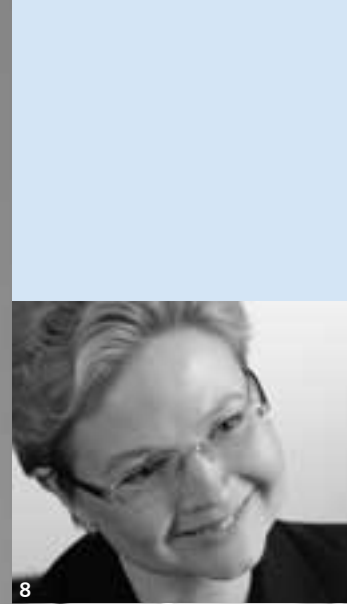
Risto Kortela, chairman, CEO
Michael Eidam, CFO
Pekka Eloholma, director

Supervisory Board

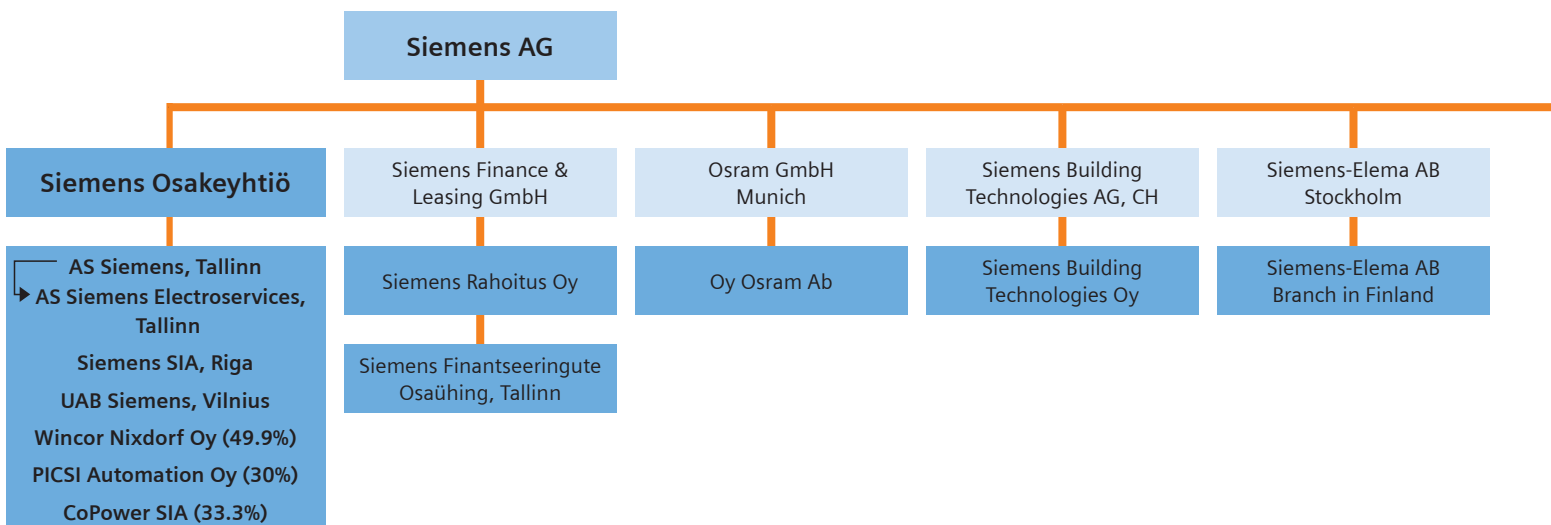
Kimmo Kalela, chairman, MSc (Eng)
Thomas Ganswindt, deputy chairman, business group director, Siemens AG
Pentti Hakkarainen (until December 2001), LL.M., MSc (Econ & Bus Adm)
Kari Jordan (from February 2002), head of retail banking, Nordea AB
Olli Martikainen, professor, managing director, Necsom Ltd
Kalevi Nikkilä, president, Outokumpu Copper Products Oy
Timo Rajala, president, CEO, PVO Group
Jürgen Radomski, director, Siemens AG
Günter Gösmann (deputy member from April 2002), director, Siemens AG
Dr. Wolfgang Thost (deputy member until March 2002) director, Siemens AG

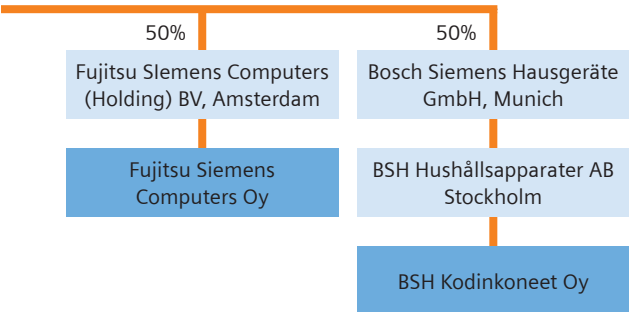
Auditors

KPMG Wideri Oy Ab:
Albrecht Hagert, Authorized Public Accountant
Juha Jokinen, Authorized Public Accountant



Company structure






Corporate Management Committee

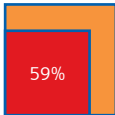
- | | |
|---|---|
| 1 Risto Kortela
CEO | 7 Terttu Tiura
director CC |
| 2 Petteri Kleemola
business group director ICM | 8 Leena Nurminen
director HR |
| 3 Pertti Huhta
business group director
PGD and TS | 9 Mauri Silfverberg
business group director A&D |
| 4 Michael Eidam
CFO | 10 Karl Lönngren
business group director
ICN CN |
| 5 Jussi Grönholm
business group director SBS | 11 Jaakko Tennilä
business group director I&S |
| 6 Pekka Eloholma
director IC,
business group
director ICN ESS | 12 Bengt Avellan
managing director
Siemens Building
Technologies Oy |

Business Segments



Siemens Osakeyhtiö's four business sectors are Information and Communications, Industry, Energy and Transportation. Additionally, Medical Solutions' medical engineering sales in the Baltics is part of Siemens Osakeyhtiö Group's organization.

Information and Communications



Share of group
net sales 59%

NET SALES
In Finland and the Baltics €243 million
Global appr. €26 billion

EMPLOYEES
In Finland and the Baltics 542
Worldwide appr. 101,600

Information and Communications (IC) is playing an important part in building the information society infrastructure by providing networks and terminals for fast, effective voice and data transmission. We are also e- and m-business experts, delivering top quality solutions from consultancy to system integration and are responsible for a customer's entire business processes and IT infrastructure.

The global recession in the IT market affects our customers and in turn impacts on businesses in IC's operating area. However, amidst the gloom, some positive market development is evident in broadband communications solutions and in the optimization of enterprise resources planning (ERP) systems.

Siemens AG cut its global R&D resources in the light of recession in IT markets. The impact of this was also felt by ICN Carrier Networks and Information Communication Mobile business groups in Finland.

Information and Communication Networks (ICN)

ICN Carrier Networks focuses on fixed network components: core network IP technology, transmission networks and broadband access technology. Our customers are operators in Finland and the Baltics to whom we deliver the entire solution range with expert local support.

ICN Enterprise Solutions and Services provides comprehensive telephone and data network solutions for corporate customers and organizations. Our solutions include telephone systems, cordless systems, Contact Centers, IP-based communications

solutions and sound wired and wireless LAN technology expertise. ICN Enterprise Solutions and Services was formed in November 2001 through the merger of ICN Enterprise Networks and Siemens subsidiary Netron Oy.

Major orders during the year under review

Changes in the operator arena in Finland led to new national players, which in turn gave rise to a greater need for transmission and switching capacity. During the year under review, we delivered optical transmission networks to Finnet, broadband technology and core network IP technology to Elisa Communications Corporation.

Sonera Corporation was among the first operators in the world to deploy a new generation IP-based voice network delivered by Siemens. Working together with ElisaCom Oy, we will also deliver a national emergency response center data system and associated telephone and data recording systems to thirteen emergency response centers of the Emergency Response Centre Administration throughout Finland between 2003 and 2005.

We delivered both landline and wireless network technology to the Baltic states.

The future

IP technology and broadband are rapidly capturing the market. We have invested in the continued improvement of our own excellence. Our existing product suite features a comprehensive range of operator and private sector voice and data solutions. We have achieved market leadership in IP-based telephone systems.

Information and Communication Mobile (ICM)

The mobile network and terminal market is in a state of transition. In Finland, we are focusing on the optimization of networks. On the mobile communication network front, our largest projects are building GSM networks in the Baltics. We have agreed with Tele2 to build a GSM network in Lithuania, Latvia and Estonia. Slow progress was made with building 3G networks.

Despite an overall decline in the demand for mobile phones, we were successful in increasing both sales and our share of the Finnish and Baltic markets. In Finland, we further consolidated our number 2 position in the mobile phone market. We announced our new telephone models S45i, A50 and C55. Likewise, the market welcomed our new M50 model fitted with GPRS and Java features. On

the cordless front, sales of our DECT telephones were also a great success.

Our mobile MMS (Multimedia Messaging Service) and location services are also poised for commercialization and we are working together with Finnish operators on these technologies.

The future

Development in mobile communication networks addressed the optimization of existing networks and the expansions required for new functionalities, such as 3G-features.

We have every confidence that we will witness a further strengthening of our market position. Our mobile communication products are enjoying greater recognition and we will be adding several new mobile products to our portfolio in the coming year. A 3G UMTS telephone for operators, U10, was announced in October 2002.



Siemens Business Services (SBS)

Siemens Business Services continued to grow strongly during the period under review. New major customers included Finland Post Corporation and the cooperation with Finnish Defence Forces intensified. IT Services arrived on the market at just the right time and won new outsourcing customers, including Metsä-Botnia. The focus on enterprise resources planning systems has switched from building new systems to fine tuning and streamlining of the existing ERP process.

Major orders during the year under review

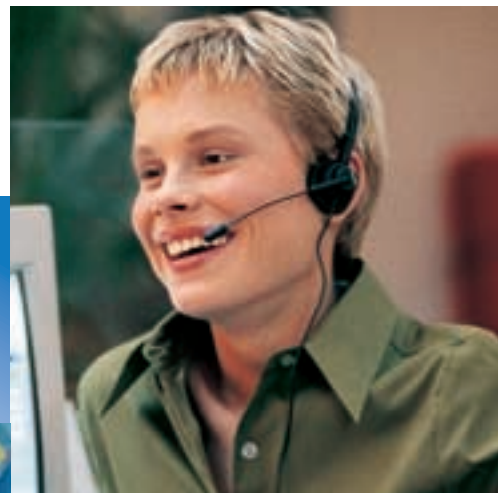
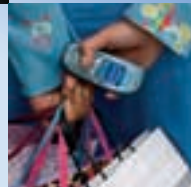
SBS again strategically built on its industrial excellence in the forest industry. Global SBS established a forest industry center of excellence in Finland in April 2002. The center of excellence helps customers develop and implement ERM, SCM and CRM

solutions and ensures industrial excellence and a contact interface in international projects. SBS customers include: UPM-Kymmene, Stora Enso, M-real, Myllykoski Paper, Finnforest and Metsäliitto.

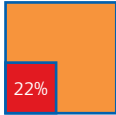
The ERP contract with Outokumpu was extended to the company's technology unit. Saint-Gobain Isover Oy outsourced operating and management services in an SAP-based IT environment to SBS. Saint-Gobain Isover Oy is expanding into Russia, where it will also use an SAP system, to be implemented by Siemens Business Services.

The future

We expect the rate for consultancy to remain good during the new financial year, although hard pressure on prices within the industry means growth is unlikely to remain as strong as we have recently become accustomed to. We expect standard software operating services to grow further.



Industry



Share of group net sales 22%

NET SALES
In Finland and the Baltics €91 million
Global appr. €22 billion

EMPLOYEES
In Finland and the Baltics 216
Worldwide appr. 127,400

Automation and Drives (A&D)

Automation and Drives provides the full suite of industrial electrification and automation solutions. Our strength is Siemens global service, which extends to all corners of the globe. Our Totally Integrated Automation concept comprises integrated products and software ranging from low voltage equipment and field equipment to industrial automation systems and drives, including production control.

Our customers are served by an expert partner, distributor and maintenance network. Despite a recessionary market, A&D increased its share of the market and won new customers.

E-commerce has become a major part of our logistics chain and accounted for over 20 per cent of our turnover during the year under review. We are continuing to perfect our distribution concept to ensure also our small customers receive the best possible service through partners and distributors.

Major orders

Our customers include major Finnish equipment manufacturers, who we supply with comprehensive electrification and automation solutions. We delivered total electrification of the copper product production lines to Outokumpu Castform. We also supplied the automation technology needed in the manufacture of glass wool to Saint-Gobain Isover. We are involved in the machine control of major Finnish international OEM suppliers and deliver complete electrification and automation projects to the process industry.

The future

Greater efforts to win new customers and more intense key customer relationships have enabled us to expand sales into new product areas. The decline in industrial production witnessed at the start of the year continued, and the market shrank further owing to weakened prospects in the export industry. No major recovery of the market is in sight.

Industrial Solutions and Services (I&S)

Industrial Solutions and Services delivers turnkey electrification and automation projects to the pulp & paper and metal industries. Our service covers the entire spectrum from the preliminary design to maintenance of plants. We use our excellence to tailor optimum solutions for our customers.

Although Finnish industry continued to modernize during the year under review, overall investment was modest. The service and maintenance business is growing and the capacity rate in this sector has remained good. The flat situation at the start of the year picked up with new deals in the spring. The decision to go ahead and build another nuclear power unit will have a positive impact on market development.

Major orders

I&S agreed with AvestaPolarit Processing B.V. on the delivery of a new stainless steel slitting line to AvestaPolarit's steel processing plant, where cold rolled stainless steel strips are processed. The plant

is at Terneuzen in the south of the Netherlands. Siemens is to supply the electrification and automation of the line on a turnkey basis.

We concluded an agreement with AvestaPolarit Chrome Oy to replace the automation and electrification of the Kemi mine. The equipment will be delivered in 2003 and be working in summer the same year.

I&S won an order from Myllykoski Paper Oy to modernize an electrical drive of a paper machine and to provide a new electrical drive for a coating machine. UPM-Kymmene's mill at Jämsänkoski placed an order for the expansion of a paper machine drive and electrical drives for the slitter-winder and supercalender.

Spring 2002 saw work start on installations on the RAP5 (rolling-annealing-pickling) line of the cold furnace at AvestaPolarit Stainless Oy's steel plant in Tornio. Commissioning is scheduled for completion in early 2003. Electrification and automation of the plant's walking beam furnace has been completed.

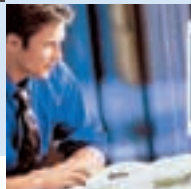
The Ulvila factory, which manufactures automation, electrical drive and power distribution

equipment for the engineering, paper and metal industries, was incorporated and sold to Siemens' long-term partner, AS Harju Elekter in autumn 2002.

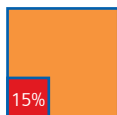
During the year under review we continued to address improvements to customer support and service by strengthening regional operations and by centralizing technical support and training resources on the same unit. Service operations made better progress than envisaged.

The future

I&S will continue to give priority to improving customer support and service during the forthcoming financial year. Our back order situation is satisfactory and the utilization rate is likely to remain good. On the project delivery front, we will be seeking to deliver more automation projects to the pulp and paper industry and to consolidate the good market position we have achieved in metal industry projects.



Power Generation and Distribution



Share of group
net sales 15%

NET SALES
In Finland and the Baltics €62 million
Global appr. €14 billion

EMPLOYEES
In Finland and the Baltics 359
Worldwide appr. 42,400

Investments in electricity networks and industrial energy production remained steady during the year under review and no major investment projects are in sight. Industry invested more than energy companies in conventional power production. Demand for gas turbines dropped sharply on the global market. A three per cent growth in electricity consumption and a record dry summer led to higher electricity prices in Finland.

Spring 2002 saw the Finnish parliament accept the government's decision in principle to go ahead with a fifth nuclear power unit. Building a new nuclear power unit will increase investment in the transmission network. By 2010, over 3,000 megawatts of new and replacement capacity will be required. The new nuclear power unit will meet around half of this requirement. Replacements of automation and protection systems in existing nuclear power plants will continue during the next ten years.

Healthy back orders

The year under review saw Power Generation and Distribution increase its market share and over-

all volume. Likewise, there was an encouraging improvement in back orders compared to the previous year. This was especially boosted by investment decisions at Finnish power plants such as Olkiluoto in Eurajoki and Wisapower in Pietarsaari.

Siemens comprehensive excellence in energy technology, the use of new technology, production efficiency and a respect for sustainable development are reflected in the confidence shown us by customers and in growth within the business group.

Major orders

In Finland, we agreed on the delivery of turbine control column automation and update of the training simulator to both units at the Olkiluoto power plant in Eurajoki. The order was placed by Teollisuuden Voima Oy.



We agreed with Wisapower Oy on the delivery of a 150-megawatt back-pressure turbine plant, the largest in the world, to the new pulp mill at Pietarsaari. In August, we signed an agreement to deliver a 400-megawatt main transformer to Fingrid Oyj, the national grid company. This is Siemens' first main transformer for the main grid in Finland and will be located at the Pirttikoski transformer station in the county of Rovaniemi.

We sold an 11-megawatt back pressure turbine to Stora Enso's Langerbrugge paper mill in Belgium, which uses recycled paper as a raw material.

Increase in Baltic share

Over half of the business group's business was in the Baltics, where heavy basic investments in the electricity network are likely to continue for far into the future. We are closely involved in projects to strengthen the power generation and distribution network in Estonia and Latvia.

In Estonia, the focus of energy production investments is on modernizing the power plants at Narva and Balt to bring them into line with modern environmental criteria. We also secured contracts

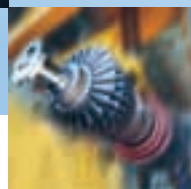
with Eesti Energia in Estonia to enlarge the 330 kV substations at Paide and Püssi.

In Latvia, the focus was on combined heat and power (CHP) production plants. During the year under review, we delivered a 330/110 kV electricity substation to Latvia. A substation ordered by Latvenergo for Bisuciems was delivered as a turn-key project.

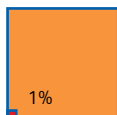
Privatization of Lietuvos Energija in Lithuania, where state company has not yet been sold to the private sector, has eroded the desire to invest in the power transmission and distribution network. This caution has been further fuelled by a decision to decommission the Ignalina nuclear power plant, which has raised both economic questions and issues concerning the restructuring of the energy sector.

The future

From the market perspective, the future seems to be on an encouraging track. The projected growth in industrial exports will also boost the equipment and project business.



Transportation Systems



Share of group
net sales 1%

NET SALES
In Finland and the Baltics €4 million
Global appr. €13 billion

EMPLOYEES
In Finland and the Baltics 10
Worldwide appr. 60,100

Finnish Rail Administration is Transportation Systems' biggest signaling and interlocking systems customer in Finland. During the year under review, Finnish Rail Administration decided to embark on several new projects.

The focus of track upgrading in Finland has shifted to Eastern and Northern Finland. In the foreseeable future, Finnish Rail Administration will invest heavily in maintaining and improving the railway network in Northern Finland. The most important project in this respect is continued electrification of the track in Northern Finland. At the same time, work will also be carried out on improving shunting yards and tracks and investments made in signaling equipment.

Major orders

During the year under review, we concluded a major 3-year framework agreement with Finnish Rail Administration. This agreement serves as a basis for Finnish Rail Administration purchases made in connection with track improvement and construction projects.



We also secured a contract for a signaling project on the Oulu-Tornio line. This is a turnkey delivery, which alongside signaling equipment also includes communications links and their installation. The Oulu-Tornio signaling project had a positive impact on the entire business group. The project is scheduled for completion in late 2004 and means the business group will be working at full capacity for the next two years.

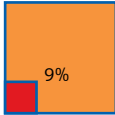
The future

Active investment by the Finnish State in improving rail traffic has a very positive impact on Transportation's future prospects. Also in our business in the Baltics, we expect financial arrangements to be sorted out in the foreseeable future to enable a rapid start to be made on badly needed improvements to the rail network.



Subsidiaries

AS Siemens, Estonia



Share of group net sales 9%

AS Siemens Group
Net sales €38.3 million
Income before taxes €2.3 million

Employees:
AS Siemens 54
AS Siemens Electroservices 289

Estonian GDP is expected to have grown by around six per cent by the end of 2002. AS Siemens enjoys a stable position on the Estonian market, and has increased Siemens share of the market in almost all business areas. Sales of mobile products were especially pleasing. AS Siemens had new orders totaling €33.1 million and net sales of €27.4 million. The subsidiary, AS Siemens Electroservices, had net sales of €11.1 million.

Major orders

• Information and Communications

AS Tele2, Estonia's second largest GSM operator, continued building its network in all the Baltic republics. A growth in subscribers led to deliveries of new network hardware and the expansion of switching centers. On the mobile front, Siemens has further increased its market share and ranks second on the Estonian market.

We delivered DSL broadband technology, Juniper ERX IP routers and a new generation optical DWDM transmission network to AS Eesti Telefon.

We also delivered extensions to the Cordless E telephone system at BLRT Grupp (Balti Laevar- emondi Tehas), a ship refitting yard, in Tallinn. We delivered a new Hicom 350H and Cordless E system to the BLRT Grupp factory in Klaipeda, Lithuania. Hicom and HiPath technology was used to enlarge the telephone system of the Estonian National Police Board, Politseiamet, for whom we also implemented the first VoIP (Voice over Internet Protocol) solutions.

On the enterprise resources planning front, new Siemens Business Services SAP customers were AS Paulig Baltic, Kesko Eesti AS, AS Falck Eesti, Haigekassa (Estonian Health Insurance Fund) and the Ministry of Finance of Estonia. We concluded IT

leasing agreements with Tallinn Haigekassa, Kesko department store, Baltic News Service and AS KPMG Estonia.

• Power Generation and Distribution

We delivered a remote control system to read electricity meters in the basic network and a 110/20 kV electricity substation at Jägala to Eesti Energia. At Mustve we modernized a 10 kV electricity substation and replaced the 0.4 kV and 20 kV systems at the Linnamäe hydropower plant.

• Industry

At Eesti Energia AS office building, we built a lighting and heat piping system using Instabus EIB technology. We supplied the pumps for the automation system at the AS Anne Soojus heating plant in Tallinn, an automation system for the Kogalõmis wastewater treatment plant and process automation for the Limouge Sahamo factory in France. Graanul SIA and Hansa Graanul AS ordered pellet factory process automation from us.

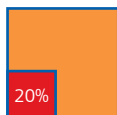
• Medical Solutions

We delivered a Multix Top x-ray system to Pärnu Hospital and a mobile x-ray system Siremobil Compact L for operating theaters to Narva Hospital. Sales of hearing devices also rose during the year under review.

The future

Our principal business focus remains on IT and communications, especially mobile products. AS Siemens starts the new financial year on a positive note. Economic growth in Estonia continues and AS Siemens looks forward to further expanding its business.

Siemens SIA, Latvia



Share of group net sales 20%

Net sales €82.4 million^{*)}
Income before taxes €5.1 million
Employees 74

^{*)} Incl. the net sales of Teka Telekom SIA (€1.6 million), which was divested in July 2002.

Recent years have seen strong growth in the Latvian economy, although GDP is expected to slow to five per cent in 2002. The encouraging economic climate has provided added impetus to Siemens SIA's business. During the financial year under review, Siemens companies in Latvia received orders worth €88.4 million. The turnover rose by 119 per cent and the income before taxes by an impressive 148 per cent on the year. Siemens SIA enhanced its business by divesting its subsidiary Teka Telekom SIA. This led to a fall in the number of employees to 74.

Major orders

• Information and Communications

Over 70 per cent of the company's net sales in Latvia were generated by Information and Communications. We delivered and installed a new generation IP-based Surpass pilot network to Lattelekom and continued deliveries of xDSL broadband technology.

We modernized and extended SIA Tele2's GSM mobile network in the Baltics. Our sales to mobile operators rose by 2000 per cent during the period under review.

We continued deliveries of PDH/SDH data transmission networks to power company Latvenergo and extensions to the company's switchboard. The eastern frontier control project, a communications construction project aimed at strengthening the external borders of EU candidate countries, remains one of Siemens' largest projects.

• Power Transmission and Distribution

Power Transmission and Distribution secured its largest turnkey project ever. In April we began work on the construction of a 330/110 kV electricity sub-

station for Latvenergo at Bisuciems in Latvia. The substation was delivered as a turnkey project.

Siemens has market leadership in Latvia in medium voltage switchgear. We also benefited from a favorable market by delivering several substation automation projects to Latvenergo's high voltage substations.

• Medical Solutions

There was encouraging market development on the medical engineering front. We delivered several patient control and ventilation machines to major Latvian hospitals and an angiography system to the P. Stradina Hospital. Siemens consolidated its leadership position in the computer tomography systems market by the delivery of several CT units to Latvian hospitals.

• Industry

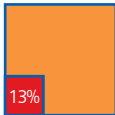
Automation and Drives had a successful year and secured major new orders. We delivered a full-scale Simatic PCS7 automation system to Rīgas Piena Kombinats (RPK), Latvia's leading dairy, thus projecting RPK to among the most advanced European food-stuff producers in terms of production automation.

We built on Siemens market leadership in automation systems by the delivery of Simatic S7-400 systems to Rīgas Dzirnavnieks' storage facilities.

The future

The outlook remains encouraging for the new financial year. Deregulation trends in the telecommunications market may affect IC sales. The industrial sector will grow both on the production and investment front.

UAB Siemens, Lithuania



Share of group
net sales 13%

Net sales €51.6 million
Income before taxes €5.4 million
Employees 73

Economic growth in Lithuania is expected to reach 5 per cent in 2002. UAB Siemens performed very well during the financial year under review. New orders totaled €52.2 million. Net sales rose by 63 per cent and the income before taxes rose by 179 per cent.

Major orders

• Information and Communications

Information and Communications delivered and installed over 200,000 subscriber connections in an expansion project of its largest customer, AB Lietuvos Telekomas.

Strong growth was evidenced in ADSL broadband technology, which was delivered to 9,000 subscribers. The new HiPath 3000 was successfully launched on the Lithuanian market. The first emergency response center system was delivered to the city of Vilnius.

The Ministry of Finance of Lithuania ordered from Siemens Business Services a financial management system to manage the budget of the country's 22 municipalities.

The GSM market continued to grow. We delivered a new SMS switching center to UAB Tele2 and doubled the capacity of the company's GSM/DCS network. The year under review saw us start work on the installation of an IN-based prepaid system. Siemens continues to be Tele2's only hardware supplier in Lithuania.

On the mobile phone market, Siemens retained its market leadership with a market share of around 40 per cent.

• Medical Solutions

UAB Siemens retained its good market position on the medical engineering market and further

consolidated relationships both to the Lithuanian health authorities and private hospitals alike. Siemens delivered a Magnetom Harmony magnetic resonance imaging system to Klaipeda Hospital and a multipurpose AXIOM Artis MP x-ray system to the Vilnius University Hospital Santariskiu Clinics.

• Industry

Automation and Drives reported growth of over 20 per cent for the third year running. Siemens achieved a 36 per cent market share in programmable logic. We concluded distributor agreements with some of the largest wholesalers in the country.

Industrial Solutions and Services received orders for both building automation and automation technology. Siemens delivered automation and control systems to several dairies and to one of Lithuania's largest breweries.

Additionally, we delivered water treatment systems and modernized the electrical and automation systems in district heating power plants.

• Energy

On the medium voltage front, Power Transmission and Distribution had a successful year in the advanced coupling and protection technology arena, where Siemens is market leader.

The future

Recent years have seen strong, profitable growth for UAB Siemens. One of the challenges facing us is to maintain similar growth and performance in the future.

During the new financial year, we expect to see growth in the energy sector, industry and Siemens Business Services.

Joint ventures in Finland

Wincor Nixdorf Oy

Wincor Nixdorf Oy, a joint venture owned by Siemens Osakeyhtiö and Wincor Nixdorf International GmbH, is a comprehensive provider of IT solutions, consultation and services for the retail trade, banks and logistics companies. The company's focus areas are retail integration and mobile solutions, store point of sale and process control systems, self-service automation solutions and bank automation. Wincor Nixdorf International has over 4,600 employees and a presence in more than 40 countries around the world. During the year under review, Wincor Nixdorf had net sales of €10.4 million and employed 23 people in Finland.

Growth in the retail trade was most significant in the Baltics, as Finnish chain stores expanded into those countries. Growth was also provided by deliveries to foreign chain stores that have set up in Finland.

The MIP (m-business & integration platform) software product progressed to production use. MIP software enables the integration of different data systems and, for example, the connection of wireless data collection terminals to a point of sale or enterprise resources planning system. Developed in Finland, MIP has been included in Wincor Nixdorf's international product range and is marketed and supplied via the company's international network. The potential is extremely promising.

Early 2003, will see Wincor Nixdorf launch Trading Post alongside the Calypso point of sale software solution. Trading Post is built on a Microsoft platform and means Wincor Nixdorf can offer both a Microsoft and Linux solution in response to the envisaged growth in demand once new investments in retail point of sale systems pick up.

Pilot installations of EMV chip card equipment and software for new payment cards conforming to a global standard are expected to begin by mid-2003.

Wincor Nixdorf's product suite includes bank machines designed for the needs of the retail trade

and other banking solutions in the event of markets opening also in Finland.

On the banking solutions front, Wincor Nixdorf expects its market share of bank machine deliveries to keep growing and a continued steady growth in volume.

PICSI Automation Oy

PICSI Automation Oy is a joint venture owned by PI-Consulting Oyj (70%) and Siemens Osakeyhtiö (30%). The company provides project management and consultation services to industrial and municipal automation system suppliers and operators. During the year under review, PICSI Automation Oy had net sales of €3.4 million and employed 47 people.

Demand in the automation industry suddenly slackened off towards the end of last year and the beginning of the current year. Consequently development in the sector slowed and volume remained unchanged on the year. PICSI achieved added volume from higher utilization capacity. During the year under review, the company launched business operations in Oulu.

PICSI Automation's major project during the year under review was an extensive automation project of a cold rolling mill delivered by Siemens to AvestaPolarit. The project has employed over ten designers throughout the year. In addition, the company also had turnkey delivery projects with Siemens Automation and Drives.

During the coming year, PICSI Automation's expectations remain focused on the energy sector together with Siemens Automation and Drives' project organization. PI Group projects may well also keep the company busy. Demand in the automation industry is expected to experience an upswing during the new financial year. This may well also see PICSI Automation restored to the growth track.

Other Siemens companies in Finland

Siemens Building Technologies Oy

The near future will see the business of Siemens Building Technologies around the world being integrated into Siemens Group companies in different countries in a bid to draw on synergetic advantages. This is scheduled to take place in Finland in 2004. To this end, we have embarked on cooperation in several sectors.

Siemens Building Technologies Oy has four divisions, which supply products as follows: Building Automation: building automation systems and maintenance services; HVAC Products: air conditioning and ventilation adjustment and control systems; Fire Safety: fire detection systems and maintenance services and Security Systems: burglary prevention, access control and video surveillance systems. The company's head office is in Masala, Kirkkonummi, some 20 km west of Helsinki. During the period under review, Siemens Building Technologies had net sales over €38.3 million and employed 225 persons. The company's major customer segments include industry, hospitals, shopping centers, office buildings and hotels. With a market share averaging 30 per cent, the company is market leader in Finland.

• Building Automation and HVAC Products

Major orders during the year under review

We secured an order for a building automation system for the new retail center to be built on the site of Maxi Market, the first large supermarket in Finland, at Leppävaara in Espoo.

Turun Biolaakso Oy placed an order for a building automation system for Focus Inhalation Oy's new pharmaceutical development and production facilities, the largest pharmaceutical plant in Northern Europe.

AvestaPolarit Stainless Oy in Tornio is continuing expansion work and other major investments. The company placed an order with the Building

Automation division for building automation work on the RAP5 cold rolling mill project.

Other projects included an extension to Turku University Central Hospital, and major deliveries to Kuopio and Oulu university hospitals, a new factory plant to be built for Karjaportti meat producers in Mikkeli, and the Holiday Inn Helsinki City Centre hotel under construction at Helsinki Railway Station.

E-commerce was introduced in 2002 and there are plans to build an electronic service network to partners during the current year.

• Fire Safety and Security Systems

Major orders during the year under review

Fire Safety and Security Systems delivered systems to AvestaPolarit's steel plant in Tornio. Renovation of the fire detection system at Turku University Central Hospital was a major territorial conquest in Turku. We delivered a FibroLaser linear heat detection system for a 12-kilometer stretch of tunnel on the Helsinki metro and an AlgoRex fire detection system for metro stations. In addition, we also delivered systems to Vaasan & Vaasan's production facilities in Kotka and the Holiday Inn Helsinki City Centre hotel.

A significant number of new maintenance agreements were concluded during the year under review.

Fire Safety and Security Systems presented their new B.O.O.M concept, which enables total responsibility for maintenance of a system throughout its life cycle.

The future

Even though no major growth in new construction is expected in the foreseeable future, the company seems to have bright future prospects owing to its strong market position and extensive base of systems and equipment installed. We are now focusing our business on developing after sales services. Building repair seems likely to grow further and business is picking up in Russia and the Baltics.

Fujitsu Siemens Computers Oy

Fujitsu Siemens Computers' customers are companies and organizations of all sizes, industry, public administration and consumers using information technology. The company's products are corporate PCs, portable computers, palmtops, panel PCs and home computers.

The company worldwide posted a profit, up by some €80 million on the year, for the financial year ended 31 March 2002. The second financial year since the joint venture between Fujitsu and Siemens generated a profit of an estimated €29 million. The Finnish sales company reported a clear profit and captured market shares to end its financial year as market leader in the Finnish PC market.

Profitable business is based on the company's strategy of focusing on server products and services and improved profitability in PC-based volume products. Effective resources and cost control also contributed to this encouraging performance. Fujitsu Siemens Computers' result was a gratifying one seen in a context of collapsed IT hardware markets both in Finland and the rest of Europe, where hardware manufacturers have suffered falling turnover and higher losses.

Major orders

One of the Finnish sales unit's major projects during the year was large UNIX deliveries to the Finnish Ministry of Justice, Helsinki Exchanges, Evli Bank Plc and the Finnish Defence Forces. The company has a firm footing in many different organizations within the public administration sector. An example of this is the framework agreement with the City of Helsinki, which we renewed for two years in the spring. We delivered our 2000th workstation to local banks in the Savings Bank group and also made major workstation deliveries to the OKO Bank Group.

The future

The outlook on the Finnish IT market is still challenging. Nevertheless, we believe that the company is well placed to profitably increase its share of the market. The excellence of our people, further HR development and commitment to partnership with our distribution channel are the resources on which we expect to continue to build on our success.



Siemens-Elementa AB Branch in Finland

Swedish-based Siemens-Elementa AB is responsible for Medical Solutions' (MED) medical engineering sales in Finland. MED's customers include university and central hospitals, public health centers and private medical practices. Siemens-Elementa products and services are magnetic resonance imaging (MRI), intensive care and patient monitoring systems, information systems and technical UPTIME services.

In Finland the net sales were during the year under review €15.4 million and the number of employees 44.

Major orders

Helsinki and Uusimaa Hospital District (HUS) placed an order for the new Aristos FX digital radiographic solution for a hospital in Helsinki. Siemens-Elementa delivered another new product, a Somatom Sensation 16 computer tomography system, to Kuopio University Central Hospital. Turunmaa Hospital ordered an Iconos x-ray system from us. The company delivered Artis FA angiography systems to Seinäjoki and Kanta-Häme central hospitals and also agreed on the delivery of a Magnetom Symphony Maestro Class magnetic resonance imaging (MRI) system to Helsingin Lääkärikeskus Oy.

Siemens-Elementa delivered an Acuson Sequoia ultrasound system to Tampere University Central Hospital and to the A.I. Virtanen Institute at Kuopio University. Tampere University Central Hospital bought an Acuson Cypress portable ultrasound system for cardiac imaging. The year under review also saw the company start deliveries of the new Servo-i ventilator to several intensive care departments in university and central hospitals.

On the electronic medical engineering front, we also launched the KION anesthesia system on the Finnish market. The first deliveries began in spring 2002.

Safer, better patient care

Healthcare solutions are increasingly addressing patient safety and the quality of care. Both the Sienet PACS system, which has been engineered to manage, distribute and integrate images into electronic patient records, and the IT Soarian system, which synchronizes data flow including treatment progress and actions taken, enhance patient safety and the quality of patient care.

Siemens-Elementa Medical Solutions operates in Finland and Sweden in collaboration with the healthcare sector to provide technological and IT solutions. Our goal is to create better healthcare and thus likewise improve the quality of people's lives.

The future

Dwindling public healthcare resources have somewhat affected the demand for MED's solutions. The brisk market for imaging systems witnessed a year earlier is likely to continue.

Siemens Rahoitus Oy

Siemens Rahoitus Oy is part of the global Siemens Financial Services Group, which provides financing services to its customers in 16 European countries, North America and Asia. Siemens Rahoitus Oy provides financing solutions to its partners in the industry and office technology sectors. There are two product suites: Partner leasing for volume products is a financing service where speed and overall concept function are of the essence. Partner leasing for major projects is built on providing a financing service taking into account the specific needs of the end customer, including leasing flexibility in the form of various options. Siemens Rahoitus partners are both Siemens own business groups, especially Siemens Business Services and Automation and Drives, Fujitsu Siemens and dozens of customers in different industries outside the Siemens Group.

Siemens Rahoitus secured orders of around €65 million in 2002 and employs a total of 15 people in Finland and the Baltics.

The economic downswing has been reflected in a fall in the demand for financing services. Customer caution in investment decisions and an erosion of customers' creditworthiness have led to a decline in the number of financing companies in Finland. The first signs of a revival of investments suggest a slightly more encouraging year on the financing front in 2003.

Oy Osram Ab

Osram's products include lamps, lighting and electronic connectors.

The company's customers are electrical wholesalers and central grocery store firms. During the year under review, Osram had net sales of €12.5 million and employed 16 people.

During the year under review, the electrical engineering wholesale market shrank by around two per cent. Sales growth was up in all the Baltic states by a total of around 8 per cent. Oy Osram Ab's comparative growth was 9 per cent compared to the previous year.

The number of building permits is in decline and this is likely to be reflected in the electrical accessories market next year. This downward trend may be slightly offset by the rise in building repair work. From Osram's perspective, it would appear the market will be in decline next year, although by much less than the building trend suggests.

BSH Kodinkoneet Oy

BSH Kodinkoneet imports, markets, sells and services Siemens, Bosch and Gaggenau household appliances. During the year under review, the company had net sales of around €44 million and employed 48 people. BSH Kodinkoneet retailers are household appliance stores and fitted kitchen manufacturers.

Growth in the household appliance market slowed during 2002 and failed to reach the previous year's level. At the same time, however, BSH Kodinkoneet successfully increased sales by 3 per cent on the year. During the past financial year, the company launched sales in the Baltic states, where it intends to establish subsidiaries in the future. Demand for quality household appliances is still rising. Recent years in particular have seen a marked rise in the sale of in-built household appliances.

International chains will continue to transform the household appliance market. The outlook for BSH Kodinkoneet is bright. Dependable products, at the right price-quality ratio, will remain in demand.





Financial Statements

Board of Directors' report

Organization

Siemens Osakeyhtiö is organized into the following business groups: ICN Carrier Networks, ICN Enterprise Solutions and Services, Information and Communication Mobile, Siemens Business Services, Automation and Drives, Industrial Solutions and Services, Power Generation and Distribution, Transportation Systems and Siemens Dematic / Production and Logistics.

PARENT COMPANY

New orders and net sales

New orders were down by 5 per cent on the year to €230 million. This fall was mainly owing to market conditions on the Information and Communication Mobile and Industrial Solutions and Services front. New orders rose especially in Siemens Business Services and Transportation Systems business groups. The increase in new orders in respect of Information and Communication Networks was owing to the incorporation of Netron Oy's business into the parent company.

Siemens Osakeyhtiö's net sales rose by 3 per cent to €239 million. Net sales growth was strong in Siemens Business Services business group. Also Automation and Drives reported an increase in net sales, which was due to the transfer of business activities from the Industrial Solution and Services business group. The increase in net sales of the Information and Communication Networks business group was due to the merger of Netron Oy with the parent company. Net sales fell in the Information and Communication Mobile business group.

Earnings

The company's income before taxes rose by 31 per cent to €12.2 million. Higher earnings were particularly attributable to the strong performance of Siemens Business Services. Power Generation and Distribution and Information and Communication Networks also achieved earnings growth on the year. Other business groups reported lower earnings. Except for Industrial Solutions and Services, all business groups achieved a positive result.

Future prospects

The Board of Directors expects new orders and net sales during the new financial year to remain at about the same level as the previous year.

Investments

Investments fell from €5.6 million to €2.7 million and were primarily in computer systems.

Financing

The company's net cash from operations was €41 million in the black. Positive cash flow was affected not only by higher earnings, but also by work on Asset Management implemented within the company. This led to a substantial improvement in capital turnover.

Corporate governance

No changes took place in the composition of the company's Board of Directors during the year under review. The company's Board of Directors comprised CEO Risto Kortela, Michael Eidam and Pekka Eloholma.

From 26 November 2001, the Supervisory Board comprised Kimmo Kalela (chairman), Thomas Ganswindt (deputy chairman), Pentti Hakkarainen (until 19 December 2001), Olli Martikainen, Kalevi Nikkilä, Jürgen Radomski, Timo Rajala and Kari Jordan (from 15 February 2002). Wolfgang Thost served as deputy chairman of the Supervisory Board until 31 March 2002 and Günter Gösmann from 1 April 2002.

Recommendation by the Board of Directors for the disposal of profit

The Board of Directors recommends that dividends totaling €9,909,000 be paid out of the net income, based on Finnish accounting practice, of €7,236,239.30, and retained earnings from previous fiscal years.

GROUP

Group structure

Besides the parent company Siemens Osakeyhtiö, the group comprises the subsidiaries AS Siemens in Estonia, Siemens SIA in Latvia and UAB Siemens in Lithuania. The Estonian subsidiary AS Siemens also has a subsidiary, AS Siemens Electroservices. In Latvia, Siemens SIA disposed of its 75 per cent stake in Latvia-based Teka Telekom. In addition, Siemens Osakeyhtiö owns a third of Latvia-based CoPower SIA, a joint marketing company.

Siemens AG disposed of its global Siemens Metering business. Accordingly Siemens Osakeyhtiö sold its subsidiary Siemens Metering Oy in September. Siemens Osakeyhtiö enhanced its operations by incorporating Neutron Oy's business into the Information and Communication Networks business group. In the same context, ICN was split into the ICN Enterprise Solutions and Services business group and ICN Carrier Networks business group. Neutron Oy ceased to exist as a separate company. Siemens Osakeyhtiö incorporated the cubicle manufacturing business at Ulvila and divested the company's share capital. Siemens Osakeyhtiö has a 49.99 per cent interest in Wincor Nixdorf Oy, a 30 per cent interest in PICS Automation Oy and a 33.3 per cent interest in CoPower SIA in Latvia. A decision has been made to divest PICS Automation Oy and CoPower SIA during fiscal 2003.

New orders and net sales

New orders rose by 14 per cent on the year to €415 million. New orders rose strongly especially in our Baltic

subsidiaries: 37 per cent in Estonia, 88 per cent in Latvia and 44 per cent in Lithuania.

Net sales rose by 21 per cent to €410 million. As in previous years, turnover growth was particularly strong in the Baltics. During the year under review, our Baltic subsidiaries contributed 42 per cent of net sales after eliminations. Strongest growth was achieved in Latvia, where net sales more than doubled on the year.

Earnings

Higher net sales led to the group income before taxes rising by €6.4 million to €22.5 million.

Future prospects

Due to uncertainties prevailing in the global economy and the business arrangements put into place in Siemens Osakeyhtiö Group, we expect new orders and net sales to fall somewhat short of the figures a year earlier.

This annual review is based on the principles of U.S. GAAP and the accounts based thereon have been consolidated into the official financial statements for the parent company Siemens AG. An audited version based on Finnish accounting principles is available from Siemens Osakeyhtiö Corporate Communications and from the Finnish Trade Register.

This Annual Report contains forward-looking statements based on beliefs of Siemens' management. We use the words "anticipate", "believe", "estimate", "project" etc. to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results to be materially different, including,

among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services and changes in business strategy. Siemens does not intend or assume any obligation to update these forward-looking statements.

Group Statement of Income

(U.S. GAAP)

(€1000)	1.10.2001-30.9.2002	1.10.2000-30.9.2001
Net sales	410,321	338,946
Cost of sales	-341,608	-269,170
Gross profit on sales	68,713	69,776
Research and development expenses	-19	-61
Marketing and selling expenses	-37,473	-41,159
General administrative expenses	-9,306	-9,844
Other operating income (expense), net	70	-2,223
Income from investments in other companies, net	855	355
Interest income (expense) from operating activities, net	219	426
Other interest income (expense), net	-590	-1,205
Income before income taxes	22,468	16,065
Income taxes	-5,752	-4,680
Minority interest	-22	-11
Net income	16,694	11,374

Group Balance Sheet

(U.S. GAAP)

(€1000)	1.10.2001-30.9.2002	1.10.2000-30.9.2001
Assets		
Current assets		
Cash and cash equivalents	11,795	3,625
Marketable securities	200	274
Accounts receivable, net	39,807	55,192
Intracompany receivables	12,023	251
Inventories, net	26,399	35,240
Deferred income taxes	599	224
Other current assets	4,389	5,586
Total current assets	95,213	100,392
Long-term investment	1,429	1,328
Intangible assets, net	3,822	4,214
Property, plant and equipment, net	39,782	43,784
Other assets	411	572
Total assets	140,657	150,290
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt and current maturities of long-term debt	364	388
Accounts payable	11,715	13,237
Intracompany liabilities	7,273	34,571
Accrued liabilities	16,814	13,739
Deferred income taxes	432	1,523
Other current liabilities	33,727	22,650
Total current liabilities	70,325	86,108
Pension plans and similar commitments	1,380	1,738
Other accruals and provisions	35	102
Total liabilities	71,740	87,948
Minority interests		43
Shareholders' equity		
Common stock	18,870	18,870
Retained earnings	50,233	43,506
Accumulated and comprehensive income	-186	-77
Total shareholders' equity	68,917	62,299
Total liabilities and shareholders' equity	140,657	150,290

Group Cash Flow Statement

(U.S. GAAP)

(€1000)	1.10.2001-30.9.2002	1.10.2000-30.9.2001
Earnings before interest and taxes	23,058	17,270
Depreciation and amortization	5,924	8,011
Income from equity investees, net of dividends received	-101	-28
Change in inventories, net	7,506	-12,432
Change in accounts receivable, net	14,791	-11,731
Change in other assets	1,128	275
Change in accounts payable	-14,848	8,569
Change in accrued liabilities	3,275	2,785
Change in other liabilities	13,058	6,072
Net cash provided from operating activities	53,791	18,791
Additions to intangible assets and property, plant and equipment	-3,376	-7,042
Purchases of investments		-30
Retirement of property, plant and equipment and intangible assets	1,262	620
Retirement of investments	2,700	1
Change in other liquid assets	44	-47
Net cash used in investing activities	630	-6,498
Net cash from operations	54,421	12,293
Other interest income	-590	-1,205
Income tax expense	-5,752	-4,680
Change in income tax accruals, receivables and liabilities	-254	-1,796
Change in debt	-25	-5
Change in intercompany financing	-24,404	4,567
Dividends paid	-9,904	-8,457
Change in shareholders' capital paid in	-2,679	
Total balance sheet reclassifications and changes in consolidation cycle	406	-1,228
Net cash used in financing activities	-43,202	-12,804
Effect of changes in number of consolidated companies on cash and cash equivalents	-3,021	729
Effect of exchange rates on cash and cash equivalents	-28	-146
Change in cash and cash equivalents	8,170	72
Cash and cash equivalents at beginning of period	3,625	3,553
Cash and cash equivalents at end of period	11,795	3,625

Parent Company Statement of Income

(U.S. GAAP)

(€1000)	1.10.2001-30.9.2002	1.10.2000-30.9.2001
Net sales	238,562	232,305
Cost of sales	-195,813	-190,459
Gross profit on sales	42,749	41,846
Research and development expenses	-19	-61
Marketing and selling expenses	-26,482	-25,625
General administrative expenses	-5,351	-5,327
Other operating income (expense), net	52	-1,657
Income from investments in other companies, net	1,527	681
Interest income (expense) from operating activities, net	133	265
Other interest income (expense), net	-422	-835
Income before income taxes	12,187	9,287
Income taxes	-2,950	-3,194
Net income	9,237	6,093

Parent Company Balance Sheet

(U.S. GAAP)

(€1000)	1.10.2001-30.9.2002	1.10.2000-30.9.2001
Assets		
Current assets		
Cash and cash equivalents	3,535	1,207
Marketable securities	197	267
Accounts receivable, net	23,033	31,290
Intracompany receivables	9,955	6,174
Inventories, net	15,405	14,262
Other current assets	3,268	2,704
Total current assets	55,393	55,904
Long-term investment	1,660	5,155
Intangible assets, net	3,804	2,207
Property, plant and equipment, net	38,384	41,596
Other assets	218	27
Total assets	99,459	104,889
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt and current maturities of long-term debt	351	372
Accounts payable	5,412	4,506
Intracompany liabilities	2,812	14,994
Accrued liabilities	14,849	12,168
Deferred income taxes	432	1,523
Other current liabilities	24,760	16,503
Total current liabilities	48,616	50,066
Pension plans and similar commitments	1,380	1,738
Other accruals and provisions	35	
Total liabilities	50,031	51,804
Shareholders' equity		
Common stock	18,870	18,870
Retained earnings	30,591	34,227
Accumulated and comprehensive income	-33	-12
Total shareholders' equity	49,428	53,085
Total liabilities and shareholders' equity	99,459	104,889

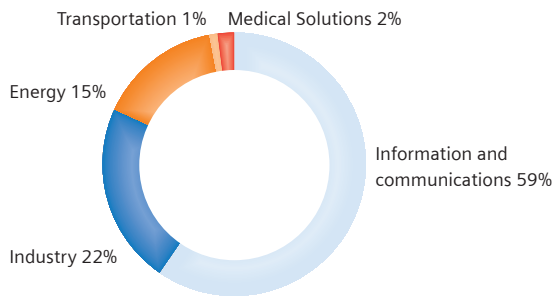
Parent Company Cash Flow Statement

(U.S. GAAP)

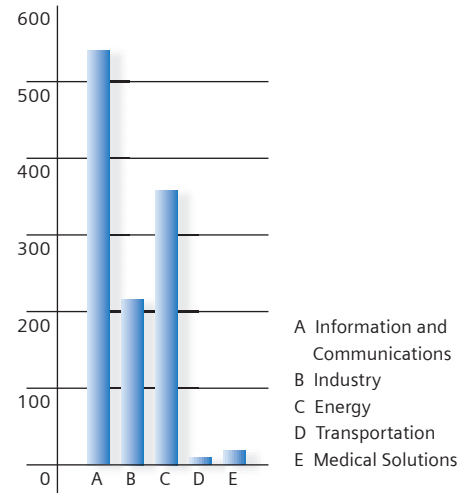
(€1000)	1.10.2001-30.9.2002	1.10.2000-30.9.2001
Earnings before interest and taxes	12,609	10,122
Depreciation and amortization	5,002	6,597
Income from equity investees, net of dividends received	-101	-28
Change in inventories, net	-1,568	5,897
Change in accounts receivable, net	12,099	-5,517
Change in other assets	622	-890
Change in accounts payable	692	-4,162
Change in accrued liabilities	2,640	2,254
Change in other liabilities	7,710	1,863
Net cash provided from operating activities	39,705	16,136
Additions to intangible assets and property, plant and equipment	-2,700	-5,633
Purchases of investments		-30
Retirement of property, plant and equipment and intangible assets	1,159	537
Retirement of investments	2,687	
Change in other liquid assets	41	-47
Net cash used in investing activities	1,187	-5,173
Net cash from operations	40,892	10,963
Other interest income	-422	-835
Income tax expense	-2,950	-3,194
Change in income tax accruals, receivables and liabilities	-1,192	-1,530
Change in debt	-21	-21
Change in intercompany financing	-19,352	2,328
Dividends paid	-9,904	-8,436
Total balance sheet reclassifications and changes in consolidation cycle	-1,845	-104
Net cash used in financing activities	-35,686	-11,792
Effect of changes in number of consolidated companies on cash and cash equivalents	-2,878	
Change in cash and cash equivalents	2,328	-829
Cash and cash equivalents at beginning of period	1,207	2,036
Cash and cash equivalents at end of period	3,535	1,207

Group financial summary

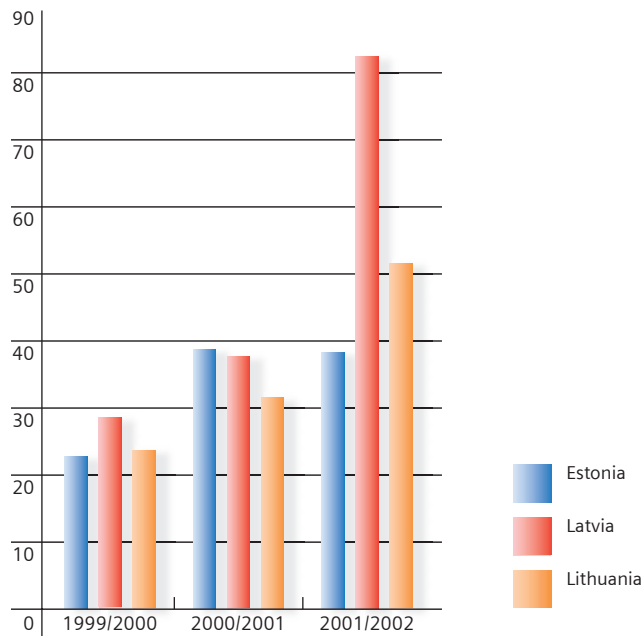
Net sales by business segment



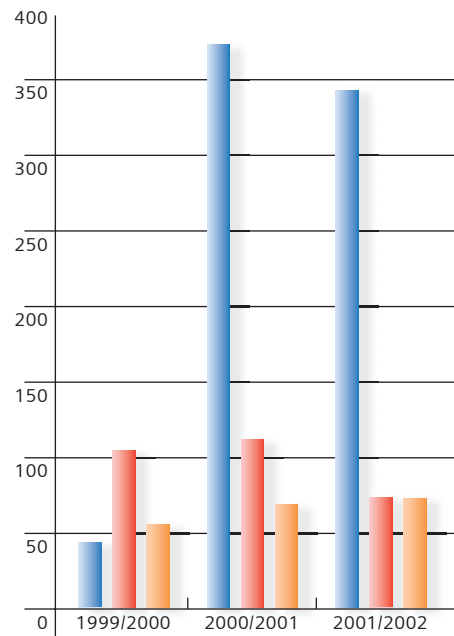
Employees by business segment



Net sales in the Baltics (€M)



Employees of companies in the Baltics



Siemens companies in figures

Siemens companies

	Net sales €M	Employees 30 Sept. 2002
Siemens Osakeyhtiö Group	410.3	1,363
Wincor Nixdorf Oy	10.4	23
Oy Osram Ab	12.5	16
Siemens Building Technologies Oy	38.3	225
Building Automation and HVAC Products	28.4	157
Fire Safety and Security Systems	9.9	68
Siemens Elema AB Branch in Finland	15.4	44
Fujitsu Siemens Computers Oy (31 March 2002)	87.7	55
Siemens Rahoitus Oy Group	19.4	15
BSH-Kodinkoneet Oy (estimate for year 2002)	44.0	48
PICSI Automation Oy	3.4	47
Siemens companies total, appr.	680	2,061

Siemens Osakeyhtiö Group

	Net sales €M	Employees 30 Sept. 2002
Siemens Osakeyhtiö	238.6	874
Siemens Metering Oy¹⁾	8.1	
Netron Oy¹⁾	3.4	
AS Siemens	27.4	54
AS Siemens Electroservices	11.1	289
Siemens SIA	81.7	74
Teka Telekom SIA¹⁾	1.6	
UAB Siemens	51.6	73
Siemens Osakeyhtiö Group²⁾	410.3	1,363

1) Siemens Metering Oy and Teka Telekom SIA were divested during the 2001/2002 financial year.

Siemens Osakeyhtiö took over Netron Oy's business with effect from 1 January 2002.

2) Consolidated figures

Siemens Group worldwide

Siemens Group Worldwide was founded 155 years ago by Werner von Siemens, a major visionary in the history of technology. His ideas and inventions, such as the pointer telegraph, were the start of global communications. The construction principle on which he built his electric generator laid the foundations for electrical engineering as we know it today.

Today, Siemens Group Worldwide is active in IT, communications, energy industry, transportation, medical engineering and lighting in 190 countries around the world. At the close of the financial year ended 30 September 2002, the group had net sales of €84 billion and employed 426,000 people worldwide.

Higher net income

Despite the uncertainty prevailing in the global economic climate, Siemens Group Worldwide saw its net income rise by an encouraging 24 per cent to reach €2.6 billion. New orders totalled €86.2 billion. Around 80 per cent of net sales were derived from international activities, those outside Germany. Siemens AG spent €5.8 billion on R&D.

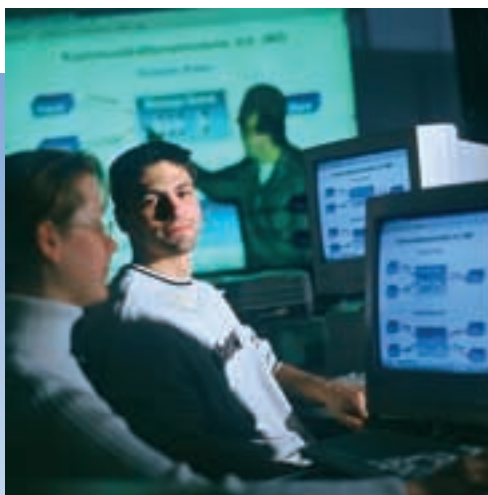
All Information and Communications business groups improved their net income. Information and Communication Mobile reported the highest increase in net income, which rose to €96 million compared to a loss of €307 million a year earlier. Sales of mobile phones are the principal reason for this encouraging improvement, with sales of 33.3 million units compared to 28.7 million a year earlier. Siemens Business Services had a net income of €101 million, compared to a loss of €259 million a year earlier.

Likewise Power Generation, Power Transmission and Distribution, Transportation Systems, Siemens Dematic, Siemens Building Technologies, Siemens VDO Automotive and Medical Solutions all reported improved net income and net sales.

Challenging year ahead

President and CEO Heinrich von Pierer sees the year ahead as a challenging one. The unstable global political and economic climate is being reflected in the willingness to invest, which may well impact on Siemens' business, especially in the telecommunications and energy sectors.

Siemens' future success factors continue to be a prudent portfolio policy, this means its businesses are either market leaders, or in second or at least third place. Other success factors are continuous growth, technology leadership, innovative products, ongoing improved performance and business development in keeping with the *top+* quality program. First class entrepreneurship linked to a benchmark culture and globalization coupled with strong local partnership ensure our success.



Siemens AG, key figures

€M (U.S. GAAP)	2001/2002	2000/2001	1999/2000
New Orders	86,214	92,528	83,426
Net sales	84,016	87,000	77,484
Net income	2,597	2,088	8,860
Net cash provided by operating activities	5,564	7,016	6,154
Net cash used in investing activities	-810	-5,886	-435
Research and development expenses	5,819	6,782	5,848
Shareholders' equity, Sept. 30	23,521	23,812	28,480
Employees, Sept. 30	426,000	484,000	448,000



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Information and Communication

Mobile

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Mauri Silfverberg

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