

Light is Life

Annual Report and Yearbook of OSRAM Licht Group
For Fiscal 2013

Light is OSRAM



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Yearbook of OSRAM Licht Group
For Fiscal 2013

Light is OSRAM



Light is Life

A single human retina has
125 million
photosensitive cells

3,000 to 6,000 kelvin
is the same color temperature range as dawn to daylight

1/3 of all traffic accident deaths happen at night

Using concentration-enhancing light can improve learning success by
50%
in mental tests

15% of electricity generated worldwide is used for lighting

An average of **3 million fans** attend the matches locally during a
global soccer tournament

Some **1.3 billion people** worldwide have no access to a public power grid

50,000 or so tons of CO₂ are released each year by the kerosene lamps around Lake Victoria

During major sporting events, the **illuminance** in modern stadiums is 2,000 lux and more

Motorists receive **90%** of all information visually

Large cruise ships are fitted with up to **80,000** lights

Light with a wavelength of **480 nm** improves concentration

We are shaping the
Our innovative and
solutions along the
of light create sup
our customers we
only global pure lig
with a strong bra
the market and se
We are improving

the future of light.
and tailor-made
the whole spectrum
superior value for
worldwide. As the
lighting company
and we are first to
set industry trends.
quality of life.

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2014 is set to be a big year for soccer, with brightly lit games.

Glossary

Light is Quality of Life

Up to
100 LEDs
at a time can be
controlled by matrix LED
car headlights

The Norwegian Getaway
is fitted with over
17 km
of flexible LED modules
and other luminaires

60,000 lenses
are to be found
on each
spotlight
diffuser plate
in the Lenbachhaus

100 different
**stages of
brightness**
can be created by the lighting
system in the Lenbachhaus

**Xenon car headlights
consume**
50%
less electrical energy
than halogen lamps—and
they are twice as bright

**LED-based
products**
generate
of OSRAM's
total revenue

29%

OSRAM has more than
8,000
patents
for LED lighting technology

**São Paulo's
soccer stadium**
has an illuminance of up to
5,000 lux

Fishermen on Lake Victoria
save up to
35%
of their operating costs using
rechargeable lamps

**Cruise ships can save
up to 18% of their**
**energy
costs**
with OSRAM lighting
technology

25 OSRAM employees
worked for
2½ years
to develop the
LED lighting solution
for the Lenbachhaus

LEDs have a
life
of up to
100,000 hours

An Integrated Lighting Expert Driving Forward Innovation

An Interview with Wolfgang Dehen



Wolfgang Dehen Chief Executive Officer (CEO)

Mr. Dehen, speed is vital in the world of digital lighting. How much momentum has the Group gained?

Dehen We have had our foot on the gas for some time now. The development and life cycles for LED products are comparatively short—and this trend is gaining speed thanks to our competitors in Asia. Unlike the traditional lighting business, today's market is all about being the first to launch new products and innovations.

We are now well positioned to do this. We have the technology and the expertise to selectively expand and diversify our portfolio so as to successfully market the right products and solutions. Over the past two years, we have restructured the Company and systematically aligned it to reflect the shift to digital lighting. Nevertheless, speed cannot come at the expense of the safety and reliability of our products and solutions. This is what the OSRAM brand stands for and what our customers expect from us—without any compromises.

The OSRAM Push Group restructuring program was developed and implemented under your leadership. What have you achieved with this so far?

Dehen OSRAM Push is a global, comprehensive, end-to-end improvement program. It is driving forward the culture change, enabling the necessary cost improvements and restructuring measures, and paving the way for new business growth. Overall, it aims to make OSRAM's offerings more sustainable. The program's focus areas are corporate culture, optimization of the operational business, structural adjustments, process improvements, and profitable growth.

We have made significant progress at an operating level: We have already successfully streamlined our global production network. A large part of the necessary restructuring measures have been started or even completed. And we have already achieved 36% of the cumulative net savings of €1.2 billion we announced. We were therefore ahead of schedule as of the end of the fiscal year.

This success is also reflected in our figures—such as in our largest reporting segment, Lamps & Components, where we improved faster than initially planned. We have now also returned to profitable growth, despite the expected decline in the traditional business. In fiscal 2014, we are focusing in particular on the realignment of the Luminaires & Solutions segment, as well as on profitable growth overall.

Looking forward, what is your strategy for OSRAM's success over the coming years?

Dehen Our goal is clear—as an integrated lighting expert and a driver of innovation, we aim to expand our strong number two position as far as possible, true to the slogan “Light is OSRAM.” We cover the entire value chain for light and our work spans the entire spectrum. This involves much more than just lighting.

Our strategy is essentially based on the following:

Firstly, we are building on our core competencies. This means that our profitable, traditional lighting business is financing OSRAM's transformation towards the new technologies. We aim to leverage and build on our strengths, such as our closeness to customers and market access. Being able to choose routinely between in-house manufacturing and purchasing will give us flexibility, reduce fixed costs, and ensure we remain competitive.

Secondly, we are expanding and strengthening our value added using an integrated approach—by applying our expertise to the key interfaces along the LED value chain. Our product development process, corporate acquisitions, and the Services business serve as the basis for increasing our market penetration.

Thirdly, we are strengthening our corporate culture by focusing on performance and individual responsibility. We are reviewing internal structures and processes and aligning them with new business models, regional priorities, and customer needs.

There is fierce price pressure in some parts of the diodes market. What is OSRAM doing to counteract this?

Dehen It is true that individual LED market segments are currently experiencing relatively high price pressure. However, we are also seeing the first signs that this is weakening a little as a result of a reduction in overcapacity. As an integrated lighting expert, our end-to-end expertise along the value chain allows us to generate competitive advantages. We are focusing in particular on the market segments in which we can differentiate ourselves from competitors through our innovation and closeness to customers. We are aiming for technology leadership with our integrated approach. Integrated product development results in lower costs and greater speed. Purchasing and logistics have to make continual progress. In addition, our track record in LED technology now stretches back over 40 years and we have a solid number two market position even in the case of LED chip components.

We are also experts in traditional technologies, which we continue to market profitably, combined with a strong brand that serves as a guide for customers in times of change.

The needs of customers around the globe have never been so diverse. How do you address these?

Dehen Trends such as energy efficiency, aging societies, and urbanization, to name only a few, are leading to new customer demands. This is a positive challenge for OSRAM—one that we are tackling with confidence. We are increasingly creating business models that are tailored to specific customer groups and are moving towards intelligent solutions through forward integration.

LED technology offers completely new opportunities. Lighting is becoming more intelligent and new applications are becoming possible—such as using light for improving concentration or increasing wellbeing.

Customization aside, our customers continue to demand good, affordable light in the quality they have come to expect. We meet this demand with our latest generation of retrofit LED lamps and halogen lamps, for example, which are an excellent alternative to the traditional 40- and 60-watt incandescent lamps.

Finally, a glimpse into the future—what do you want to read about OSRAM in 2020?

Dehen My vision is for OSRAM to be seen as an excellent example of how successfully one can navigate a market that has undergone fundamental change. In addition, I'd like to read that OSRAM stands for light like no other company and that it offers perpetual innovation at the highest level of quality.

Milestones in Fiscal 2013

Personnel

New Chief Technology Officer

Dr. Peter Laier joins OSRAM's Managing Board. Dr. Laier, who has a doctorate in engineering, is responsible for the general lighting business and, as Chief Technology Officer (CTO), for the Research & Development and Supply Chain Management, Quality & Technology functions. He was previously employed by Continental AG for around 12 years, and has a wealth of management and international experience. Most recently, he headed the Hydraulic Brake Systems business area there and had operational responsibility for more than 12,000 employees and several billion euros of revenue.

Opening

OSRAM Creates Unique Lighting Solution for Lenbachhaus Art Gallery

Munich's Städtische Galerie im Lenbachhaus reopens on May 8, 2013, following extensive renovation. The aim is to use a range of lighting moods to showcase the artworks to the best possible effect. To implement this at a technological level, OSRAM and its partners developed a solution that cannot be found in any other museum in the world—over 170,000 diodes and an intelligent lighting control system create almost 100 different shades to present the works of Kandinsky and Beuys in the best light.

October 2012

January 2013

February 2013

May 2013

June 2013

Financing

Credit Facility Agreement Signed with Banking Syndicate

On February 1, 2013, OSRAM signs a credit facility agreement for a total amount of €1.25 billion with a consortium of five banks. Ten additional banks joins the consortium in the course of the syndication process. The credit lines available under the credit facility agreement comprise a bullet term loan in the amount of €300 million and a revolving credit line in the amount of €950 million, which may also be drawn down in US dollars or, with the approval of the banks, in other currencies. This credit commitment secures OSRAM's financing requirements and strategic flexibility for the long term.

Innovation

Particularly Affordable LEDs

OSRAM presents German retailers with two LED lamps costing less than €10—the LED Star Classic A40 and the A60. These replace 40- and 60-watt incandescent lamps. Compared with conventional incandescent lamps, LEDs save more than €100 and 200 kilograms of CO₂ emissions over their 15-year life.

Start of Construction

LED Back-end Production Facility in China

OSRAM launches a new LED back-end production facility in Wuxi in the Chinese province of Jiangsu, where LED chips are mounted onto their housings. The chips themselves are still produced exclusively in Regensburg, Germany and Penang, Malaysia. The new production facility also supplements the Penang site in the manufacture of products for key segments of the Chinese market, such as applications in the general lighting, automotive, and industrial areas.



New Beginning

OSRAM Goes Public

OSRAM spins-off from Siemens and goes public on July 8 as the world's largest pure-play lighting company. OSRAM Licht AG's capital stock is composed of over 100 million shares in total. A good 80% of them are transferred to previous Siemens shareholders at a ratio of 10:1 on the first day of trading.

July 2013

News

OLED Rear Lights in View

OSRAM unveils a new rear light for cars consisting of OLEDs (organic light emitting diodes). This demonstrator meets the strict European road safety requirements for brake lights as well as for rear lights. Furthermore, the homogeneous light surface can be divided into dynamically controllable segments and thus—with a press of the remote control for the door lock, for example—can play out a customized light scene. OLEDs will probably be seen in series production on the roads in 2016.

September 2013

Expansion

Additional Halogen Production Line in Eichstätt

In response to the high demand for halogen products, OSRAM opens a production line in Eichstätt, bringing the total to 27. Investment in the facility, which produces highly efficient burners for halogen lamps, amounts to over €10 million. OSRAM is the largest industrial employer in the region of Eichstätt, with around 700 employees.

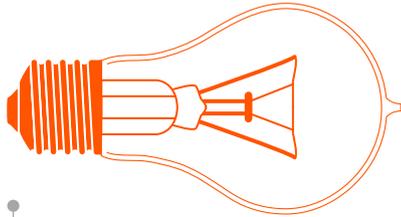


Birthday

OSRAM Opto Semiconductors Turns 40

OSRAM Opto Semiconductors celebrates its 40th anniversary. The Business Unit is considered an innovation leader in the development of opto-semiconductors, and has many years of experience in developing and producing LED lighting solutions, thanks to its sites in Regensburg (Germany) and Penang (Malaysia)—and also in Wuxi (China) in the future. With over 7,000 employees, Opto Semiconductors produces LED components for industrial applications, entertainment devices, the automotive sector, and general lighting. Infrared diodes and semiconductor-based lasers are also part of the product range. Right on time for its anniversary, OSRAM Opto Semiconductors breaks the €1 billion revenue barrier for the first time.

Over 100 Years of Innovations



1910

Incandescent Lamps with Tungsten Filaments

The production of extremely fine wires allows the filament to be coiled multiple times, giving more light.

1910

1936

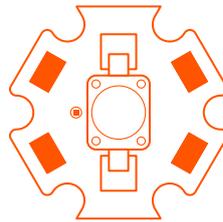
1968

1973

1973

Opto Semiconductors

Siemens begins construction of a production facility for light emitting diodes (LEDs) in Regensburg—marking the birth of OSRAM's Opto Semiconductors Business Unit, which today produces LED components around the world.



2001

LEDs

Foundation stone laid for the world's most leading-edge facility for semiconductor chips in Regensburg. Semiconductor chips are the brilliant heart of light emitting diodes (LEDs). LEDs produce a large amount of light with little energy and have a life of up to 100,000 hours. Be it in car headlights, street lighting, projectors in cell phones, or in video walls: today, LED light is everywhere.

2001

1990

First surface-mountable LED (TOPLED) sets a new global standard for the automated processing of light emitting diodes.

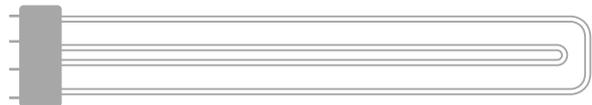
1968

POWERSTAR® HQI®
Metal Halide Lamps

1936

Fluorescent Lamps

OSRAM presents its fluorescent lamp to the public at the World Exposition in Paris.



1982

OSRAM DULUX® L Compact Fluorescent Lamps

OSRAM becomes a pioneer in the field of energy-efficient lamps with the market launch of the OSRAM DULUX® product family. In addition to the DULUX® L (see image), this includes for example the DULUX® EL for private households. Energy-saving lamps are compact fluorescent lamps made from a thick or thin lamp tube that is bent once, twice, or three times. The lamps in the DULUX® family offer power savings of up to 80% and a significantly longer life than conventional incandescent lamps.

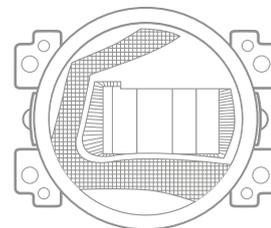
2003

First OLED Series Production

OSRAM Opto Semiconductors develops organic light emitting diodes (OLEDs) from self-illuminating synthetic materials for displays in cars, cell phones, and household devices for series production. OLEDs produce high contrast and are suitable for video applications.

2011

OSRAM Opto Semiconductors significantly increases its production output of white LEDs by switching chip production to six-inch wafers and expanding its Penang and Regensburg production sites.



2013

First LED Replacement Headlight

OSRAM presents the combined daytime running/fog light LEDriving Fog, its first fully capable replacement headlight. It replaces conventional halogen fog lights in many cars one-to-one with modern LED technology.

2003

2006

2008

2009

2011

2012

2013

2006

OSRAM is the first LED producer to switch all chip processes to four-inch wafers.

2009

Flexible Facade Design Thanks to LED Lighting Control

Together with its subsidiary Traxon, OSRAM offers sophisticated, versatile LED lighting solutions and management systems.



2008

LED Streetlight

OSRAM's subsidiary Siteco presents the first streetlight using LED technology. The DL10 permits both standard-compliant lighting for streets and town squares with pleasant, white light, and appealing, colored accent lighting for the first time.



2012

Laser Diodes

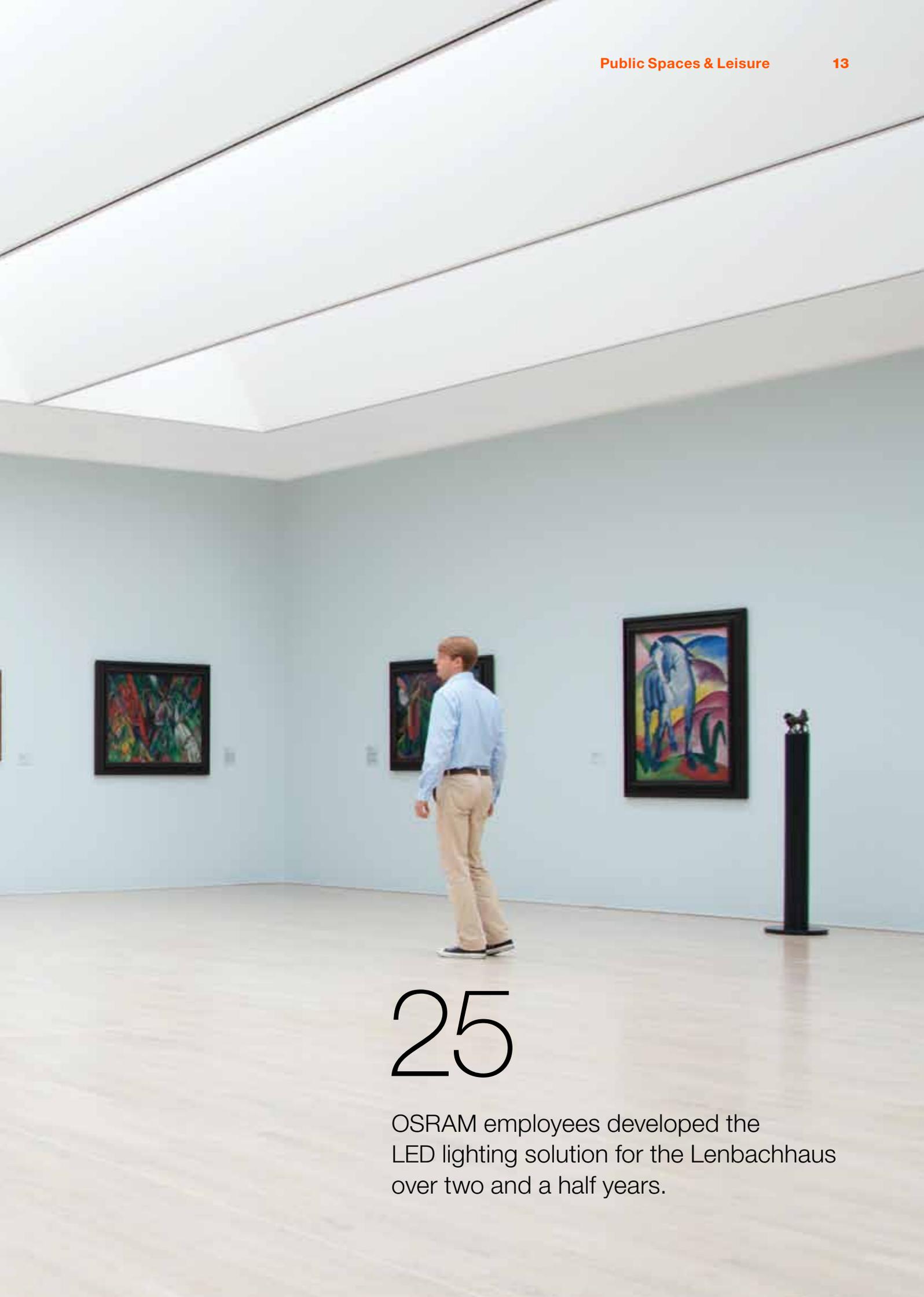
OSRAM Opto Semiconductors launches the first direct green laser diode on the market. These compact laser diodes have an optical performance of 30 and 50 milliwatts and a particularly high beam quality—a milestone in the development of miniature projectors in mobile devices such as smartphones and cameras.

Light is Culture

3,000

to 6,000 kelvin is the same color temperature range as dawn to daylight.





25

OSRAM employees developed the LED lighting solution for the Lenbachhaus over two and a half years.

Architecture and art both depend on light. Exceptional light that shows rooms and paintings in their true glory while remaining inconspicuous itself. For the converted and renovated Lenbachhaus Museum in Munich, OSRAM developed an elaborate LED lighting solution that shows what lighting has to be capable of.

Alexander Faller stops a couple of yards in front of the tiger with the flashing yellow eyes. “Great, isn’t it?”, he enthuses, whispering to avoid disturbing the other visitors to Munich’s Städtische Galerie im Lenbachhaus. He looks at the famous painting by Franz Marc, in which a tiger is lurking in shades of violet, green, and red-orange—then he turns to the rest of the artwork that is fascinating the other museum visitors in the bright exhibition room. The bold colors in the expressionist oil paintings are as vibrant as if they had just been put to canvas.

OSRAM employee Alexander Faller and two dozen of his colleagues from different Group departments played a key role in bringing about this effect. Together, they developed a unique LED-based lighting solution designed to show the Lenbach-



haus collection in all its beauty and rich detail. Federal Minister for Education and Research Johanna Wanka, whose authority contributed €2.2 million in sponsorship to the lighting project as part of its LED Lead Market Initiative, even went as far as to call it “revolutionary” in summer 2013.

A Mammoth Undertaking

The Lenbachhaus collection comprises more than 220 works by modern German artists, particularly those associated with the “Blauer Reiter” group, which included such names as Wassily Kandinsky, August Macke, Paul Klee—and Franz Marc. The gallery has been showing this unique concentration of exceptional art in its converted and extended exhibition space since May 2013. The plans for the remodeling project, which lasted a good four and a half years and cost €56 million, were designed by English architect Sir Norman Foster.

For project manager Alexander Faller and the OSRAM team, there was a lot to do. The new lighting systems had to help conserve the artwork and bring out the very best in the works on display while meeting the highest standards in energy efficiency. At the same time, the project called for sensitivity and intuition, given the need to integrate the lighting solution with the existing renovation plans.

“A mammoth undertaking,” recalls the 49-year-old industrial designer, who has been with OSRAM since 2001. “We took completely new approaches to show the innovations we were capable of producing given the high cost, time, and cooperation pressure.” The successful outcome can be attributed not least to the motivated team and to its close working relationship with the other contractors and with Norman Foster’s architecture firm. In the space of just two and a half years, OSRAM’s engineers and scientists developed four new lighting systems—although it usually takes a full year for just one system to be launched on the market.

Pushing the Frontier of Technology

The elaborate technological heart of the solution is made up of five different LEDs, whose light is mixed like the ingredients of a good cocktail. The unique factor is that it can be adjusted at will to any point between warm white and cold white—comparable with the spectrum between dawn and daylight.

At the same time, the museum employees can dim the light virtually seamlessly through some 100 nuances using tablet PCs. The light attains a color fidelity that is vastly superior to conventional office lighting. And it protects the paintings on display: The LED light in the Lenbachhaus does not generate any harmful UV radiation such as is contained in unfiltered daylight.

Four different types of luminaires are used depending on the exhibition room in question: cove luminaires hidden on a ledge running around the wall and that illuminate the ceiling evenly, LED ceiling luminaires, spotlights, and an indirect lamp that illuminates the vaulted ceiling surfaces of the sawtooth skylight. The result is gentle, unobtrusive light with an astonishing effect. Alexander Faller vividly recalls a tour of the museum where one visitor “was amazed that she had not noticed that artificial



“The best light of all is the light that you’re not aware of.”

Alexander Faller OSRAM project manager



Alexander Faller OSRAM project manager

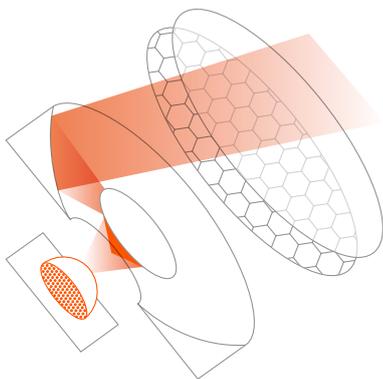
light had been used.” Praise indeed for the OSRAM team—after all, as Alexander Faller puts it: “The best light of all is the light that you’re not aware of—light that subtly brings out the best in both the architecture and the artworks.”

Avant-garde Today, Everyday Tomorrow

He is also proud of the spotlights installed in the Lenbachhaus—200 delicate spots with integrated control electronics and a high energy efficiency factor. In this installation, the first of its kind in the world, 60,000 lenses are mounted on a diffuser plate measuring just 14 centimeters in diameter. As Alexander Faller explains: “This allows us to achieve an exceptionally homogeneous, well-mixed light that is free of any undesirable multiple shadows with colored edges.” To demonstrate, he holds his hand into the light and takes a close, contented look at its clear-cut shadow on the oak parquet.

There is a strong chance that a modified version of the spots will go into series production. As Alexander Faller knows, the potential of the Lenbachhaus project goes well beyond the museum and exhibition scene: “We are demonstrating here how LED lighting in general could evolve in future. Much of what can be seen in the Lenbachhaus is high-end today. But some of it will be part of everyday life before long.”

LED Spotlight



Around 60,000 lenses mounted on a diffuser plate 14 centimeters across “cut up” the light into miniscule pieces and direct it in the ideal order toward the artwork.



Light Breathes Life Into a Room

An Interview with Lord Norman Foster

“The difference lies in the quality of the light. For the first time, the Lenbachhaus has been able to produce an impression that is very close to natural light.”



Lord Norman Foster is one of the world’s foremost architects. His office designed, among other things, the glass dome for Berlin’s Reichstag building and the Swiss Re Tower in London (also known as “The Gherkin”). We put three questions to the 78-year-old Briton who designed the plans for the new Lenbachhaus.

How important is light in your work?

Lord Foster Functional aspects aside, light is instrumental in defining the poetic qualities of a space—light can lift the spirits. Of course, any engineer can quantify the light intensity required to illuminate a room, but that is only one side of the coin. The changing character of an overcast sky, the discovery of partial shade, or the intensity of a sudden burst of sunlight—all of these can change our perception. Sunlight makes a wall sparkle and light breathes life into a room.

Does using modern lighting technology such as LEDs increase your creative scope?

Lord Foster The diversity of rooms within the Lenbachhaus, all with varying amounts of daylight, presented a challenge when it came to creating the same lighting conditions throughout the building. The advantage of LEDs in this connection is that they are compact and precise, while at the same time using little energy.

They produce a very well-mixed light as well as meeting the conservation requirements associated with housing an art collection. The difference lies in the quality of the light. For the first time, the Lenbachhaus has been able to produce an impression that is very close to natural light.

Which work of art would you advise visitors to the Lenbachhaus not to miss?

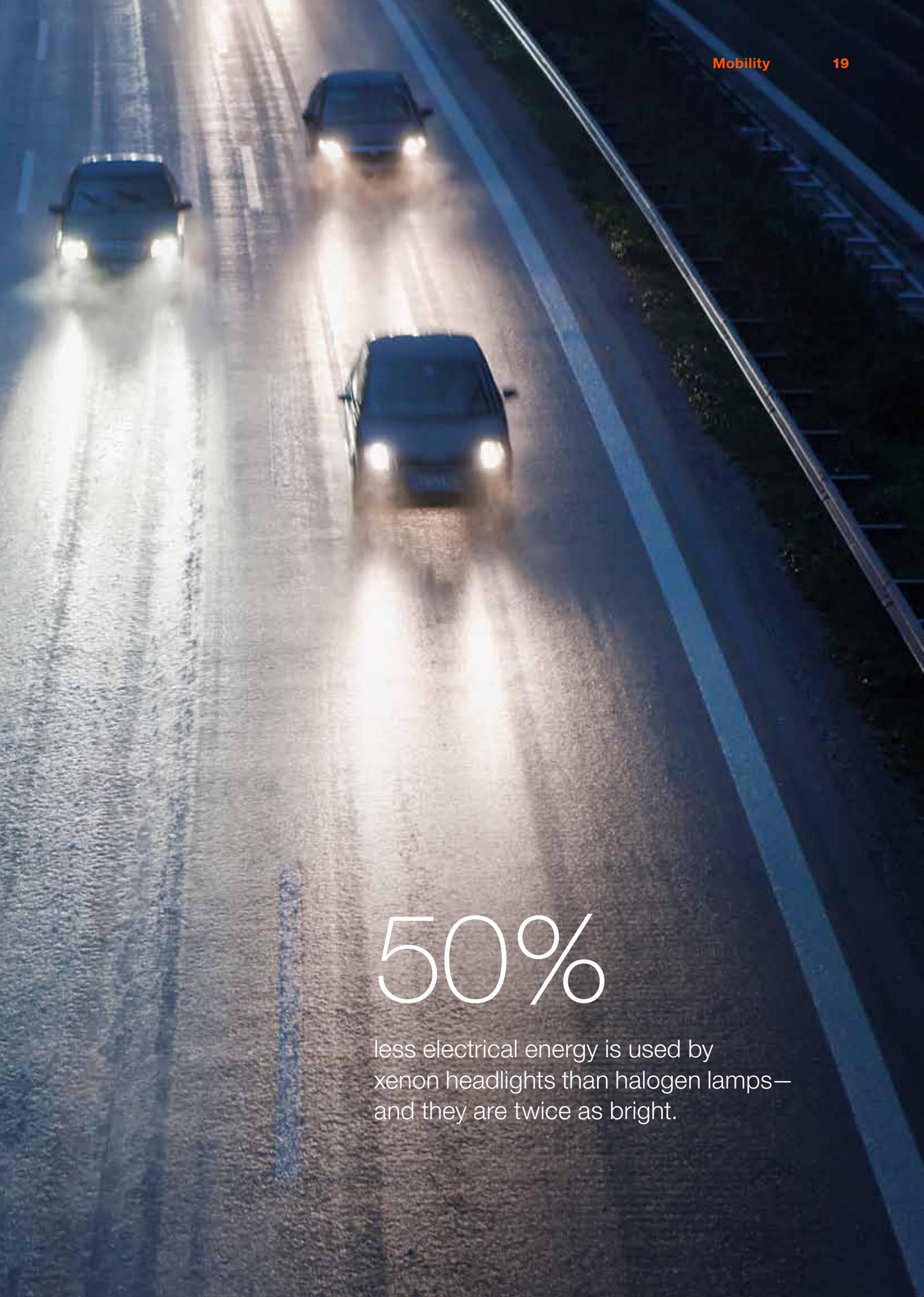
Lord Foster It is impossible to single out just one piece of work. Like the different parts of the building, the artworks are a combination of past and present—from the expressionist paintings of the magnificent “Blauer Reiter” collection to Olafur Eliasson’s spectacular “Wirbelwerk,” which extends through the new three-floor atrium. But if I had to make a choice, I would recommend the “Blauer Reiter” group of works, as these are very much the heart of the Lenbachhaus.

Light is Safety

90%

of all information received by motorists'
is visual.



An aerial, high-angle photograph of a multi-lane highway at night. Three cars are visible, each with its headlights on, illuminating the road ahead. The perspective is from directly above, showing the lane markings and the flow of traffic. The overall scene is dark, with the primary light source being the car headlights.

50%

less electrical energy is used by xenon headlights than halogen lamps—and they are twice as bright.

Having the right light makes it safer to drive at night. OSRAM and its technologies are making a significant contribution to reducing the risk of accidents in the dark.

The country road seems to stretch out endlessly in the dark, only for a right-hand bend to appear out of nowhere. Thanks to xenon light, the driver sees it in plenty of time and eases the vehicle around the bend and on safely through the night. Experts estimate that roughly every second accident could be avoided by using better lighting technology.

Every third person who dies in a traffic accident does so at night. While there are an average of 12 fatalities for every 1,000 daytime accidents involving personal injury, the corresponding figure for nighttime accidents is twenty. As Professor Tran Quoc Khanh, Professor of Lighting Technology at the University of Darmstadt, observes: "Motorists take in roughly 90% of all information with their eyes. This means that good light is crucial for safe nighttime driving."

What Is Good Light?

This is why automotive manufacturers and suppliers use light tunnels to determine to what extent headlights illuminate the road and what level of brightness is reached at specific distances. Substantial differences can be seen even with simple halogen lamps. OSRAM's branded products consistently outperform cheap imports from the Far East in independent tests. For instance, the Karlsruhe Institute of Technology tested 100 H7 lamps—with alarming results. Four out of five non-branded lamps did not even fulfill the minimum specifications for motor vehicle safety in Germany. However, brightness is still limited even with the best halogen lamps.

Discharge lamps, which are filled with xenon, are in another league entirely, providing around twice the brightness while using only half as much electrical energy. In addition, xenon light has another color—owing to its higher blue component, it looks whiter, closely approximating daylight, which helps to keep motorists alert.

Light emitting diodes (LED) provide even whiter light, similar to midday sunlight with a color temperature of 6,000 kelvin. The growing market demand for LEDs is due above all to their long service life: LEDs last far longer than the average time a car is in use, a figure estimated at just 8,000 hours. This means that future generations may never have to pay a visit to the garage to get a lamp replaced. Compared with halogen lamps, LEDs are extremely economical with energy. Switching daytime running lights to light emitting diodes results in substantial savings in power. These savings vary from model to model, but it can be as much as 250 kilowatt hours over a car's entire useful life. The energy that is saved would be enough to enable an electric car that consumes 15 kilowatt hours per 100 kilometers to travel 1,675 kilometers.

1/3

of all traffic accident deaths happen at night.



LED headlights provide bright white light, are energy-efficient, and last a remarkably long time.

The Future Begins—Now



Technology Shift

How is OSRAM reacting to global trends? Answers from Dr. Peter Laier, the member of the Group's Managing Board responsible for general lighting and corporate technology.

Mobility

Be it by plane, car, bicycle, or local transport—individual mobility is becoming safer, smarter, and kinder to the environment.

Neo-ecology

The way we generate and use energy is changing. Electricity is increasingly being produced sustainably and deployed efficiently.

Silver Society

In many regions of the world, demographic change is leading to aging societies with substantially more discerning and demanding older populations.

Individualization

More and more people are creating their own lifestyles. Biographies are becoming “multigraphies” that branch out in more than one direction.

Networking

Digitization is pervading all areas of life. People and things are networking with each other online. “Big data” is becoming a reality.

Urbanization

By 2030, 60% of people will be living in major cities. The face of cities is changing significantly.

The Entire Value Chain for Light

An Interview with Dr. Peter Laier



Dr. Peter Laier Chief Technology Officer (CTO)

Dr. Laier, the fundamental technology shift towards light emitting diodes (LED) is preoccupying the general lighting area of the lighting industry. What exactly does this mean for this wide-ranging business, for which you have been responsible on the OSRAM Managing Board since the beginning of 2013?

Laier We have been seeing development cycles becoming shorter in this area for some years with the rise of LEDs. These days, lighting innovations have to be launched on the market faster than in the days of traditional technologies. At same time, the longer life of LEDs means that the amount of replacement business is declining. How fast this decline is, and how it will progress, depends on a number of factors. One aspect is the potential convergence of light sources and light fixtures. Whether this will occur at a cross-market level remains to be seen, however. There will still be significant replacement business in many areas. Just think of hotel and restaurant lighting, which sets great store on having a contemporary ambience, or of modern sports arenas or cinema projection.

OSRAM is preparing for various future scenarios. We already cover the entire value chain for light with LED products too, from the components—that is, the chip or the lamp—through the luminaire, down to system solutions. Today, we generate 29% of our revenue with such semiconductor-based products and solutions, more than the market as a whole. And we are also aiming to generate more than half of our revenue with such products earlier than the market.

You are also the Chief Technology Officer and therefore responsible at a technological level for specialty lighting and LED chip components as well as general lighting. How do you ensure optimal cooperation between all areas of the Group in research and development?

Laier To begin with, at a strategic level, we developed extensive and detailed product road maps for the businesses based on in-depth market analysis; these were then followed by, and used as input for, a technology road map at Group level. Used in conjunction, these road maps indicate which materials, processes, and production techniques we need and when, in order to launch the planned products and solutions as innovations on time and at an appropriate price point. This tightly integrated approach and the rigorous formulation of our technological objectives are all the more important because the complexity and speed of the business increases along the value chain. We are developing more and more platform strategies in order to meet all these requirements. As an integrated lighting expert, we promote added value in the businesses through extensive cooperation projects.

It is said that the triumph of LEDs isn't just dominating the business model, but also the regional focuses of the business. What does this mean?

Laier There are regional differences in the era of LEDs, too: In Asian countries, for example, commercial buildings are often demolished and rebuilt, rather than being renovated. Countries like Japan and China are really setting the pace in adapting new technologies. The Asian general lighting market is the largest, and at the same time, the most promising market in the world today. What is more, different regions of the world have different preferences for the color temperature of light. Customized regional strategies—and ultimately having the right products for the relevant markets—are therefore the key to our success.

How are purchasing and logistics adapting to the changed business model?

Laier In-house manufacturing is and will remain an important pillar of OSRAM's production concept, but there can be scenarios in which we design and specify a new product, and then outsource production to a contract partner. Under certain circumstances, it is more economical to simply purchase products toward the end of their life cycle or to round off a portfolio. We have to weigh up precisely how we can make optimal, and thus profitable, use of our available production capacities. In this way, we are enhancing our global industrial footprint based on our production strategy.

We are increasingly entering into development partnerships at an early stage with our customers. Technology and product road maps play a decisive role. Among other things, strategic purchasing must increasingly be included in the process early on, to ensure that we do not end up looking for suitable suppliers just as planned production starts, but that we have grown these relationships already.

In the general lighting area especially, OSRAM has significantly adjusted the number of its production locations and its staff capacities as well in recent years. What does your future production network look like?

Laier We have performed an in-depth analysis of our global production network in terms of future market expectations. The wide range of legislative changes is playing a considerable role in the technology shift. Overall, we have decided to close or to sell 11 of our locations around the world. At the same time, we are focusing on local production for local markets, such as with our new LED assembly facility in Wuxi, China, from 2014. We have also established that LED products can basically be produced using intelligent, highly automated production lines in Europe and the NAFTA zone, too.

What does the OSRAM brand stand for in particular with customers, employees, and investors?

Laier Our stakeholders expect us to be innovative, and our customers purchase our products because they trust their excellent quality. To keep it that way, product safety and reliability are at the top of our list of priorities, even in times of more distributed value creation.

For this reason, we have also modernized our global quality organization since 2012. Going forward, we will be focusing even more on strict quality processes, such as are customary in the automotive supply industry, for example.

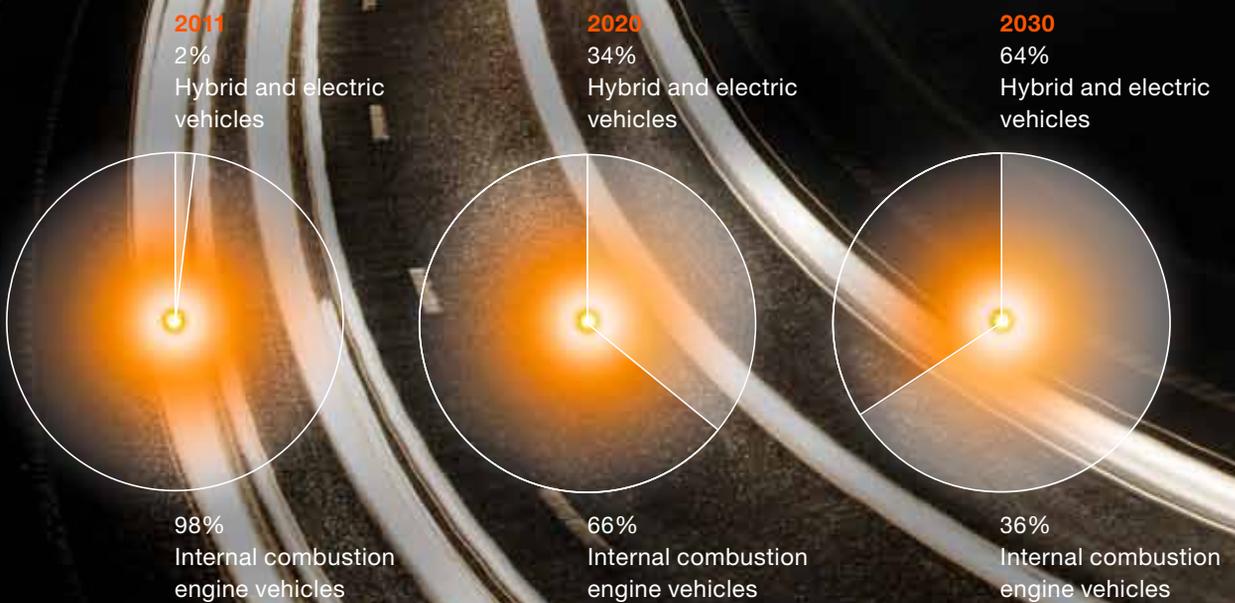
A quick glimpse into the future: What trends will shape the lighting business in the coming years and, shall we say, in 2020?

Laier Light will become integrated with other technologies and disciplines—with facilities management, for example. And our light will become more intelligent, as it were, thanks to management systems that are designed for particular situations. At home or in the office, it can be customized to reflect different moods using a smartphone or tablet. Light will make an evermore important contribution to quality of life, increasing concentration and well-being, for example, in the office, at school, or in a medical context. The new technologies will also increasingly penetrate the automotive lighting business, with LEDs for headlights and interiors, and OLED applications. This is an exciting world of technology, in which there is still plenty for OSRAM to do.

Mobility

Individual mobility is becoming more environmentally friendly and more varied as vehicles and other means of transportation use online networks to communicate with one another and their users. Street lighting management systems allow light to be directed to where people are on the move. LED-based light is playing a growing role in car design, with interior vehicle lighting becoming more individualized and extra-powerful headlights making a valuable contribution to road safety. Sensors use invisible light to regulate innovative driver assistance systems.

Production of vehicles powered by electric drives, hybrid drives, and fuel cells compared with internal combustion engine vehicles



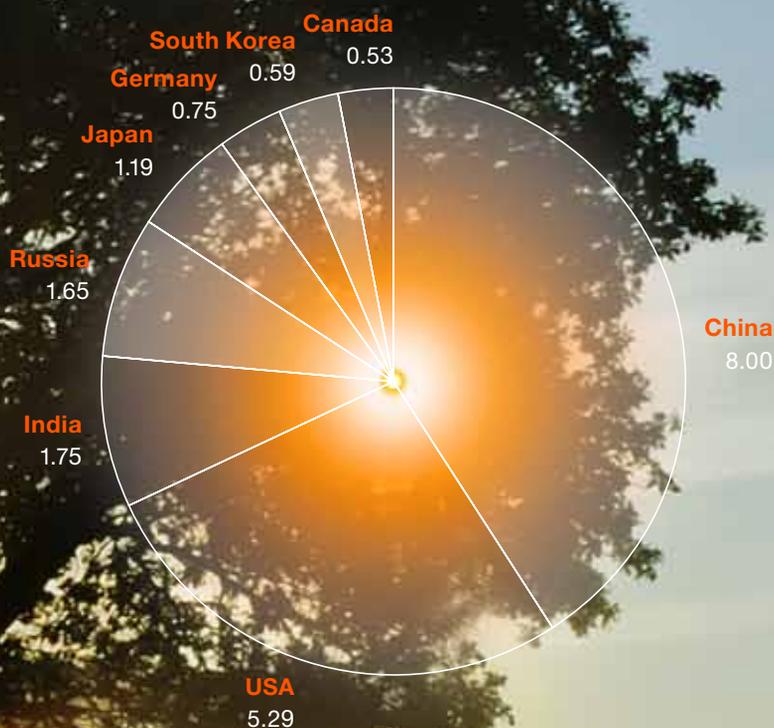
Electromobility is a growth market with many different drive strategies—but internal combustion engines will also still be around for a long time.

Neo-ecology

The change in energy policy is taking shape: electricity will increasingly be generated and distributed using a decentralized approach—and at the same time, more and more people are expecting it to be produced sustainably. Light and lighting design will be even more energy- and cost-efficient and alternative energy generation will play a growing role, including in developing countries. Parallel to this, demand for and the price of energy are set to rise. This means that there is no alternative to intelligent, efficient lighting solutions that can be disposed of in an environmentally compatible way at the end of their life cycle.

The largest CO₂ producers in 2011

CO₂ emissions in billions of tons

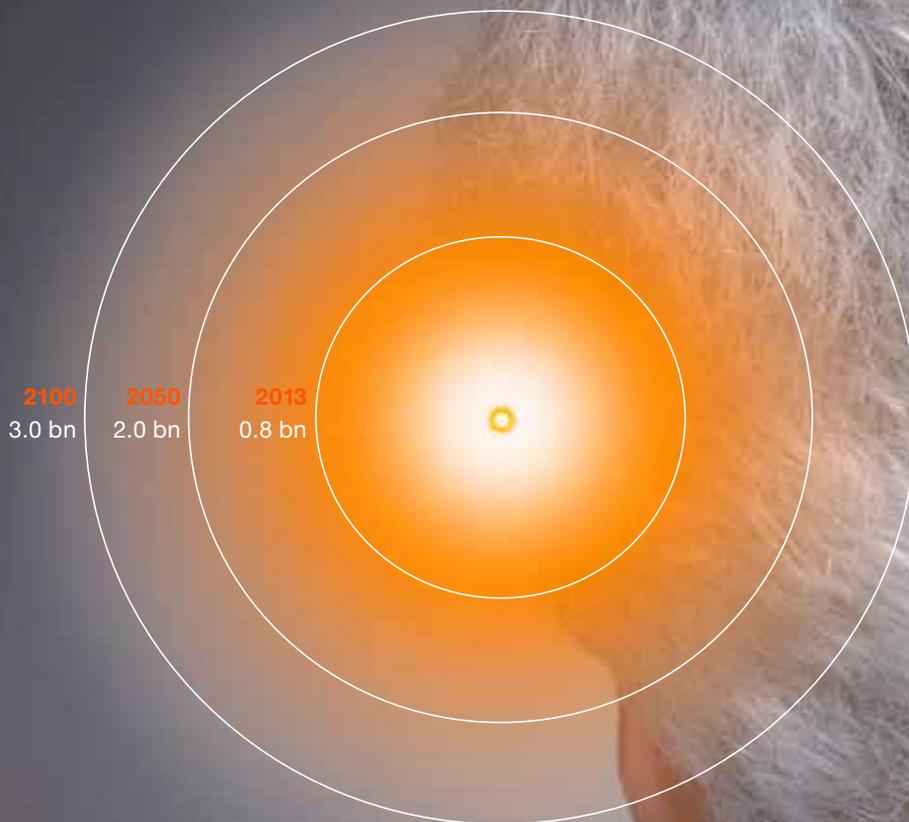


Energy efficiency is one of the most important means of combating climate change—especially in large industrial nations.

Silver Society

In many regions of the world, demographic change is leading to aging societies. Particularly in the industrialized nations, intelligent lighting solutions can improve the quality of life for older people—for instance, artificial daylight can help them remain alert for longer and to enjoy a healthy sleep. Intelligent lighting solutions recognize what a person is doing at a particular time and adapt the lighting accordingly, improving the orientation and general well-being of older people. Healthcare systems are also undergoing change, with light being used for therapeutic purposes.

Number of people aged 60 or over worldwide



In 2050, over 25% of the world's population will be aged 60 or older. In the five decades after that, this figure will rise to over 33%.

Individualization

More and more people are creating their own lifestyles. In the future, light will be every bit as individual as people themselves, the way they spend their leisure time, and the way they live and work. Light will respond to people and events, playing a more emotional role than ever before—unique in design and flexible in function.

What makes a place attractive to live in?
Respondents agreeing (in percent)



Well-being across the board:
People are demanding more and more from the places they live in.

Networking

Digitization is pervading all areas of life. People and things are networking with each other online, more and more data are being exchanged from mobile devices, and access to information is becoming both more comprehensive and more personalized. Networked intelligent lighting systems analyze data, making it easier to service and manage lighting in complex buildings or streets. This means that light can respond to its environment and that people can call up and control cloud-based data and lighting scenes at any time and from anywhere—including their home, their car, their office, or when travelling.

Increase in data worldwide

Figures in zettabytes (ZB). One ZB contains one sextillion bytes. A sextillion is a 1 followed by 21 zeros.



In the coming six years, the volume of data generated worldwide is set to increase more than thirty times over.

Urbanization

2008 was the first year in which more people lived in towns than in rural areas. And this trend remains intact: By 2030, 60% of humanity will be living in major cities. This will require new forms of infrastructure and new street-lighting functions, for instance in the areas of lighting control, signage, and design. There will be a widespread increase in the use of energy-efficient lighting and networked lighting solutions that respond to information from the urban environment.

Proportion of city dwellers by continent

Inner circle: 2011

Outer circle: 2050

Africa

2011 39.6%

2050 57.7%

North America

2011 82.2%

2050 88.6%

South America

2011 79.1%

2050 86.6%

Europe

2011 72.9%

2050 82.2%

Oceania

2011 70.7%

2050 73.0%

Asia

2011 45.0%

2050 64.4%

More and more people are moving to cities in search of work, prosperity, and a higher quality of life.



Sources

Mobility chart Zukunftsinstitut GmbH,
"Megatrend Mobilität" (2012)

Neo-ecology chart International Energy Agency (IEA),
"CO₂ Emissions from Fuel Combustion", © OECD/IEA (2013)

Silver society chart United Nations, "UN World
Population Prospects, the 2012 Revision" (2013)

Individualization chart Zukunftsinstitut GmbH,
"Megatrend Individualisierung" (2012)

Networking chart Zukunftsinstitut GmbH,
"Megatrend Konnektivität" (2012)

Urbanization chart United Nations, "UN World
Urbanization Prospects, the 2011 Revision" (2012)

However, the greatest benefits of LED technology are only just coming to light now. Given that headlights contain dozens of LEDs, why not control each of these individually so that the light is directed to those parts of the road that need to be illuminated? Although high-beam assists are already available in connection with xenon light, these use complex electromechanical systems based on cylinders or shutters. These make it possible to blend out individual sectors so that, for instance, drivers of oncoming vehicles are not dazzled.

A matrix of LEDs performs the same function—without additional mechanics but with greater variability. Steffen Pietzonka of headlight manufacturer Hella enthuses: “This makes it possible to generate as many different light distributions as you like by activating, deactivating, or dimming individual light emitting diodes.” This could even allow particular emphasis to be put on specific road hazards, such as pedestrians. Although nighttime accidents involving people on foot tend to be quite rare, one in three of these leads to fatalities. Future matrix LED headlights could control up to 100 powerful LEDs at a time. As Thomas Reiners, head of Application Technology at the OSRAM Development Center in Herbrechtingen, explains: “This allows us to achieve a very finely dispersed light distribution.”

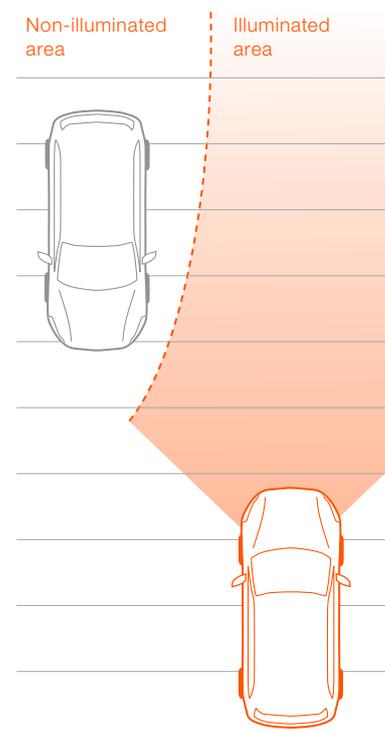
Compact and Individual

In OSRAM's laboratories, hundreds of engineers are now working on new technologies. For example, OSRAM is working on micro-optics systems based on new laser diodes, which permit high light density even when mounting space is extremely small. Or organic light emitting diodes that illuminate large spaces evenly and will soon be able to be used for rear lights. And even headlights that one day may be able to distribute light dynamically onto the road in the same way as video projectors.

Lighting Technology Professor Khanh confirms that OSRAM is on the right technological track with its LED headlights: “One day—perhaps in the middle of the next decade—all new cars will have LED headlights.” Not that OSRAM's developers will be able to sit back and relax at that point. As Khanh says: “The great challenge will be demographic change.” At night, people only see around 5% of what they see in daylight—and this worsens with advancing age. An ideal system would manage the light intensity, light distribution, and light spectrum depending on the driver's eyesight.

One more step along a long road: By 2050, the European Union wishes to reduce the number of road fatalities to “virtually zero.” Day and night.

Matrix LED: Intelligent Brightness

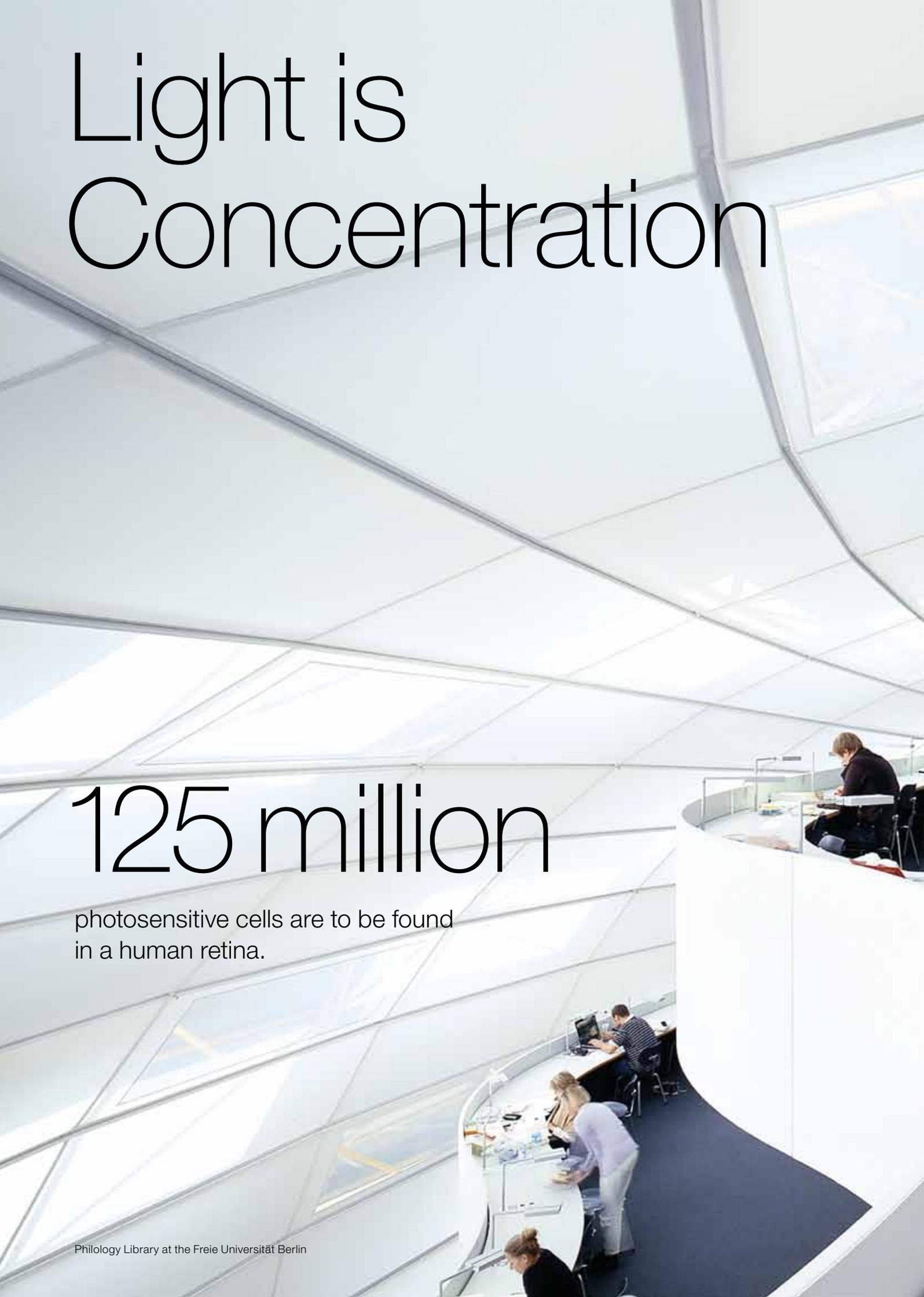


Matrix headlights permit each individual LED to be controlled and dimmed separately. Sensors and special electronics mean that oncoming traffic is not illuminated, while obstacles at the side of the road are recognized and lit up.



Web site: OSRAM provides the right tool for all applications, such as a PC or smartphone app to determine optimum car lighting.

Light is Concentration

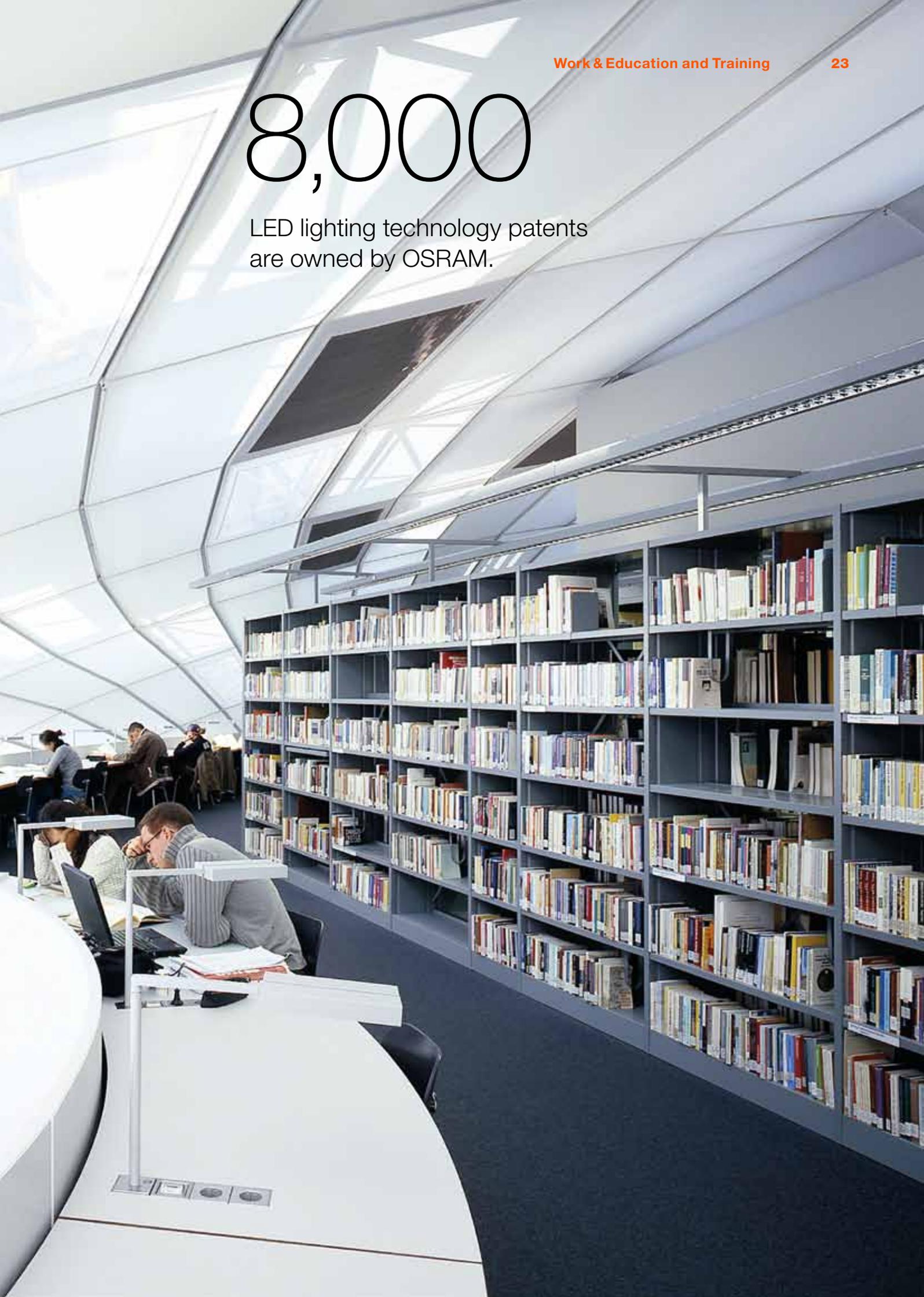
A high-angle, wide shot of a modern library interior. The space is characterized by a curved, white desk area and large, multi-paned windows that allow natural light to flood the room. Several people are seated at the desk, working on laptops. The ceiling is a complex, geometric structure with recessed lighting. The overall atmosphere is bright and focused.

125 million

photosensitive cells are to be found
in a human retina.

8,000

LED lighting technology patents
are owned by OSRAM.



Modern research is changing our understanding of light. Light is not just used for illumination any more—it can also improve well-being and performance. These valuable insights are being used to design OSRAM’s products of tomorrow.

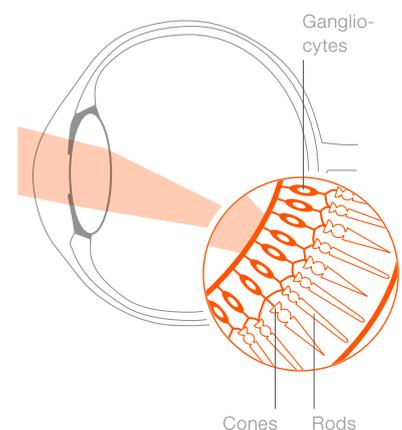
The US Navy is carrying out diving exercises in a much drier environment than usual at the Lighting Research Center (LRC). The renowned institute is researching the biophysical effects of light at a former factory in Troy in the state of New York. The laboratories are bathed in green, red, or yellow light; others have been completely darkened. They are full of measuring technology and computer screens—a high-tech playground for lighting experts. One of the projects here is new interior lighting for submarines, which is being tested on behalf of the U.S. Navy. “We are using different color spectrums of light to try and enhance submariners’ concentration when they are working in shifts,” explains center director Dr. Mark Rea, who also works together with OSRAM. The biophysicist is convinced that doctors will soon be prescribing light in the same way as vitamins or psychotherapy are today.

The Secrets of Cells

His prediction is based on a discovery—at the beginning of the millennium, scientists identified a new type of photosensitive cell among the gangliocytes in the human eye. Unlike the hundreds of thousands of other receptors on the retina, these do not absorb light for image recognition. Rather, they transmit light impulses to a cell system in the diencephalon, or interbrain, that has until now been given little attention. This mechanism affects how we feel and regulates our sleep-wake cycle, body temperature, and hormone production. However, it also directly affects our physical activity and mental performance.

Decoding this process unlocks a new dimension in our understanding of light. For example, Mark Rea and his colleagues at LRC are using specific doses of light to try and manipulate cows’ milk output, school students’ concentration, or improve sleep quality for the elderly. They are researching how self-luminous screens affect the body’s melatonin production, or—as mentioned above—how to light submarines to enhance crew performance. The knowledge gained offers the scientists completely new opportunities for lighting applications but also new challenges. “Successful companies will have to develop individual lighting concepts that positively influence employees’ well-being and effectiveness.”

The Retina



While rods and cones are responsible for how we perceive colors, brightness, and darkness, some gangliocytes perform basic functions such as regulating our circadian rhythms or how we feel.

Blue-white in the Morning, Red at Night

For Dr. Andreas Wojtysiak, this innovative concept starts at a practical level in his own bathroom. He turns on large, bright LED luminaires with blue-white light in the morning and switches to a weaker light with a predominantly red spectrum at night. This cutting-edge lighting control technology simulates what the human organism has become accustomed to over millions of years—synchronizing its activities with the natural course of the day.

Biologist Andreas Wojtysiak has been fascinated by the effects of technology on humans and animals since his student days. He works in research and development at OSRAM. “More and more, our lives are spent indoors,” explains Wojtysiak. “We are increasingly cut off from natural light, which has a negative impact on our organism.” Andreas Wojtysiak is researching how OSRAM can market innovative installations featuring a “sky indoors”—as he calls it—in the future.

These are dynamic lighting systems with color spectrums that change depending on the time of day—energizing blue-white for the morning and relaxing red for the evening. Dynamic lighting uses different wavelengths to give the brain the right signals to regulate the body’s processes at the right time.

The aim is to use what works in Wojtysiak’s bathroom to increase the quality of life in schools, open-plan offices, doctors’ surgeries, and even space in the future. “A day in space is only 90 minutes long for astronauts on a space station,” explains Wojtysiak. This is a huge strain on the organism—a person’s body clock cannot keep up with such rapid change. This is why NASA and the ESA are also researching the effects of light on circadian rhythms. OSRAM cooperates with scientific institutions around the world, such as the LRC in the USA or the Munich University of Applied Sciences in Germany, where the Company also supports the first foundation chair for light and health.

Andreas Wojtysiak sifts through the many research findings for information that could potentially be marketed by OSRAM. “Our primary focus is on a whole new way of designing light that optimizes how it can be used to promote people’s well-being—not just simply dreaming up new products.”

In turn, this means that OSRAM’s expertise is no longer confined to manufacturing lamps. The Company is using its knowledge to position itself as consultant, operator, and multi-faceted services provider. “Customers are not just interested in what spectrum of light is on the ceiling—they also want to know at which angle, at which wavelength, and on which surface the light is shining,” is how Andreas Wojtysiak explains the new business areas.

480 nm

This wavelength effectively reduces production of the sleep hormone melatonin. We perceive the light as blue.

New Lights, Bright Minds

The right lighting is increasingly becoming a question of aesthetics, well-being, and performance—and the focus is on the people involved. Two primary schools in Ulm, Germany, significantly increased students' concentration with a new LED lighting concept featuring an energizing blue component. The spotlights are aimed at the ceiling, which reflects the light throughout the classroom—the “sky indoors” effect.

And what works for the youngest members of society can also be used for the oldest. “In older people, the lens of the eye does not let enough blue light particles in, plus the elderly do not go outside as often,” says Wojtysiak. The effects, such as sleep disorders or a lack of energy during the day, can be reduced by using dynamic lighting concepts, as OSRAM demonstrated with a project at a retirement home in Vienna, Austria.

OSRAM also recently developed a new lighting design for a pain clinic in Munich. Light is a part of patients' therapy there. Cool, white-blue light has an energizing effect during the day, while a soothing, warm white color spectrum creates a relaxing atmosphere in the evenings. Lighting systems like these are perfect for doctors' offices—patients can select their own, customized ceiling lighting and motives at the dentist, for example.

Personalized Lighting

Light can do more than simply illuminate. When Mark Rea talks about its future potential, he soon arrives at the vision of personalized lighting, “which could look like customized diet plans do today.” The LRC now uses measuring technology that can determine how much light an individual person is exposed to at any time of the day. “We are also quantifying how this affects the organism and using this information to calculate the dose of light needed to improve well-being at an individual level,” says Rea. One day, lighting at home or in the office could be adjusted at any time to relaxation or active phases, making the sky indoors both a personalized lighting system and a long-term preventative health measure.

50%

improvement:
In two schools in
Ulm, concentra-
tion-enhancing light
increased students'
learning success in
mental tests.



The Bavarian State Parliament: White-blue light enhances politicians' ability to concentrate during meetings.



Future lighting concepts will be designed to suit individual needs and activities.

“We are also quantifying how light levels affect the organism, and are using this information to calculate the dose of light needed to improve individual well-being.”

Dr. Mark Rea Lighting Research Center (LRC) Director

Light is Opportunity

175,000

fishermen operate on Lake Victoria. The majority start work when darkness descends on Africa's largest inland body of water.

A photograph of two men in a wooden boat on a body of water at sunset. The sky is a mix of orange, yellow, and blue, with dark hills in the background. The men are looking towards the camera. The boat has some equipment on board, including what looks like a solar panel or a light fixture.

35%

lower operating costs compared
with kerosene lighting
thanks to rechargeable lamps.

The shores of Lake Victoria in East Africa are home to 30 million people, most of whom are “off-grid,” i.e. they have no access to the national power grid. These people use kerosene lamps for lighting, which is not only bad for their health and for the environment, but also expensive. An OSRAM pilot project is showing how clean, cheap, zero-emission lighting can be provided. This benefits both local people and OSRAM itself.

At night, the surface of Lake Victoria in Kenya looks like a black mirror with thousands of lights hovering above it—lights from kerosene lamps. The lanterns serve as the bait for catching omena, a sardine-like fish roughly the size of a person’s finger. When the sun sets and darkness descends on Africa’s largest inland body of water, the working day begins for many of the 175,000 or so local fishermen. With powerful oar strokes, they make their way out to the lake, only reaching their destination when the shore is just a thin sliver on the horizon.

They place a small raft in the water, carrying a lantern mounted on a support made of four tree branches. A unique nocturnal light show, but one that takes its toll on the environment, as the kerosene frequently leaks out, polluting the already heavily contaminated lake. In addition, the lanterns release some 50,000 tons of CO₂ into the atmosphere every year—in fact, this fossil fuel accounts for more than 31 million tons of CO₂ being generated every year throughout Africa. Not to mention the burns and respiratory illnesses that are caused by the highly flammable liquid and the sooty smoke that it produces. Can this situation be rectified? Can the kerosene lamps be replaced by safe, environmentally friendly lighting?

New Shores Ahead

The answer lies in battery-operated lamps: rechargeable, light, and cheap to operate. With this in mind, OSRAM launched a project in 2008 called “Umeme Kwa Wote,” which translates as “energy for all.” Rather than a large-scale, extensive electricity infrastructure, it uses small, customized island solutions located at specific points in the area. “We had the idea back in 2007, on the drawing board in Munich,” explains Jochen Berner, who was project manager in Kenya from 2008 to 2011. The concept was then developed further, with several departments joining forces and input from the Global Nature Fund.

50,000
tons of CO₂ a year are
released by conven-
tional kerosene lamps
around Lake Victoria.

After four months of construction, the idea was piloted in Mbita, a small town with around 15,000 inhabitants on the east bank of Lake Victoria. It was here that the first off-grid, solar-power-based energy station known as “WE!Hub” was set up. It is a green-and-white-washed brick building located in the midst of corrugated iron huts. On its roof are 72 solar panels that harness the energy of the equatorial sun. These feed the batteries of the “O-Box Solar”—the energy box used by the fishermen instead of kerosene pressure lanterns. Or they charge the battery-operated “O-Lamp” lanterns, which are suitable for private households or small businesses.

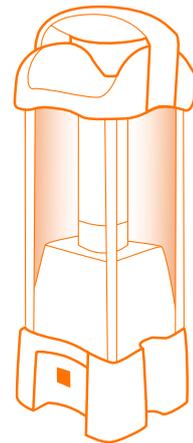
Everyone Wins

This all sounds logical, reasonable, and efficient, but building the stations in this remote region of Kenya was no easy undertaking. As Jochen Berner says: “It was an exciting, respectful, gradual process from which we also learned a lot. The most important thing was that we implemented the project together with the local people and were able to show them the advantages it offered them.”

And it was a success: With operating cost savings of 35% compared with kerosene lamps, the innovative concept was not only an interesting proposition for its users from an environmental perspective but also from an economic one. “Our basic idea is to loan the equipment rather than sell it,” says Gerhard Mair, who has been at the helm of OSRAM’s off-grid project since 2011. Previously, the fishermen and households bought their lanterns and their fuel.

Today, these battery-operated systems can be used on loan in return for a deposit. As Mair explains: “The deposit is roughly equivalent to what a conventional kerosene lantern would cost, with the difference that customers get their money back.”

Prototype LED O-Lamp



The most recent generation of O-Lamps is an LED lantern that satisfies the off-grid project’s requirements, offering even lower energy consumption and greater luminosity.



When the battery needs to be recharged or exchanged at the energy hub, customers are charged around one euro. Compared with the 1.5 liters of kerosene (costing around €1.50) that are used for each night's fishing, charging the battery cuts costs by a good third.

However, the savings in lighting costs are just one of the advantages enjoyed by the fishermen and households. Far more important is that it enables them to read, work, and study in the evenings with sufficient light without having to expose their eyes and respiratory passages to smoke and soot. Christina Schmöe, Head of OSRAM's Sustainability Office, says: "We have assumed social responsibility as a company and given access to sustainable lighting to people who never had it before."

An Even Brighter Future

Even better: there is a lot more that this innovative concept and the solar energy stations, which are run as social enterprises, can do in the future. The three WE!Hubs that are currently in place can be used to charge cell phones, there is an Internet café and an IT training room. Clean drinking water is also sold—the run-off rainwater from the solar panels is directed into tanks, where it is cleaned using filters and UV light. Delivery services have sprung up to exchange the empty batteries from the fishermen on the shore for new charged and tested ones.

"Young people are also making use of the batteries as mobile charging stations for cell phones, allowing them to earn a little money," says Kenyan OSRAM engineer Oscar Ominde, who is involved in building and overseeing the energy stations. Small businesses have settled there and new economic and social structures have evolved. At the time of writing, a further four energy stations are nearing completion in Kenya. The goal is to judge whether the concept is a viable business model that can hold its own in the marketplace. Christina Schmöe: "Here we want to use second-generation lighting products with even more efficient LED technology." This means that other households and fishermen will also benefit from clean and better light. That is good news for the local people, good news for the environment—and good news for OSRAM.



"We have exercised social responsibility and given access to sustainable lighting to people who never had it before."

Christina Schmöe Head of OSRAM's Sustainability Office



Web site: Light and water are becoming affordable—OSRAM is helping to implement a sustainable lighting solution for off-grid locations.

UNEP en.lighten: More Efficient Lighting— Lower CO₂ Emissions

The latest studies carried out in 2013 by the United Nations show that 15% of global energy consumption and 5% of global CO₂ emissions are attributable to electric light sources.

What is more: “If we don’t take action, global energy consumption for lighting will rise up to 60% by 2030.” That is the core message of the en.lighten initiative, which was launched in 2009 by the UN Environment Program (UNEP) with backing from OSRAM as a founding member. The initiative aims to reduce global energy consumption by 5% through the use of efficient lighting technologies, cutting CO₂ emissions by around half a billion tons a year.

Some 1.3 billion people worldwide have no access to a public power grid. They have no refrigerator, no telephone, no electric light. And so they are dependent on light sources that consume fossil fuels. UNEP estimates that, as a result, 25 billion liters of kerosene and 1.4 million tons of candles are burned annually—which together emit 74 million tons of CO₂. It would take 74 million beech trees growing for approximately 80 years to absorb this amount.

That is why OSRAM is also a member of GOGLA (Global Off-Grid Lighting Association)—a public-private initiative that aims to bring efficient lighting solutions to areas in emerging and developing countries without access to a public power grid. OSRAM joined this association with a view to developing and taking forward appropriate quality standards and guidelines in this sector.

15%
of global electricity
consumption
is attributable to
lighting.

Light is Efficiency

4,000

passengers can be accommodated
in modern luxury liners.

18%

savings in cruise ships' energy costs
thanks to OSRAM lighting technology.



The right light makes cruise ships look imposing, elegant, and luxurious. At the same time, lighting has to be robust and energy-efficient. OSRAM's Marine Lighting customer segment is right at the forefront of this growth market. A visit to the Meyer Werft shipyard in Papenburg, Germany.

Eighteen decks, towering high in the dock. A gleaming white hull with "Norwegian Getaway" inscribed in blue. The impressive bridge, enclosed in glass, will later be home to the captain. And right at the very top, you can even make out the slide for the pool.

Andreas Bär admires the imposing beauty under construction in Meyer Werft's enormous no. 2 building dock in Papenburg, Lower Saxony. "I always find it fascinating to watch a cruise ship being built, even though you can't see much of our work just yet," says the head of OSRAM's Marine Lighting customer segment, which was established in 2006. He and his team play a key role in on-board lighting design, together with the shipping company, the lighting designer, and the shipbuilders. By the time the ship is handed over in January 2014, it will contain around 17.5 kilometers of flexible LED modules and other luminaires, which then have to be fitted with halogen or energy-saving lamps, or LED lighting, no matter where they are located.

The 4,000 passengers on the 324-meter-long cruise ship from US shipping company Norwegian Cruise Line will then be able to walk through discreetly lit corridors to their cabins, enjoy sophisticated mood lighting in the ship's restaurants, and be captivated by colorful, spectacular lighting effects in its theater. The shipbuilders install between 60,000 and 80,000 lights per ship, from simple spotlights through to chandeliers and disco lighting.

Versatile and Economical

This is a major order for OSRAM, and more are expected to follow. "We are benefiting from growth in the cruise market because we offer shipbuilders a wide range of energy-efficient lighting solutions—from lamps and ballasts through flexible LED systems and LED luminaires, down to complex, dynamic lighting solutions from our subsidiary Traxon," says Andreas Bär. "Our cruise ship offering is expected to grow between 6% and 9% in the established regions of the USA and Europe, as well as in Asia in particular." According to the Cruise Lines International Association, cruises are the fastest-growing sector in the travel market. It's not surprising, then, that Meyer Werft's order books are full until 2016.

25%

to 40% of a cruise ship's energy is attributable to lighting.



OSRAM generates a good third of its marine lighting with original fittings—in other words, new ship construction. The rest is attributable to replacement business during the ongoing operation of luxury liners. In addition, cruise ships are put into dry dock for an overhaul every five years—and lighting is one of the things replaced. “Increasingly, this means that higher-value LED luminaires are being used, which should translate to revenue growth in this area,” says Bär, who has been working at OSRAM since 1997.

His segment works with six sales engineers in Germany, France, Italy, Finland, and the USA, among other places, to coordinate all customer groups. “We supply shipbuilders directly, luminaire manufacturers that use our lighting, and integrators—the companies that install our products in ships’ lighting systems.” The team also informs lighting design agencies—in the case of the Norwegian Getaway, UK-based lighting consultants Project International—about the latest technologies.

A Luxury Hotel on the High Seas

The companies work closely together—a good example of this is the cooperation agreement that OSRAM and Meyer Werft signed in 2007. “We are working together to develop the energy-efficient and cost-effective lighting of the future,” says Stephan Schmees, who is responsible for the construction of the Getaway at the shipbuilding company. The experienced project manager has to keep three factors in mind when it comes to lighting—energy efficiency, cost, and the desired effect. “We use lighting solutions to enhance the atmosphere and architecture of a ship. We only have one chance to impress—especially in times like these, when bad experiences quickly spread across the Internet,” says the electrical engineer, whose office walls are covered in large plans for current shipbuilding projects.

“We are aiming to grow our cruise ship offering between 6% and 9% in Asia in particular, but also in the established regions of the USA and Europe.”

Andreas Bär (above left)

Head of OSRAM Marine Lighting,
talking to Meyer Werft’s Stephan Schmees



The project manager tackles the complex task of building a cross between a luxury hotel and an ocean liner together with different teams. The ship has to meet all safety standards—but still look like a vacation for the guests. “We have very high standards when it comes to the saltwater resistance of luminaires or to fire safety, for example. Over the past few years, we have made considerable progress with LEDs and have enhanced the portfolio together with OSRAM.”

Stephan Schmees also appreciates the energy efficiency of LED technology, which can cut ship operators’ energy costs by up to 18%. “With every new generation of ships, we are using an increasing number of LEDs,” he says. An important factor in this context is that shipping companies, as the contractors, are demanding an amortization period of only a few years in which to recoup the price difference between LEDs and the cheaper halogen luminaires through lower energy consumption. This is understandable given that 25–40% of a ship’s total energy consumption (excluding propulsion) is attributable to lighting.

The Right Balance

Ultimately, it is about finding the right balance between cost, energy efficiency, and technical feasibility. And to achieve this, Martin Jost and Ingo Gersema sit down together on a regular basis. Jost, Key Account Manager for Meyer Werft at OSRAM, and Gersema, who is responsible for electrical hotel fixtures at Meyer Werft, receive the plans developed by the shipping company’s and shipbuilder’s architects, as well as the lighting designers. “We are given a very specific framework, such as the type of luminaires to be used. At the same time, we have to flesh out the planning in many places, since completely new challenges arise during the construc-

50,000 hours

on average—the
lifetime of high-
performance LEDs.



tion phase,” says Ingo Gersema. The 39-year-old has worked at the shipbuilder for six years and speaks with quiet authority—as if he had laid all 30,000 meters of cable on board himself.

Using the cabins as an example, he explains where the potential problems lie. Among other places, LED technology is installed behind mirrors, in wetrooms, behind curtains, and in lighting covers. “Even there, we have to be mindful of where we put the ballasts, how much heat is generated, and how the luminaires are reflected off the material used for the ceiling.”

In addition, LED technology has only been in use for a few years and, like any innovative material, poses its own challenges. “At the start in particular, we had to think about special ways of mounting the technology and also factor in its replacement during maintenance intervals,” says OSRAM engineer Martin Jost.

For project manager Schmees, the advantages of LED technology are obvious. “It is more energy-efficient because it uses less electricity and, at the same time, produces less heat. This reduces our cooling requirements. LEDs are also very robust and have a longer life of around 50,000 hours.”

The two companies’ experiences with each other to date have been so positive that OSRAM is working alongside Meyer Werft with other partners such as the Technische Universität Berlin on the “cabin of the future.” The research project shows how passengers might travel on cruise ships in just a few years, surrounded by the latest technologies. “We are pushing the limits of what is technically possible,” says Andreas Bär. “And in turn, this visionary way of thinking and designing challenges us. A project like this means we make progress on all fronts.”

“We use lighting solutions to enhance a ship’s atmosphere and architecture.”

Stephan Schmees project manager,
Meyer Werft



Video: A cruise with stopover in Rio de Janeiro is worthwhile. An impressive lighting solution ensures the famous statue of Christ the Redeemer shines brightly.

Light is Excitement



3 million

fans on average attend matches locally during a global soccer tournament.

2,000

lux and more is the illuminance in modern stadiums during major sporting events.



The first thing that the world will see of the 2014 soccer matches in Brazil will be OSRAM lighting. A new, futuristic stadium in the east of São Paulo will shine more brightly in future than almost any other soccer stadium in the world—a trend that is likely to catch on.

On the evening of June 12, 2014, there will not be a single shadow on the grass at the Arena Corinthians soccer stadium in the east of the megacity of São Paulo. And this is fairly unusual—after all, the referee will blow the starting whistle for one of 2014’s most important soccer matches at exactly 5 p.m. local time, when Brazil plays the second team from Group A. Dramatic sprints and gripping head-to-heads under the stadium’s floodlights will thrill the 70,000 spectators in the stadium and countless more glued to TV screens around the world.

A global soccer tournament gets people fired up like almost nothing else. This is why the images have to be perfect—both in the stadium and in the TV stations’ high definition (HD) broadcasts. What is more, the strict rules prohibit any shadows getting in the way. What makes São Paulo striking is its combination of “shadow-free” players, bold, clear colors, and brightness. Although not an official rule, this mix sets new standards in stadium lighting—and has never been used in this form in such a venue before.

The Full Package

The Arena Corinthians will arguably be the most modern soccer stadium in the world today. “We are providing the full package,” says Sergio Baptista da Costa, Regional Director Latin America at OSRAM subsidiary Traxon Technologies. “It spans our entire portfolio, combining OSRAM luminaires with products from our subsidiaries Siteco and Traxon. And it covers everything from the high-resolution scoreboards and pitch lighting through to lighting solutions for the locker rooms, tunnels, and general-purpose areas behind the pitch.” The arena has both “visible” and “invisible” lighting. The most visible—and the most important for spectators—is the field lighting that will be seen on TV screens around the world. This is generated by 350 Siteco luminaires together with OSRAM metal halide lamps. The organizer lists the requirements for soccer lighting worthy of a major sporting event down to the tiniest detail in its “Football Stadiums: Technical recommendations and requirements” handbook. This says that “football is a high-speed sport.” Uniform illumination across the pitch not only improves player performance, but also ensures perfect HD TV images.

São Paulo’s combination of “shadow-free” players, clear, bold colors, and brightness is striking.



Arena Corinthians São Paulo

One of the regulations also stipulates an illuminance of at least 2,000 lux. At up to 5,000 lux, the field lighting in São Paulo will be about double this, making it 100% suitable for high-definition TV coverage. This also translates to outstanding super slow-motion coverage with no annoying shadows and highly consistent color rendering.

Combined Expertise

The stadium's facade, which is 170 meters wide and 20 meters high, boasts another world first. The LED stadium screen is currently the largest of its kind and is also one of only a few LED panels that can play moving images. The stadium also uses 35,000 Traxon DOTs with six LEDs per spotlight, well over 1,000 special LED luminaires, and a high-speed server complete with software from Traxon.

The list is seemingly endless—from the sidelines to the exterior LED screen and the four smaller screens inside the stadium to the access tunnels, parking garage, conference rooms and lounges, locker rooms, staircases and hallways, as well as the parking lot. Everything is there, from innovations to high-margin, mass-market products—tailored to fit and as energy-efficient as possible. “Every single part of

“Siteco’s project teams made such a great impression with their pitch lighting expertise that in the end we were given the entire project.”

Sergio Baptista da Costa

Regional Director Latin America at
OSRAM subsidiary Traxon Technologies

the stadium that is capable of emitting light is from OSRAM”, says Ricardo Benucci, Sales Manager for Project & Solutions at OSRAM do Brasil, praising the positive and valuable cooperation with the other project partners. CDC Arquitetos and, in particular, its architect Anibal Coutinho designed the stadium as a whole. According to Coutinho, the overall architectural concept aims to “put the spectator, the fan on the pitch.” The roof was the work of German engineer Werner Sobek, while Theo Kondos Associates is responsible for the lighting design.

OSRAM is able to draw on its experiences in South Africa and many other stadium projects. “The end-to-end solution that we are offering is not just based on our skill in selling products,” explains Sergio Baptista da Costa. “Rather, it reflects the expertise that we have built up around the world with Siteco and Traxon in a large number of individual, customer-specific solutions—from the stadium in Lille to the Green Point Stadium in Cape Town.”

For OSRAM, the Arena Corinthians is much more than a demonstration of its product portfolio. It also shows how well and how professionally the Group manages complex projects and processes. “We have already capitalized on this in São Paulo—Siteco’s project teams made such a great impression with their pitch lighting expertise that in the end we were given the entire project,” says da Costa. And the odds are that OSRAM will put one or the other goal in the right light in the future as well.

A Note on Current Events

On November 27, 2013, just before this Yearbook went to press, there was an accident at the Arena Corinthians stadium, in which several people were killed or injured. A crane fell over and caused substantial damage to part of the stadium. We would like to extend our deepest sympathy and condolences to the families of those killed and injured.

Worldwide expertise
in customer-specific
solutions.



Video: OSRAM installed a variety of light sources in the National Stadium in Warsaw—to impressive effect.

Showing Stadiums in the Best Possible Light

Millions of spectators and top class athletes from all over the world, presented in the best possible light by OSRAM. Optimal lighting solutions for all the different areas in sporting venues are a crucial component of events.



Allianz Arena Munich, Germany

The UFO has landed: The Allianz Arena in the north of Munich is the first stadium in the world which can change the color of its entire outer facade between red, white, and blue, thanks to the very latest lighting technology from OSRAM and its subsidiary Siteco.



Stade Pierre-Mauroy Lille, France

With its large media displays, horizontal ticker panels, and a high-definition video area, OSRAM subsidiary Traxon helped design the multifunctional sports architecture at the Stade Pierre-Mauroy in Lille.



National Stadium Warsaw, Poland

One of the highlights of European soccer in 2012: the exterior facade of the National Stadium in Warsaw. The outer shell of the stadium glows in the Polish national colors—red and white—thanks to some 1,700 LED luminaires from OSRAM subsidiary Traxon.

The glossary contains a short definition of typical terms used in the lighting industry and within OSRAM.

Color Temperature Color temperature measures the color impression of a light source. It is measured in kelvin.

Control Gear (CG), Control Electronics Most electrical light sources, with the exception of the incandescent lamp, require a special device to start and to operate. Depending on the light source technology, they are named ballasts, ignitors, or transformers, and belong to the category of control gears. The term is the umbrella term for electromagnetic (= conventional control gear or ballast) and electronic (= ECG) operation devices, which also subsumes LED drivers. The phrase control gear describes devices for one or more components between the supply and one or more lamps which may serve to transform the supply voltage, limit the current of the lamp(s) to the required value, provide starting voltage and preheat current, prevent cold starting, correct power factor, or reduce radio interference. Also starters (e.g. for fluorescent lamps) and step-down converters (for incandescent or halogen incandescent lamps) are covered.

Diode A diode is a two-terminal electronic device which permits significant current flow in only one direction. Diodes typically function as rectifiers, i.e., converting AC into DC.

Fluorescent Lamp (FL) Fluorescent lamps are available in different shapes, such as linear fluorescent lamps (LFL), tube shaped, and compact fluorescent lamps (CFL).

Halogen Lamp (HAL) Halogen lamps are types of incandescent lamps that are filled with a gas that contains small amounts of halogens or halogen compounds enabling smaller bulbs and higher luminous flux.

Incandescent Lamp (INC) Incandescent lamps are electrical light sources which radiate light as a result of a tungsten filament being heated. The tungsten wire is enclosed in a sealed, gas-filled—or in some cases evacuated—glass bulb.

Lamp The term “lamp” refers to an engineered artificial light source—a device that converts electrical energy into light and that has a standardized electrical and mechanical connection to the lampholder. Lamps are used in luminaires, which distribute and direct lamp light and prevent it from causing glare.

LED (light emitting diode) An LED consists of a light emitting semiconductor chip in combination with wiring, reflector, lens, and protective covering to create a package. The term LED module is sometimes used synonymously.

LED Lamp An LED lamp is a light source incorporating one or more LEDs on a board and it also includes secondary optics, heat sink, driver electronics, and housing. It can be used as a replacement for existing lamps in the form of retrofit (replacement of another type of lamp without requiring internal modification of the luminaire) or conversion (requiring modification in the luminaire). The term LED retrofit is sometimes used synonymously.

LED Retrofit See LED lamp.

Light (visible light) Visible light is the radiation that can be perceived by the human eye. The spectral range of light embraces wavelengths from 380 to 780 nm and is divided into the different color sections ranging from violet through blue, green, and yellow to red. Outside this band, the human eye cannot “see” radiation.

Light Management System (LMS) Light management systems automate the lighting and related controls within a room, building, or in outdoor applications. Their task is to provide the right light in the right amount at the right place when it is needed.

Light Solution A light solution is a specific use case tailored to the application for which an arrangement of luminaires, light sources, control gear, and light management has been planned and is executed; servicing of the installation can be included.

Luminaire (lighting fixture) The term luminaire (sometimes also referred to as a “lighting fixture”) refers to the entire electric light fitting, including all the components needed to mount, operate, and protect the lamp. The luminaire distributes the light of the lamp and prevents it from causing glare, for example.

Organic Light Emitting Diode (OLED) An OLED is a light emitting semiconductor that has an electroluminescent zone made of organic compounds. OLEDs are typically area light sources.

SSL Products SSL stands for solid state lighting and identifies the newest generation of lighting products such as LEDs. For the purpose of the Environmental Portfolio, OSRAM defines SSL products as semiconductor-based light sources, luminaires and detectors, as well as light management systems for such light sources.

This includes:

- LED lamps, luminaires, and systems in their entirety, including any necessary components and services sold as part of an LED light solution,
- LED chips and light engines,
- OLED—organic light emitting diodes,
- Infrared emitters, producing electromagnetic radiation close to the spectrum of visible light,
- Laser diodes,
- Silicon photodetectors, semiconductors which react to and may be used to measure light,
- Sensors, which are a combination of a semiconductor emitter and a photodetector
- Light management systems (sensors, user interfaces and controllers; actuators for traditional lamps are excluded) and associated components and services.

UV Light UV light is electromagnetic radiation, invisible to humans, which has a shorter wavelength than the light visible to humans.

Xenon Light Xenon light is the light produced by a discharge lamp that uses the inert gas xenon as the main component of the filler gas. Unlike halogen lamps, which generate light using a very hot filament, discharge lamps generate light by discharging gas between two electrodes placed close together. When used in automotive headlamps this technology ensures extremely good light distribution and brilliant white light on the road.

Acknowledgments

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in German at www.osram.de/ir and www.osram.com/ir
The German version is legally binding.

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Light is Life

Annual Report of OSRAM Licht Group
For Fiscal 2013

Light is OSRAM



Light is OSRAM

Light is Success

EBITDA

EBITDA

€413.6 million

after €392.9 million
in fiscal 2012

Net Income of

€33.6 million

increased by €424.9 million
compared to fiscal 2012

EBIT Margin

1.9%

compared to 0.9%
in fiscal 2012

Comparable Revenue Growth

+1.6%

compared to
fiscal 2012

Equity Growth of 11.3% to

€2,169.3 million

as of September 30, 2013

Return on Capital Employed (ROCE)

1.9%

after -11.3%
in previous year

Revenue

€5,288.7 million

Revenue growth 11.4%
in SSL technologies

Earnings per Share

€0.26

diluted and
undeluted

Employees Worldwide

35,108

thereof 9,727
in Germany

Free Cash Flow with

€284.3 million

on a high level

Equity Ratio

49%

after 38.5%
as of September 30, 2012

EBITDA Growth

96%

€99.5 million

after €50.8 million
in fiscal 2012

OSRAM at a Glance

OSRAM Licht Group

in € million, if not stated otherwise		Fiscal		
		2013	2012	Change
Revenue		5,288.7	5,399.8	(2.1)%
Revenue growth (comparable) ¹⁾²⁾	in %			1.6%
EBITA ²⁾³⁾		99.5	50.8	95.9%
as % of revenue (EBITA margin)		1.9%	0.9%	
therein special items ²⁾³⁾		(309.9)	(263.5)	17.6%
Transformation costs		(299.5)	(198.5)	50.9%
Costs associated with the separation/for going public (net)		(10.4)	(30.8)	(66.2)%
Legal and regulatory matters		–	(34.2)	n/a
EBITDA ²⁾		413.6	392.9	5.3%
Income (loss) before income taxes		50.1	(367.2)	n/a
Net income (loss)		33.6	(391.3)	n/a
Basic earnings per share ²⁾	in €	0.26	–	n/a
Diluted earnings per share ²⁾	in €	0.26	–	n/a
Return on capital employed (ROCE) ²⁾		1.9%	(11.3)%	n/a
Free cash flow ²⁾		284.3	(222.6)	n/a
		September 30,		
		2013	2012	Change
Cash and cash equivalents		522.1	31.2	>200%
Total equity		2,169.3	1,949.6	11.3%
Total assets		4,425.3	5,066.9	(12.7)%
Equity ratio (total equity in % of total assets)	in %	49.0%	38.5%	
Net debt/net liquidity ²⁾⁴⁾		(172.0)	595.3	n/a
in relation to EBITDA		(0.4)	1.5	
Adjusted net debt ²⁾		186.5	1,094.5	(83.0)%
in relation to EBITDA		0.5	2.8	
Employees	FTE	35,108	39,194	(10.4)%
of which in Germany	FTE	9,727	10,027	(3.0)%
of which outside Germany	FTE	25,381	29,167	(13.0)%

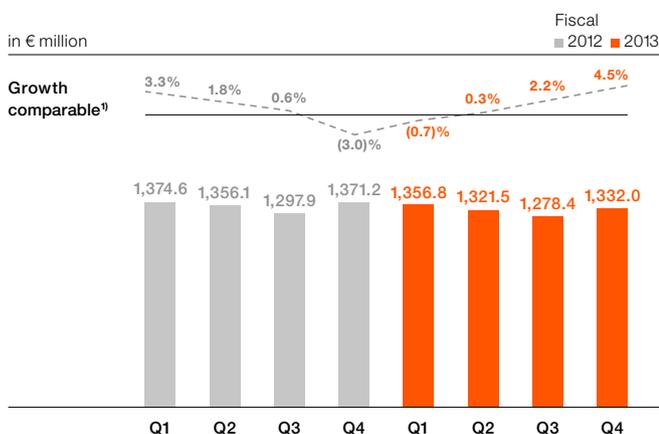
¹⁾ Adjusted for currency translation and portfolio effects.

²⁾ See the glossary.

³⁾ Special items of 2013: 580 bps (2012: 490 bps).

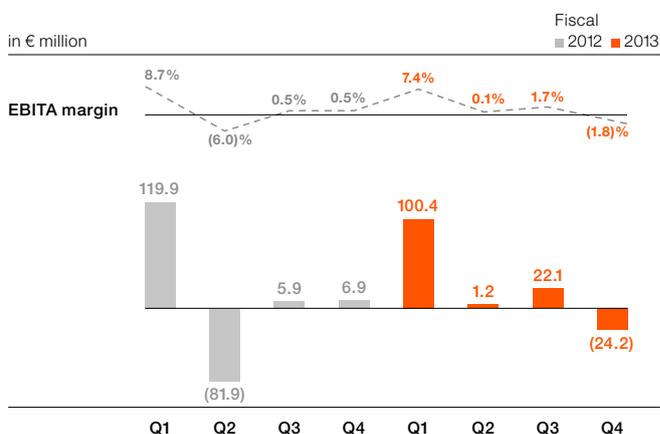
⁴⁾ Net liquidity existed as of September 30, 2013 and is presented as a negative value.

Revenue by Quarters



¹⁾ Adjusted for currency translation and portfolio effects, see the glossary and compared with the respective prior-year quarter.

EBITA by Quarters



The OSRAM Licht Group's fiscal year began on October 1, 2012, and ended on September 30, 2013.

With its slogan “Light is OSRAM”, OSRAM delivers lighting solutions for every facet of life. As an integrated lighting expert, we are the number two among the global companies in the lighting market. We offer future-oriented products and solutions along the entire lighting value chain.

Lamps & Components (LC)

The LC segment comprises the product business with lamps, light engines, and ballasts. This segment therefore includes both traditional lamps and SSL-based lamps for private and professional use as well as electronic ballasts, components for LED systems, and light management systems. The products thus cover a number of application areas, such as residential, office, industrial, gastronomy, outdoor, and architectural.

Luminaires & Solutions (LS)

The LS segment comprises OSRAM’s project and solutions business. The portfolio comprises luminaires for professional applications such as street lighting and architectural lighting as well as solutions for private end users. In addition, LS offers lighting solutions and associated light management systems that are used in internal and external lighting. Installation and maintenance services for the LS product portfolio are covered by the Service business.

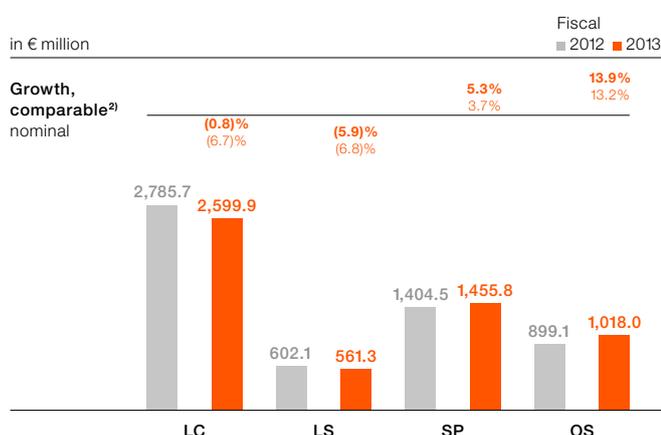
Specialty Lighting (SP)

The SP segment offers light sources and systems for the automotive sector as well as special applications in the display/optic area. In the automotive sector, the spectrum ranges from interior and exterior lighting all the way to sensing. Display/optic covers the areas of projection and entertainment/architainment as well as medical and industrial applications. The products are sold via the wholesale trade and OEM channels as well as directly to commercial customers.

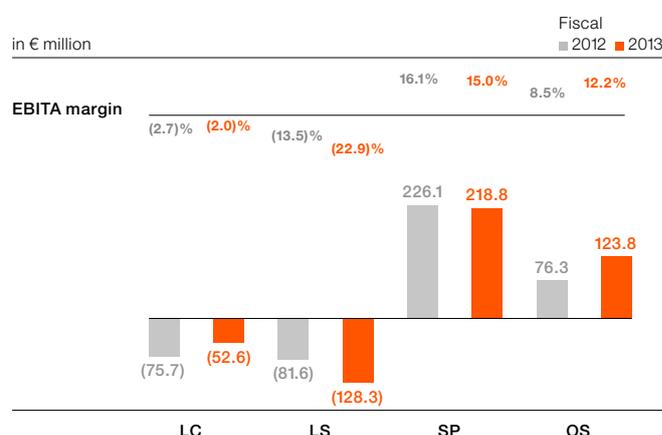
Opto Semiconductors (OS)

OS offers a broad portfolio of optoelectronic semiconductors for external customers and for other OSRAM businesses. The products offered include LED components for visible light, infrared components, laser diodes, and sensors. The application spectrum extends from the automotive industry, industry electronics, general lighting, and consumer and communication electronics to medical technology, materials processing, and measurement and printing technology.

Revenue by Segments¹⁾



EBITA by Segments¹⁾



¹⁾ In addition to the four reporting segments, the OSRAM reporting structure includes the reconciliation to the consolidated financial statements. This includes corporate items and pensions, which management does not consider to be indicative for the segments’ performance, centrally managed transactions, and the consolidation of transactions between the segments, certain reconciliation and reclassification items, and the operations of OSRAM’s corporate treasury. Including the reconciliation items, OSRAM’s revenue in 2013 amounted to €5,288.7 million (2012: €5,399.8 million), and its EBITA to €99.5 million (2012: €50.8 million).

²⁾ Adjusted for currency translation and portfolio effects. ▶ See the glossary.

This financial report is composed of a Corporate Governance Report, the Group Management Report (combined) and the Consolidated Financial Statements of OSRAM Licht AG, as well as further information. In addition to providing information on the OSRAM Licht Group, the combined management report includes the management report of OSRAM Licht AG. In preparing its Group Management Report, OSRAM has followed the recommendation of the Accounting Standards Committee of Germany and has early adopted German Accounting Standard (GAS) 20. The disclosures on OSRAM Licht AG are based on the Handelsgesetzbuch (HGB—German Commercial Code). The remuneration report (starting on page 28) and the corporate governance declaration (starting on page 38) are also components of the Combined Management Report.

OSRAM's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).

This report complies with the requirements for an annual financial report under section 37v of the Wertpapierhandelsgesetz (WpHG—German Securities Trading Act).

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Unless specified otherwise, the number of employees is given in full-time equivalents (FTEs) as of the reporting date.

For a definition of typical technical terms used in the lighting industry and a short description of significant financial terms, please refer to the glossary.

› See the section of this Financial Report entitled "Explanations and Further Information."

This document is a convenience translation of the original German-language document.

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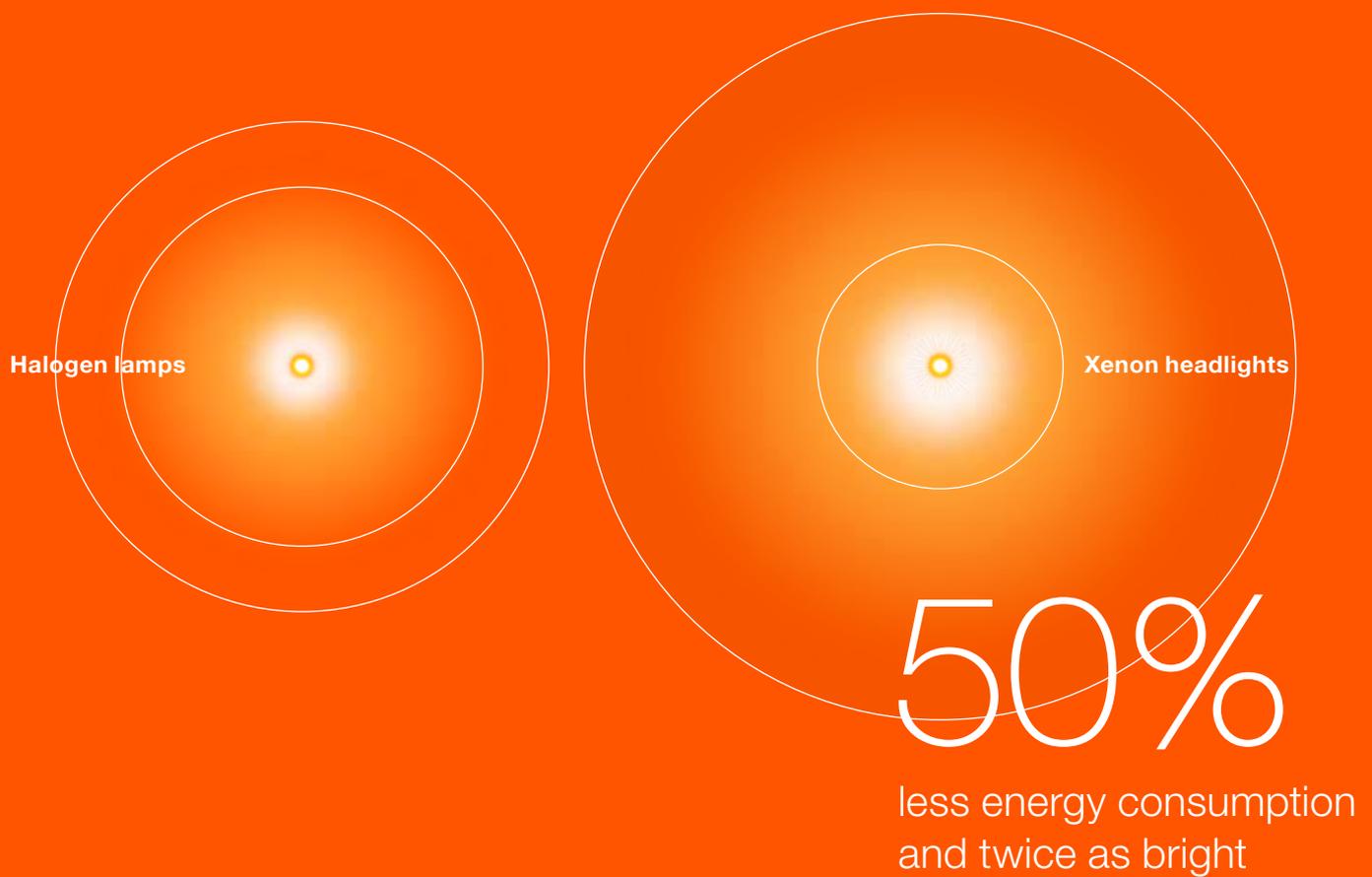
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Light is Safety

Brightness and energy consumption of halogen lamps and xenon headlights compared

Outer circle: brightness

Inner circle: energy consumption



Xenon car headlights consume 50% less electrical energy than halogen lamps—and they are twice as bright.

For more about OSRAM xenon headlights and vehicle lighting, see the section entitled "Light is Safety," on page 18ff. of OSRAM's 2013 Yearbook.

To the Shareholders

06 Letter to the Shareholders

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and Investor Relations

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Dear OSRAM Licht AG shareholders,

Fiscal 2013 was a momentous year in the history of the OSRAM Licht Group, dominated by the initial public offering and by structural and operational challenges—all mastered with equal success.

OSRAM Licht AG shares were listed for the first time on July 8, 2013, and at the end of September we were also admitted to the MDAX. These are important milestones in our Company's history, which stretches back more than a hundred years. Since then, our share price has seen clear positive growth. You—our shareholders—are affirming our strategic path by placing your trust in us and recognize the opportunities offered by our business model.

On behalf of the Managing Board, I would like to extend a warm welcome to all shareholders of OSRAM Licht AG and hope that you will stay with us over the long term. We very much look forward to engaging in regular dialog with you.

We Cover the Entire Value Chain for Light

Many of you will remember the slogan "Bright as daylight." Today, as an integrated lighting expert and a driver of innovation we provide lighting solutions for every facet of life under the motto "Light is OSRAM." Our offering spans the entire value chain, from components—including lamps, ballasts, and optical semiconductors such as light emitting diodes (LEDs)—through luminaires and light management systems down to lighting solutions.

Technology Shift Demands a Fast Response

LED technology development cycles are becoming shorter and shorter in response to the accelerating and rapidly changing lighting market. Thanks to the swift expansion of our product portfolio, the LED business now accounts for 29% of annual Group revenue, compared with 25% just a year ago. We will be even faster in the future thanks to our end-to-end strategic process that covers everything from development to market launch. Our aim is to generate half of our revenue with LED products by 2017, earlier than the market. We are also continuing to make progress in areas such as product life and energy efficiency in the traditional business, to the benefit of our customers. This traditional area will remain a key pillar of our business and the funds it unlocks will help finance the expansion of our semiconductor-based technologies. This means we are well balanced.

Nevertheless, it is imperative that we continue to streamline our cost and organizational structures and make them more competitive, with a clear focus on the global lighting market. We have already accomplished a good share of the necessary adjustment measures on the path to success and strength, and have made a great deal of progress over the last few months. However, we must continue to systematically align our business model with the growing shift from analog to digital lighting going forward. Striving for continuous improvement will be a permanent part of our corporate culture.

Listing and admission to the MDAX share index—key milestones

OSRAM—an integrated lighting expert and a driver of innovation



Managing Board of OSRAM Licht AG, from left: **Dr. Peter Laier** Chief Technology Officer (CTO), **Wolfgang Dehen** Chief Executive Officer (CEO), **Dr. Klaus Patzak** Chief Financial Officer (CFO)

Continuous improvement as part of our corporate culture

Culture Change Driven by OSRAM Push

Since the first quarter of fiscal 2012, our strategic realignment has been supported by a comprehensive, ongoing Group-wide improvement program—"OSRAM Push." The program involves much more than just restructuring. It aims to ensure the OSRAM Licht Group's long-term competitiveness by transforming processes, structures, and our corporate culture, with a view to achieving continuous improvement. This also entails establishing a sustainable performance-driven and share-owning culture, and promoting entrepreneurial activity. After focusing on costs and structures in the past fiscal year—efforts which are starting to bear fruit—we are now concentrating on generating growth. The broad portfolio of LED-based products and solutions that we now offer as an integrated lighting expert provides a solid foundation for this.

We are aiming for cumulative gross savings of €1.2 billion by the end of fiscal 2015 with the OSRAM Push program—and we have already achieved over one third of this figure. Market demand is changing on the back of legislative requirements, which also means that our global production capacities have to be adapted. We are on schedule and are making good progress with this. To date, we have implemented seven of the eleven planned plant closures. At the same time, OSRAM is aiming to increase profitability by ensuring efficient structures in research and development, production, and sales, as well as in our corporate functions. Our goal here is to strengthen promising business areas, create lean structures, manage research and development resources efficiently, and reduce selling and general administrative expenses.

In addition, we are identifying further regional opportunities along the lighting value chain and in terms of new products. We are also planning to invest in business areas and in expanding production of LED-based products on the basis of the data we have gathered, so as to safeguard our leading market and technological positions, both in growth markets and in Europe. We are opening a new LED assembly facility in Wuxi, China, in 2014. At the same time, new products will also be manufactured at European locations in the future, like the retrofit LED lamps that recently started production in Italy.

Investments
in LED-based
products

Targets Reached in 2013

We significantly increased our profitability while growing our business by a comparable amount and are now clearly back in the black again after a loss in the previous year. We also improved our translation of this positive earnings trend into cash inflows.

Profitability signifi-
cantly increased

Our revenue trend in fiscal 2013 continued to reflect the muted economic climate. Nevertheless, we succeeded in increasing revenue by almost 2% year-on-year after adjustment for currency and portfolio effects, slightly exceeding our target.

In addition, the restructuring measures taken to date are now having an encouragingly positive impact on earnings. We more than doubled our EBITA margin in fiscal 2013 as against the previous year and have an extremely sound balance sheet. Our high cash inflows, net liquidity, and our equity ratio of just under 50% mean that we can plan our future business activities very confidently.

We are expecting revenue growth on a comparable basis to exceed real global GDP growth—currently forecast at around 3%—in fiscal 2014. Our growth target takes into account the impact on revenue of restructuring measures initiated in the Luminaires & Solutions segment. Adjusted for special items, we anticipate an EBITA margin of over 8.0%. We also expect the Group's net income to rise sharply in the current fiscal year.

We are on Track

In summary, we achieved—and in some cases exceeded—our targets in all key areas in the fiscal year just ended. This is a good starting point for our business performance in 2014—a year in which, among other things, we will present our new products and solutions to customers in April at Frankfurt Light+Building—the world's leading trade fair for lighting and building technology—as an integrated lighting expert.

Targets achieved
and in some cases
exceeded

Light is a permanent feature of our day-to-day lives. Its importance will continue to grow, and there will be a stronger focus on people. Controllability and innovative solutions are enabling light to be used in an increasingly individual way. Light is not just used for illumination any more—it can also improve well-being and performance.

Maintain our leading
position in the
lighting market,
sustainably increase
enterprise value

OSRAM has what it takes to achieve its goals—in-depth expertise, a strong portfolio paired with a strong brand, an established global network, and last but not least highly motivated and qualified employees. We remain committed to continuing our profitable growth on the path to further expanding our position in the lighting market with our products and solutions—benefiting our customers, employees, and shareholders.

Outstanding Employee Dedication

We would like to extend our sincere thanks to our employees for their dedication and commitment, which have played a key role in what we have achieved so far. We can definitely all be proud of this. Our successful performance, particularly under difficult conditions, allows us to maintain our leading position in a changing lighting market. This gives us key advantages over the competition around the world.

Our thanks go to the Supervisory Board for their guidance and support on the road to independence. We would also like to thank all of our customers and suppliers—and our shareholders, of course—for their confidence in us.

We want the shareholders of OSRAM Licht AG to share in the Group's positive development. We will therefore do everything we can to safeguard our Company's long-term future and to leverage the opportunities offered by the shifting lighting market. Our aim is to sustainably increase the value of your Company.

Yours sincerely,



Wolfgang Dehen
CEO
OSRAM Licht AG

Dear Shareholders,

The OSRAM Group and with it, OSRAM Licht AG recorded an encouraging result in the past fiscal year, despite the difficult conditions caused by the technology shift in the lighting industry. The Supervisory Board performed its duties in accordance with the law, the Articles of Association, and the rules of procedure in the year under review. We regularly advised the Managing Board on the management of the Company and monitored its work. The Supervisory Board was directly involved in all decisions that were of fundamental importance to the Company.

Overview

In the past fiscal year, the Managing Board provided the Supervisory Board with regular, timely, and comprehensive information, verbally and in writing, on all key matters relating to the management of the Company. In particular, this included reports and explanations on the status of preparations for the spin-off from Siemens Aktiengesellschaft and the listing of OSRAM Licht's shares, as well as on corporate planning, the course of business, strategic development, the current position of the Company and the Group (the latter from July 2013), compliance processes, the financial reporting process, the effectiveness of the internal control systems, and all significant business events. Any variances in performance as against corporate planning were explained to us in detail. The Managing Board regularly informed us on the Company's strategy. We discussed key transactions for the Company in detail on the basis of the reports by the Managing Board. The Supervisory Board approved the resolutions proposed by the Managing Board after thorough examination and discussion.

Most of the Supervisory Board's activities in the past fiscal year were performed in the context of plenary meetings. The Supervisory Board held a total of nine ordinary and extraordinary plenary meetings in the year under review. These took place in October, November, and December 2012, and in June, July, and September 2013. The Supervisory Board also established various committees. The establishment of the Supervisory Board committees and the work performed in their meetings are addressed in the following section.

The Chairman of the Supervisory Board was in regular contact with the Managing Board outside of Supervisory Board meetings and kept abreast of current business developments and significant transactions. The Chairman of the Supervisory Board discussed the outlook for and future direction of the individual businesses with the Managing Board in separate strategic talks.

Work Performed by the Supervisory Board Committees

The Supervisory Board was expanded from three to twelve members on August 27, 2013, following a Statusverfahren ("status procedure"—a legal procedure under the Aktiengesetz (AktG—German Stock Corporation Act) used to determine the need for/composition of a supervisory board).

› See the section entitled "Changes to the Supervisory Board and the Managing Board" on page 15. In order to continue to perform its tasks efficiently despite the increased number of members, the Supervisory Board established a total of five committees by way of a resolution dated September 10, 2013. The committees prepare resolutions for the full Supervisory Board and other matters to be addressed in the plenary meetings. In addition, certain Supervisory Board decision-making powers have been transferred to committees to the extent permitted by law. The chairs of the committees provide the Supervisory Board with regular, comprehensive reports on the work performed by the committees.

The Executive Committee met once in the year under review. It addressed in particular corporate governance matters including the declaration of conformity with the German Corporate Governance Code, preparations for decisions relating to the remuneration of the Managing Board, and the future working practices of the Supervisory Board. In addition, the Chairman of the Supervisory Board regularly discussed matters of particular importance to the Group with the members of the Executive Committee.

The Mediation Committee did not have to be convened in the past fiscal year.



Chairmen of the Supervisory Board of OSRAM Licht AG, from left:
Prof. Dr. Siegfried Russwurm Chairman of the Supervisory Board (until November 26, 2013)
Peter Bauer Chairman of the Supervisory Board (from November 27, 2013)

The Strategy and Technology Committee was not formed until after the end of the fiscal year. Its meeting on November 11, 2013, addressed strategic and technological matters relating to the Lamps Business Unit.

The Audit Committee held two meetings in November 2013, after the end of the fiscal year. It addressed the annual financial statements, the consolidated financial statements, the combined management report for OSRAM Licht AG and the Group, as well as the proposal on the appropriation of net profit in the presence of the auditors and the members of the Managing Board. The Audit Committee also issued a recommendation to the Supervisory Board relating to its proposal to the Annual General Meeting for the election of the auditors for fiscal 2014 and for the review of the half-year financial report. The meetings also addressed the monitoring of auditor's independence and qualifications, as well as the additional services provided by the auditors. In addition, the Committee discussed the financial reporting process and the Company's risk management system. Following in-depth discussion, the Audit Committee came to the conclusion that the risk management system currently in place is appropriate given the structure, size, and business activities of the OSRAM Group, and that it enables the Group to identify

in particular risks endangering the existence of the Group at an early stage and respond to these effectively. The Audit Committee also addressed the structure, organization, and activities of the Internal Audit function including the OSRAM Internal Audit Charter. In addition, it was informed of potential and pending legal disputes. The Audit Committee also discussed the results of investigations by the Internal Audit function into the effectiveness of internal controls and compliance with applicable legislation, official regulations, and internal policies. Finally, the Audit Committee addressed the report by the Chief Compliance Officer on OSRAM's compliance program and on significant compliance events in the period under review.

The Nomination Committee met once after the end of the fiscal year to prepare for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting of OSRAM Licht AG on February 27, 2014. In proposing candidates to the Supervisory Board, the Nomination Committee took into account the requirements of the AktG, the German Corporate Governance Code, and the rules of procedure of the Supervisory Board, as well as the goals adopted by the Supervisory Board for its composition on September 30, 2013. In particular, the Nomination Committee considered the character, integrity, commitment, professionalism, and independence of the persons proposed for election when making its decisions. Given the Company's international focus, the Nomination Committee attached importance to having an adequate number of members with considerable international experience. In addition, the Nomination Committee was mindful of an appropriate degree of female representation and took into account section 5.4.2 of the German Corporate Governance Code, which states that more than half of the members of the Supervisory Board should be independent. Accordingly, the Nomination Committee recommended that the Supervisory Board propose the following candidates to the Annual General Meeting dated February 27, 2014 for election to the Supervisory Board as shareholder representatives: Mr. Peter Bauer, Dr. Christine Bortenlänger, Dr. Roland Busch, Prof. Lothar Frey, Dr. Joachim Faber, and Mr. Frank H. Lakerveld. All of these candidates are already shareholder representatives in the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH before the Annual General Meeting.

Matters Addressed by the Full Supervisory Board

The matters addressed by the full Supervisory Board in the past fiscal year can be divided into two categories in terms of their subject matter. Until the spin-off of the OSRAM Group from Siemens Aktiengesellschaft took effect on July 5, 2013, and the admission of OSRAM Licht shares to exchange trading, the Supervisory Board primarily addressed measures relating to these issues. The operating companies of the OSRAM Group were not yet subsidiaries of OSRAM Licht AG before this date and the Company did not perform any other material operating activities. After the spin-off took effect, the Supervisory Board of OSRAM Licht AG then addressed in particular the business performance of OSRAM Licht AG and its fundamental corporate strategy, along with the annual and multi-year planning for the Company and the OSRAM Group, the financial position and results of operations, and significant investments and divestments.

In its meeting on October 30, 2012, the Supervisory Board authorized its chairman to enter into engagement agreements with Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, on the audit of the Company's annual financial statements and dependency report as of September 30, 2012, as well as on the audit of the Company's combined financial statements as of September 30, 2010, 2011, and 2012.

In the meeting convened to adopt the financial statements on November 7, 2012, the Supervisory Board resolved the report by the Supervisory Board to the Annual General Meeting for the short fiscal year ending September 30, 2012, following in-depth examination of the financial statements documents and the dependency report. With this report, the Supervisory Board approved the annual financial statements for the short fiscal year and concurred with the auditor's report on the dependency report in accordance with section 314 of the AktG for the same fiscal year; it did not raise any objections to the declarations made by the Managing Board in the dependency report.

In its meeting on November 28, 2012, the Supervisory Board reviewed in detail the report on the post-formation acquisition, which addressed the agreement entered into on that day between Siemens Aktiengesellschaft and OSRAM Licht AG on the contribution of 19.5% of the shares of OSRAM GmbH to OSRAM Licht AG. After in-depth discussion, the Supervisory Board resolved to sign the report on the post-formation acquisition, and executed it.

On June 18, 2013, the Supervisory Board firstly addressed OSRAM Licht AG's securities prospectus and subjected it to a detailed plausibility check with respect to completeness and correctness. Also in its meeting on June 18, 2013, the Supervisory Board addressed a range of structural measures that the Managing Board planned to implement with a view to the entry into effect of the spin-off and the listing of OSRAM Licht shares. Specifically, the Supervisory Board firstly addressed the transfer of the employment contracts of the managing directors of OSRAM GmbH to OSRAM Licht AG as of the entry into effect of the spin-off, and approved this transfer. The Supervisory Board also adopted new rules of procedure for the Managing Board and the Supervisory Board, which meet the needs of the governing bodies of the parent of a global group. Furthermore, the Supervisory Board discussed and adopted a new schedule of responsibilities for the Managing Board. The Supervisory Board also addressed the granting of a transaction bonus to the members of the Managing Board of OSRAM Licht AG and other first-tier executives of the OSRAM Group in connection with the spin-off from Siemens Aktiengesellschaft. The Supervisory Board took note of the bonus commitments and, following in-depth discussion, approved the intended assumption of the execution of the bonus commitments by OSRAM Licht AG against reimbursement of the resulting expenses by Siemens Aktiengesellschaft. In this context, the Supervisory Board resolved to use treasury shares to settle the bonus commitments to members of the Managing Board, insofar as these are repurchased on the basis of the authorization issued by the Annual General Meeting on June 14, 2013, and are needed to settle the bonus commitments to members of the Managing Board. On June 18, 2013, after thorough examination and discussion, the Supervisory Board also voted in favor of OSRAM Licht AG acceding as a guarantor to the loan agreement signed by OSRAM GmbH, which has a maximum total volume of €1.25 billion.

In its meeting on July 30, 2013, the Supervisory Board discussed the adjustment of the remuneration system for members of the Managing Board following the spin-off of OSRAM from the Siemens Group, in particular with respect to the current fiscal year, and resolved the necessary adjustments to long-term remuneration.

Following the conclusion of the Statusverfahren ("status procedure") on the composition of the Company's Supervisory Board and the appointment of all twelve members, ¹See the section entitled "Changes to the Supervisory Board and the Managing Board" on page 15. the Supervisory Board elected Prof. Russwurm as Chairman of the Supervisory Board, and Mr. Knuth and Mr. Bauer as deputy chairmen in its constituent meeting on September 10, 2013. It also confirmed the rules of procedure of the Supervisory Board resolved on June 18, 2013, and established and appointed the members of the above-mentioned committees.

In its meeting on September 30, 2013, the Supervisory Board discussed the plans for fiscal 2014 submitted by the Managing Board as well as the multi-year planning. The Supervisory Board agreed to this extent with the underlying facts and forecasts for fiscal 2014 and the multi-year planning used by the Managing Board and approved the Managing Board's annual planning and multi-year planning. The Supervisory Board also addressed the OSRAM Group's corporate strategy in detail. In addition, it discussed the remuneration system for the members of the Managing Board in fiscal 2014 and resolved the performance criteria and targets for the bonus and variable share-based payment. The Supervisory Board also appointed Mr. Dehen as Labor Relations Director.

German Corporate Governance Code

The Supervisory Board addressed the contents of the German Corporate Governance Code. In its meeting on September 30, 2013, the Supervisory Board resolved concrete targets for its composition in line with the Code's recommendations. The current composition of the Supervisory Board meets these targets; in particular, the Supervisory Board includes what it considers to be an appropriate number of independent members.

On September 30, 2013, the Managing Board and the Supervisory Board resolved to issue a qualified declaration of conformity in accordance with section 161 of the AktG. The declaration of conformity states that the Company has complied with the recommendations of the German Corporate Governance Code in the version dated May 13, 2013, since July 5, 2013 (the date its shares were first admitted to exchange trading), with the exception of the following sections: 4.2.2 (determination of a distinction to senior executives and the workforce as a whole for remuneration comparison purposes), 4.2.3 (maximum remuneration of Managing Board

members), 5.1.2 (long-term succession planning for the Managing Board), and 5.4.1 (specification of concrete objectives for the composition of the Supervisory Board including an appropriate degree of female representation). The Company will comply in full with all of the recommendations of the German Corporate Governance Code in the future with the exception of section 4.2.3 (maximum remuneration of Managing Board members). The declaration of conformity was made permanently accessible to shareholders on the Company's web site. »Further disclosures on corporate governance can be found in the "Corporate Governance Report" starting on page 24.

Audit of Annual and Consolidated Financial Statements Discussed in Detail

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, audited the annual financial statements and the consolidated financial statements, as well as the combined management report for OSRAM Licht AG and the Group as of September 30, 2013, and issued an unqualified audit opinion. The annual financial statements of OSRAM Licht AG and the combined management report for OSRAM Licht AG and the Group were prepared in accordance with the requirements of German commercial law. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements of German commercial law in accordance with section 315a(1) of the Handelsgesetzbuch (HGB—German Commercial Code). The auditors conducted the audit in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW—Institute of Public Auditors in Germany), and, for the consolidated financial statements, in supplementary compliance with the International Standards on Auditing (ISA). The above-mentioned documents and the Managing Board's proposal for the appropriation of net retained profits were circulated by the Managing Board to the members of the Supervisory Board in good time.

The proposal for the appropriation of net retained profits, the annual financial statements, the consolidated financial statements, and the combined management report were initially examined and discussed in detail in the meeting of the Audit Committee on November 26, 2013.

The audit reports prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, were then comprehensively reviewed in the presence of the auditor at the full Supervisory Board meeting held to adopt the financial state-

ments on the same day; the audit reports had been made available to all members of the Supervisory Board. The auditor reported on the main results of the audit and that there were no major weaknesses in the internal control system or the risk management system. Additionally, in the same meeting, the Managing Board commented in detail on the financial statements of OSRAM Licht AG and the consolidated financial statements, as well as the risk management system. The auditor also addressed the scope, focus points, and costs of the audit.

The Supervisory Board concurs with the results of the audit. The Audit Committee's examination and the Supervisory Board's own examination have not resulted in any objections. The annual financial statements and consolidated financial statements were prepared by the Managing Board. The Supervisory Board approves the annual financial statements and the consolidated financial statements; the annual financial statements are thus adopted. The Managing Board has proposed to carry forward to new account the net retained profits of €10,438,746.20; the Supervisory Board endorses this proposal.

Dependency Report

The Managing Board also provided the Supervisory Board with the report on the Company's relationships with affiliated companies (the dependency report), as well as the corresponding audit report issued by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart. The auditor issued the following opinion on the basis of the audit, which did not result in any objections.

"On the basis of our diligent examination and judgement, we hereby confirm that:

- 1 the statements in such report on relation with affiliated enterprises are accurate;
- 2 the consideration given by the Company for the transactions specified in the report was not unreasonably high and any disadvantages incurred have been compensated;
- 3 there are no circumstances that would justify a different opinion in respect of the acts specified in the report than the opinion of the Managing Board."

The dependency report and the audit report on it were made available to all members of the Supervisory Board in good time and were discussed in detail in the presence of the auditor in the meeting on November 26, 2013. The auditor reported on the main results of the audit. The Supervisory Board's own examination of the declaration by the Managing

Board at the end of the report on relationships with affiliated companies did not result in any objections. The Supervisory Board concurs with the dependency report prepared by the Managing Board and the audit report on it.

Changes to the Supervisory Board and the Managing Board

In its meeting on November 8, 2012, the Supervisory Board appointed Mr. Georg Bernwieser as its chairman and Mr. Peter Kastenmeier as its deputy chairman.

Mr. Georg Bernwieser (Chairman of the Supervisory Board), Mr. Peter Kastenmeier (Deputy Chairman of the Supervisory Board), and Mr. Walter Richter stepped down from the Supervisory Board by mutual agreement as of July 5, 2013, in connection with the spin-off of the OSRAM Group from Siemens Aktiengesellschaft. On June 14, 2013, the General Meeting of the Company appointed Prof. Siegfried Russwurm, Mr. Peter Bauer, and Dr. Joachim Faber as members of the Supervisory Board with effect from July 5, 2013. The members of the Supervisory Board elected Prof. Siegfried Russwurm as Chairman and Mr. Peter Bauer as Deputy Chairman on July 11, 2013. Their initial appointment ended on August 27, 2013.

Following the conclusion of the Statusverfahren ("status procedure") relating to the composition of the Supervisory Board and executed in accordance with section 97 AktG, which was initiated by the Managing Board on July 16, 2013, the new composition of the Supervisory Board in accordance with the provisions of the Mitbestimmungsgesetz (MitbestG—German Co-determination Act) took effect. As a result, the Supervisory Board now comprises six shareholder representatives and six employee representatives in accordance with section 7(1) sentence 1 no. 1 of the MitbestG.

The General Meeting therefore appointed Dr. Christine Bortenlänger, Prof. Siegfried Russwurm, Mr. Peter Bauer, Dr. Joachim Faber, Prof. Lothar Frey, and Mr. Frank H. Lakerveld to the Supervisory Board as shareholder representatives; Dr. Roland Busch was appointed as an alternate member. After the appointment of the six shareholder representatives to the Supervisory Board took effect on August 27, 2013, the Supervisory Board confirmed the appointment of Prof. Siegfried Russwurm as Chairman and Mr. Peter Bauer as Deputy Chairman on August 28, 2013, by means of a resolution through written circulation.

Ms. Irene Schulz, Mr. Alfred Haas, Mr. Michael Knuth, Mr. Hubert Roßkopf, Mr. Willi Sattler, and Mr. Thomas Wetzel were appointed by the court as employee representatives by way of a decision dated August 30, 2013 (received on September 3, 2013). On September 10, 2013, the members of the Supervisory Board elected Prof. Siegfried Russwurm as Chairman, Mr. Michael Knuth as Deputy Chairman, and Mr. Peter Bauer as an additional Deputy Chairman of the Supervisory Board.

On September 10, 2013, the following appointments were made to the committees established by the Supervisory Board: Mr. Willi Sattler was elected as a member of the Executive Committee of the Supervisory Board alongside Prof. Siegfried Russwurm, Mr. Peter Bauer, and Mr. Michael Knuth, who are already members of the committee by virtue of the rules of procedure. Dr. Christine Bortenlänger, Mr. Joachim Faber, Prof. Siegfried Russwurm, Ms. Irene Schulz, Mr. Michael Knuth, and Mr. Hubert Roßkopf were elected as members of the Audit Committee. Mr. Peter Bauer, Prof. Lothar Frey, Mr. Frank Lakerveld, Mr. Hubert Roßkopf, Mr. Willi Sattler, and Mr. Thomas Wetzel were elected as members of the Supervisory Board's Strategy and Technology Committee. Dr. Joachim Faber was appointed to the Nomination Committee of the Supervisory Board alongside Prof. Siegfried Russwurm and Mr. Peter Bauer, who are already members of the committee by virtue of the rules of procedure. Finally, Mr. Peter Bauer and Mr. Willi Sattler were elected as members of the Mediation Committee alongside Prof. Siegfried Russwurm and Mr. Michael Knuth, who are already members of the committee by virtue of law.

Prof. Siegfried Russwurm announced that he would step down from the Supervisory Board as of the end of November 26, 2013. Effective November 27, 2013, he was replaced as a member of the Supervisory Board by Dr. Roland Busch, who had been appointed as an alternate member by the General Meeting. On November 26, 2013, Mr. Peter Bauer was elected as the new Chairman of the Supervisory Board with effect from November 27, 2013.

The Supervisory Board would like to thank Mr. Georg Bernwieser, Mr. Peter Kastenmeier, and Mr. Walter Richter for their work as members of the Supervisory Board in fiscal 2013.

Mr. Wolfgang Seltmann and Mr. Michael Rohbogner, both members of the Managing Board, stepped down from the Managing Board by mutual agreement as of November 8, 2012. Mr. Wolfgang Dehen and Dr. Klaus Patzak were appointed as members of the Company's Managing Board as of November 8, 2012, by way of a resolution by the Supervisory Board dated November 8, 2012. The Supervisory Board appointed Dr. Peter Laier as an additional member of the Managing Board with effect from January 1, 2013, by way of a resolution dated December 21, 2012.

The Supervisory Board would like to thank all past and current members of the Managing Board, as well as the employees and employee representatives of OSRAM Licht AG and of all Group companies for their successful work in fiscal 2013.

Munich, November 26, 2013

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to be 'S R', with a long horizontal stroke extending to the right.

Prof. Dr. Siegfried Russwurm
Chairman

OSRAM Licht Shares and Investor Relations

OSRAM Licht shares have turned in a clearly positive performance in the period between their initial listing on July 8, 2013, and the end of fiscal 2013. After debuting at €24.00, the shares reached a high of €28.74 in the course of the first week of trading. The expected selling pressure from numerous institutional investors, whose funds track indices such as the DAX and who were therefore initially forced to sell their OSRAM Licht shares, did not materialize. This was thanks to new investors targeted during the extensive international investor presentations held by the Managing Board in advance of the listing. The support received from positive analyst reports helped the share price climb 22% to €29.30 by the end of July.

OSRAM Licht Shares on an Upward Trend

This upward trend continued until the end of fiscal 2013. One key driver was the reporting on the third quarter of fiscal 2013. This lifted the earnings forecast for the fiscal year, with the assumption being that the break-even point would be passed. News on the progress being made by the Group's transformation program, OSRAM Push, was also favorably received by the markets and led to analysts revising their share price targets upwards.

After intermittent profit taking, the shares closed the fiscal year on September 30, 2013, at €34.70 (Xetra closing price). In the period from July 8 to September 30, 2013, the share price reached a high of €35.10.

Historical Listing via Spin-off

OSRAM Licht AG has been listed since July 8, 2013. The conditions for this were established over the last two years. On March 28, 2011, Siemens had announced its plan to list OSRAM by means of an initial public offering (IPO).

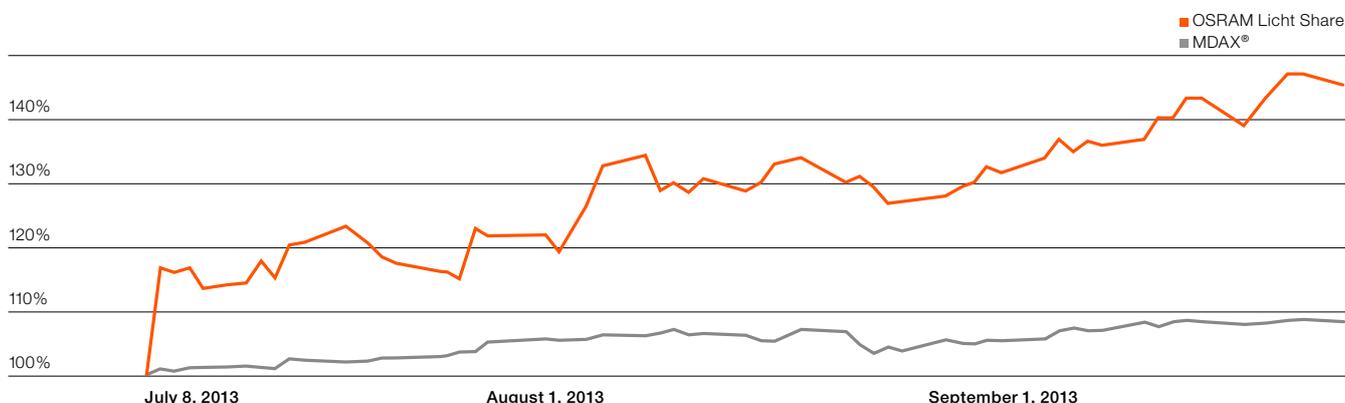
In view of difficult market conditions, Siemens decided in June 2012 to prepare, in parallel and alternatively to the plan for an IPO, a spin-off by issuing OSRAM Licht shares to the shareholders of Siemens AG and subsequently listing these shares. Siemens then decided on the spin-off option in November 2012.

The publication of the Joint Spin-off Report of the Managing Boards of Siemens AG and OSRAM Licht AG on December 7, 2012, marked the first milestone on the way to the spin-off. The large majority (98.21%) of Siemens' shareholders voted in favor of the spin-off at the General Meeting on January 23, 2013.

However, an action for avoidance of this resolution of the General Meeting was brought before the Regional Court in Munich in February. This initially prevented registration. Finally, in April 2013, the Higher Regional Court in Munich ruled in favor of the application for clearance filed by Siemens—clearing the way for the listing.

The final entry in connection with the spin-off was made in the Commercial Register on July 5, 2013. One OSRAM Licht

Performance of OSRAM Licht Shares from July 8 to September 30, 2013



OSRAM Licht Shares on the Market

as of September 30, 2013

Number of shares		104,689,400
of which free float		86,892,202
High as of September 27, 2013 (Xetra)	in €	35.10
Low as of July 8, 2013 (Xetra)	in €	23.80
Market cap as of September 30, 2013	in €	3,632,722,180.00

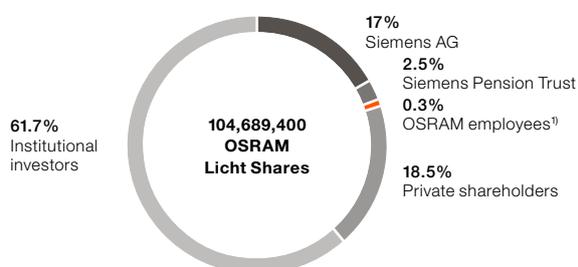
share was credited to the securities accounts of Siemens AG shareholders for every ten Siemens shares on the first day of trading, July 8, 2013. A total of 104,689,400 shares were placed. Siemens AG retained an interest of 19.5% in OSRAM Licht AG following the spin-off, 2.5% of which was contributed to the Siemens Pension Trust. This means that, including the interest held by the Siemens Pension Trust, 83% of the shares are in free float.

Diversified Shareholder Structure

Institutional investors in Germany and abroad hold more than half of OSRAM's shares. OSRAM also has a solid private shareholder base, with over half a million investors who hold approximately 20% of the shares. The regional shareholder structure is strongly diversified, with just under one-third of all shares being held in securities accounts by German investors.

Investor Groups

Number of shares in %, as of 30 September, 2013



¹⁾ Family Program and spin-off bonus.

Admission to the MDAX

OSRAM Licht AG has been listed on the MDAX, Deutsche Börse's most important benchmark index after the DAX, since September 23, 2013. The decision on inclusion in the index was based on the stock exchange turnover and the market capitalization of the free float shares.

In Touch with the Markets

An Investor Relations department was established at OSRAM as part of the preparations for the listing. Its primary objective is to maintain an open, transparent dialog with all of OSRAM's shareholders.

Siemens AG's first Capital Market Day dedicated to OSRAM was held in Munich in May 2013. Thirty-eight analysts and investors from various countries used the opportunity to learn at first hand about the lighting market and OSRAM's strategy.

OSRAM's Investor Relations launched its web site (www.osram-licht.ag) on June 21, 2013, after the securities prospectus was published. In addition to documents published by OSRAM Licht AG, the web site also provides investors with the financial calendar as well as other information, for example on the shares and on corporate governance.

From June 24 to July 5, during the road show for the listing, group talks and one-on-one discussions were held with investors all around the world, informing them about OSRAM and its equity story. After starting in Paris, the next stops were New York, Boston, Frankfurt, Zurich, Geneva, London, Amsterdam, and Munich.

Key Data of OSRAM Licht Shares

International Securities Identification Number (ISIN)	DE000LED4000
German Securities Identification Number (WKN)	LED 400
Currency	EUR
Trading venues	Frankfurt (Xetra), Munich
Exchange symbol	OSR
Share class	No-par value registered shares
Trading segment	Official Market
Market segment	Prime Standard
Initial listing	July 8, 2013
Number of shares	104,689,400

The management team met with around 130 international market players during additional road shows held in other global financial centers such as Toronto, Singapore, and Tokyo, among other locations. It also informed over 70 investors at investor conferences in Munich and New York, among other places.

Alongside road shows and conferences, OSRAM Licht AG's first Capital Market Day after its listing is on the schedule for fiscal 2014. This event will take place on April 1, 2014, at the same time as Light + Building, one of the world's leading trade fairs for lighting. This will give investors and analysts the chance to see new products and innovations directly, alongside the usual Capital Market Day presentations on strategy, figures, and market trends.

The first milestone of fiscal 2014 will be OSRAM Licht AG's first Annual General Meeting on February 27, 2014, at the Munich Olympic Hall.

Dividend Policy

Going forward, OSRAM Licht AG aims to distribute between 30% and 50% of the Group's net income in accordance with the IFRSs to shareholders, to the extent that such dividend payments can be reconciled with long-term and sustainable business development and taking into account any extraordinary non-cash effects.

However, OSRAM already indicated in advance of the listing that in light of the ongoing restructuring in the general lighting area, the Managing Board and Supervisory Board are not expected to recommend a dividend payment for fiscal 2013 at the Annual General Meeting on February 27, 2014.

Employee Participation Program and Share Buyback

Employees at the German companies in the OSRAM Licht Group were offered the opportunity to purchase shares in OSRAM Licht AG in connection with the spin-off. Share purchases were subsidized by OSRAM, depending on the amount invested. More than 2,000 employees took advantage of the opportunity to participate. This corresponds to a participation rate of around 20%.

In order to settle the employee tranche, OSRAM Licht AG used a mandated bank to repurchase OSRAM Licht shares via the stock exchange in the period from July 8 to August 2, 2013, once trading had commenced. The buyback volume amounted to €3,541,603.32.

In the period between July 11, 2013, and August 2, 2013, further shares amounting to €5,586,228.61 were repurchased for a transaction bonus approved by Siemens for the Managing Board and other management staff of OSRAM Licht AG.

Driving Forward our Evolution and Adding Value—Today and Tomorrow

An Interview with Dr. Klaus Patzak



Dr. Klaus Patzak Chief Financial Officer (CFO)

OSRAM has been listed since July 2013. How has this new independence changed how your area is organized and what it does?

Patzak The Finance function prepared itself thoroughly for the challenges of independence. We redesigned a large number of processes and improved the quality and efficiency of others. We vastly increased the transparency of our figures, as well as their frequency. It was also important to anchor financial goals throughout the Company—including using incentive systems—so as to create a real financial culture and use this to generate value. We have made good progress in this area as well. This can naturally only be achieved with a strong and highly-motivated team.

One great advantage of being independent is that we can now position our messages ourselves and communicate directly with the capital markets. I believe that credibility and reliability are vital in this context.

What strategic opportunities does the financial flexibility that comes with a listing give you? How do you plan to take advantage of them?

Patzak Firstly, we expect that being listed on the capital markets will have a positive impact on the visibility and strength of the OSRAM brand. The listing has also given us financial flexibility. This enables us to respond to changes in the lighting market faster and more flexibly by translating them into corporate strategies. However, to start with, my focus will continue to be on implementing OSRAM Push—our comprehensive, sustainable Group-wide restructuring program—which is now being expanded to include organic growth. This means that we will continue to work on improving productivity in a disciplined manner. At the same time, however, we will increasingly concentrate on driving forward profitable growth with new products and business models. We will also ensure that our acquisitions make clear progress.

In communicating the Company's strategy and performance, what topics do you think are particularly important?

Patzak Firstly, our progress in implementing the restructuring program, which we will continue to communicate transparently. Secondly, how the technological shift towards solid state lighting—in other words semiconductor-based lighting—plays out in the individual business segments, and the implications this has for the Group. And finally, how ROCE—the Company's overarching indicator—develops. We are aiming for a return on capital that significantly exceeds our cost of capital.

How do you plan to communicate with shareholders and other stakeholders in the future? What will be the focus areas of your investor relations work?

Patzak I have always set particular store on open and fair communication based on mutual respect with our employees, customers, and suppliers. My goal is to engage in the same kind of dialog with capital market participants—and it appears to me that we have started on the right foot.

We will hold the usual investor relations events associated with our listing, such as annual press and analyst conferences, roadshows, and of course the Annual General Meeting. In addition, we are also planning our own Capital Market Days, which are set to be another highlight of our communications calendar for analysts and investors. We are also in regular contact with our core banks, such as at our annual bank conference.

Our highly-qualified, professional investor relations team is responsible for day-to-day communication with analysts and investors. In the same way, corporate treasury works together closely with our core banks.

What, in your opinion, is the most important part of financial reporting and of formulating an outlook?

Patzak Transparency, continuity, and ongoing dialog are our focus in financial reporting, too. Investors will only invest in us if they understand our goals and strategies. My aim is to earn and foster investors' trust in our shares and in our Company through reliable reporting. Trust is the most important currency in the market.

With respect to forecasts, we will publish clear goals, against which the Company can be measured. Forecasts are important because they provide an up-to-date look at what the Company expects from the future. Alongside the forecast for the coming fiscal year, we publish longer-term strategic goals. However, it should be noted that the timing and extent of cyclical fluctuations can only be predicted to a limited extent. This is why it is important to also disclose the assumptions on which the forecasts are based.

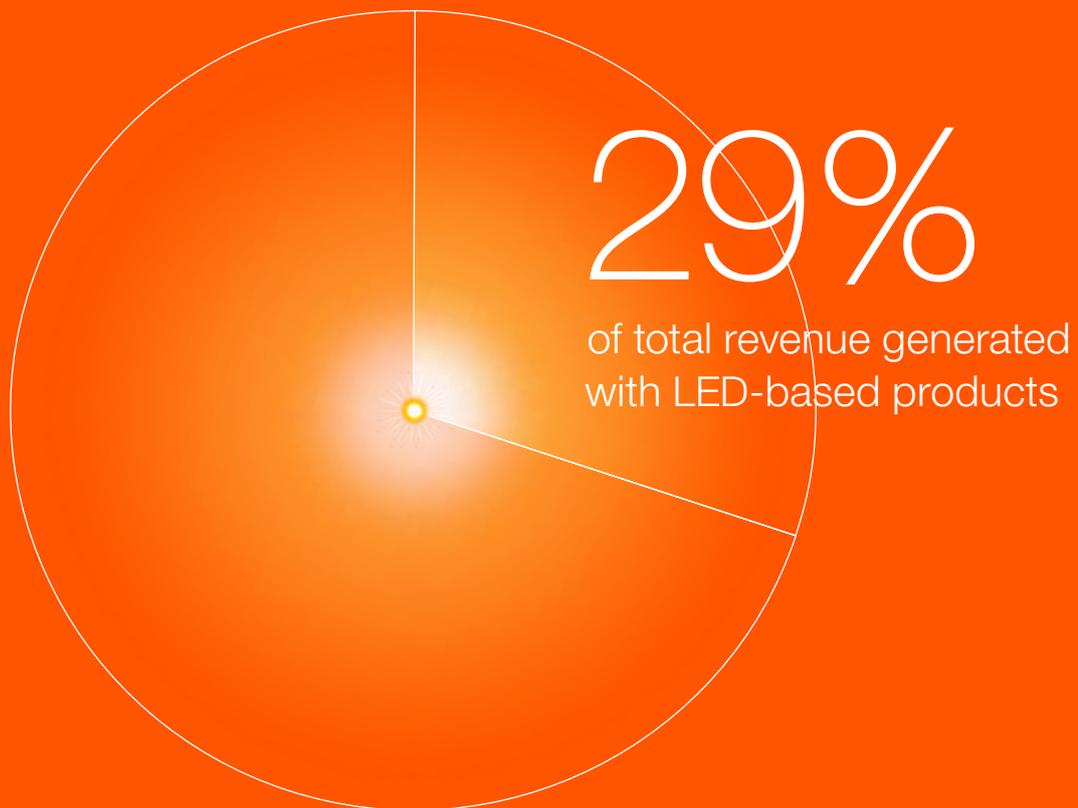
What role does employee participation play in your Company? What, in your opinion, is important in building up a shareholder structure?

Patzak I am a big supporter of an authentic corporate culture. This spans everyone from the Managing Board through management, down to our employees. The Managing Board and senior executives receive long-term share-based compensation, for example—but they are also required to hold shares in the Company. We have also offered our employees in Germany an employee share purchase program, which has been well received.

With regard to the shareholder structure in general, I can say that our long-term goal is to have a broad-based, diversified ownership structure. And we have made good progress—we have over 600,000 shareholders, which gives us a very solid basis. Our aim is to have a multi-faceted shareholder structure, both regionally and in terms of their investment orientation.

Light is Responsibility

The share of total revenue generated by OSRAM
with LED-based products in fiscal 2013



Thanks to OSRAM's rapid expansion of its product portfolio, the LED business now accounts for 29% of annual Group revenue, compared with 25% just a year ago.

For more about the six global trends which will significantly change life and light, see the insert entitled "The future is beginning—now" in OSRAM's 2013 Yearbook.

Corporate Governance

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The successful future of the OSRAM Licht Group (“OSRAM”) is dependent on our ability to sustainably increase our enterprise value, among other factors. To achieve this, the trust of our customers and investors is essential. We foster this trust through transparent, responsible corporate governance.

OSRAM Licht AG’s Managing Board and Supervisory Board have addressed in detail the issue of compliance with the requirements of the German Corporate Governance Code (the “Code”). Based on their deliberations, the annual Declaration of Conformity was resolved on September 30, 2013. During the period in which OSRAM Licht AG has been listed (the relevant period in accordance with section 161(1) sentence 1 of the Aktiengesetz [AktG—German Stock Corporation Act]), i.e., between July 5, 2013—the date on which its shares were first authorized for trading—and September 30, 2013, it complied with all of the recommendations of the Code in the version dated May 13, 2013, with the exception of the following sections: 4.2.2(2) (determination of a distinction to senior executives and the workforce as a whole for remuneration comparison purposes), 4.2.3(2) (maximum remuneration of Managing Board members), 5.1.2(1) (long-term succession planning for the Managing Board), and 5.4.1(2) (specification of concrete objectives for the composition of the Supervisory Board, including an appropriate degree of female representation). Since September 30, 2013, OSRAM Licht AG has complied with all of the Code’s recommendations, with the exception of section 4.2.3(2) (maximum remuneration of Managing Board members). The reasons for the deviations can be found in the Declaration of Conformity, which is included in the Corporate Governance Declaration in accordance with section 289a of the Handelsgesetzbuch (HGB—German Commercial Code) starting on page 38 and published on our web site at www.osram-licht.ag

OSRAM Licht AG voluntarily complies with the Code’s non-binding suggestions, with the exception of the suggestion in section 2.3.2, according to which proxies should also be reachable during the General Meeting. We do not consider this suggestion appropriate with regard to shareholders that are not present or represented at the General Meeting, since the objective behind the suggestion—that of issuing or amending instructions regarding the exercise of voting rights via electronic media even during the General Meeting itself—involves a considerable level of technical uncertainty and hence risks regarding the effectiveness of the resolutions passed.

To ensure that our shareholders and the public receive information in good time and in a proper manner, we have estab-

lished a Disclosure Committee made up of the heads of central corporate units. The Disclosure Committee is responsible for reviewing certain financial and non-financial information and advising the Managing Board on its decision on the disclosure of the information. There is also a certification process whereby members of the management of our business units, regions, and certain central corporate units—supported by confirmations from the management of units in their respective areas of responsibility—confirm that the financial data reported to corporate headquarters is accurate and that the risk monitoring and control systems are functioning properly in each case. This internal certification serves as a basis for the members of the Managing Board to prepare the financial statements.

Management and Control Structure

OSRAM Licht AG is governed by the AktG and thus has a dual board system, comprising a Managing Board and a Supervisory Board.

Supervisory Board

In accordance with section 7(1) sentence 1 no. 1 of the Mitbestimmungsgesetz (MitbestG—German Codetermination Act), the Supervisory Board is composed of six shareholder representatives and six employee representatives. The term of office of the shareholder representatives on the Supervisory Board will expire at the end of the 2014 Annual General Meeting; the employee representatives’ term of office will expire at the end of the 2018 Annual General Meeting. The rules governing the Supervisory Board and its organization are set out in particular in Articles 7 to 12 of the Articles of Association and in the rules of procedure of the Supervisory Board.

At its meeting on September 30, 2013, the Supervisory Board resolved, with reference to section 5.4.1(2) of the Code, on the following objectives with regard to its composition:

- At least one-quarter of the members of the Supervisory Board should have long-standing international experience.
- At least half of the shareholder representatives who are members of the Supervisory Board should not be exposed to any potential conflicts of interest, particularly any conflicts of interest that could result from a consulting or directorship function with clients, suppliers, lenders, or other third parties.
- More than half of the Supervisory Board members should be independent within the meaning of section 5.4.2 of the German Corporate Governance Code.

- As a rule, no candidates who have reached the age of 70 by the time of the election should be considered for election to the Supervisory Board.
- At least two Supervisory Board mandates should be held by women, with at least one of these being a shareholder representative.

The following progress has been made with regard to the implementation of these objectives: Since the court appointment of the employee representatives to the Supervisory Board on August 30, 2013, Irene Schulz has held one Supervisory Board mandate. Prior to this, the General Meeting of OSRAM Licht AG had already appointed Dr. Christine Bortenlänger to the Supervisory Board as a shareholder representative with effect from August 28, 2013. At least three of the Supervisory Board members have long-standing international experience. None of the Supervisory Board members have reached the age of 70. At least three of the shareholder representatives on the Supervisory Board have no potential conflicts of interest. Several members of the Supervisory Board hold—or have held in the past year—high-level positions at other companies with which OSRAM does business. However, transactions between OSRAM and these companies are conducted on an arm's length basis. We do not believe that these transactions compromise the independence of the Supervisory Board members concerned.

The Nomination Committee met after end of the fiscal year to prepare for the election of the Supervisory Board's shareholder representatives by the 2014 General Meeting. In addition to the requirements of the AktG, the Code, and the Supervisory Board's rules of procedure, the Nomination Committee also took into account the Supervisory Board's objectives regarding its composition in proposing candidates to the Supervisory Board. Based on the Nomination Committee's recommendations, the Supervisory Board will make proposals for candidates to the 2014 General Meeting that continue to fully reflect the above objectives.

The Supervisory Board oversees and advises the Managing Board on the management of the business. The Supervisory Board regularly discusses business performance and planning, in addition to the Company's strategy and its implementation. It reviews the annual financial statements, the management report, the proposal on the appropriation of net profit, the consolidated financial statements, and the Group management report. It also discusses the quarterly and half-yearly reports, adopts the annual financial statements of OSRAM Licht AG, and approves the consolidated financial statements, taking into account the audit reports prepared

by the auditors and the findings of the review performed by the Audit Committee. In addition, the Supervisory Board reviews the Company's adherence to legal and regulatory requirements, and internal policies (compliance). The Supervisory Board's duties also include appointing the members of the Managing Board and establishing their respective areas of responsibility. Significant Managing Board decisions—for example major acquisitions, divestments, and financial measures—require Supervisory Board approval. Several General Meeting resolutions require Supervisory Board approval to be obtained for certain actions, including the Supervisory Board approval set out in the authorization granted to the Managing Board to increase the capital stock (authorized capital), and to disapply preemptive rights in the event of the issue of debt instruments and, in some cases, the utilization of treasury shares.

The Supervisory Board currently has five committees. Their tasks, responsibilities, and working processes meet the requirements of the AktG and the Code. The chairs of the committees provide the Supervisory Board with regular reports on the work performed by the committees.

The **Executive Committee** is made up of the Chairman of the Supervisory Board, the deputy chairmen, and an employee representative on the Supervisory Board who is elected by the Supervisory Board. The Executive Committee performs the duties of a nomination and remuneration committee to the extent that these duties are not performed by the Nomination Committee and German law does not require them to be addressed by the full Supervisory Board. In particular, the Executive Committee prepares for the appointment of members of the Managing Board, the determination of Managing Board members' remuneration, and the review of the Managing Board remuneration system by the full Supervisory Board, and handles the Managing Board contracts. When proposing the appointment of Managing Board members, the Executive Committee considers long-term succession planning and diversity, among other factors. The Executive Committee also amongst other things decides on whether to approve transactions with members of the Managing Board and their related parties, and coordinates the work of the Supervisory Board.

The **Audit Committee** comprises three shareholder representatives and three employee representatives from the Supervisory Board, all of whom are elected by the Supervisory Board. Under German law, the Audit Committee must include at least one independent member of the Supervisory Board with expertise in the areas of accounting

or auditing financial statements. The Chairman of the Audit Committee elected on November 11, 2013, Dr. Joachim Faber, meets these legal requirements. The Audit Committee oversees the accounting and reporting process. It also prepares the Supervisory Board's proposal to the General Meeting on the election of the auditors, and submits a corresponding recommendation to the Supervisory Board. In addition to the review by the auditors, the Audit Committee discusses the Company's quarterly and half-yearly financial statements prepared by the Managing Board. The Audit Committee prepares the audit of the annual financial statements, the consolidated financial statements, and the Managing Board's proposal on the appropriation of net profit by the Supervisory Board. It deals with questions relating to the Company's accounting and reporting process and risk management, and monitors the effectiveness of the internal control and risk management systems, as well as the Company's internal audit system. Following the General Meeting resolution, the Audit Committee engages the auditors and monitors the audit of the financial statements, particularly with regard to the independence of the auditors and their additional services provided. Lastly, it reviews the Company's adherence to legal and regulatory requirements, and internal policies (compliance), as well as issues relating to sustainability.

The **Nomination Committee** comprises the Chairman of the Supervisory Board, the Deputy Chairman not elected in accordance with the MitbestG, and another member of the Supervisory Board elected by the shareholder representatives from among their number. The Nomination Committee makes recommendations to the Supervisory Board on the shareholder candidates to be proposed to the Supervisory Board for election by the General Meeting. In addition to the required knowledge, abilities, and professional experience of the proposed candidates, the Supervisory Board's stated objectives regarding its composition ¹See above. should also be taken into account.

The **Mediation Committee** comprises the Chairman of the Supervisory Board, the Deputy Chairman elected in accordance with the MitbestG, one Supervisory Board member elected by the employee representatives, and one elected by the shareholder representatives. It proposes the appointment or dismissal of Managing Board members to the Supervisory Board if the two-thirds majority of the Supervisory Board members' votes required under section 31(2) of the MitbestG is not reached during the first ballot.

The **Strategy and Technology Committee**, which is made up of three shareholder representatives and three employee representatives elected by the Supervisory Board from among its members, oversees and advises the Managing Board on matters relating to corporate strategy and the development and safeguarding of technologies that are relevant for the Company.

¹The members of the Supervisory Board and its committees are presented in the Notes to the consolidated financial statements on pages 198 to 201.

²Detailed information on the Supervisory Board's work can be found in the "Report of the Supervisory Board" on pages 10 to 16.

³The remuneration of the members of the Supervisory Board is described in the "Remuneration Report" on pages 28 to 37.

Managing Board

As the management body of OSRAM Licht AG, the Managing Board is bound to act in the Company's interests and to sustainably increase its enterprise value. The Managing Board currently has three members. They are jointly responsible for the overall management of the business and decide on fundamental issues regarding business policy and corporate strategy, as well as on the Company's annual and multi-year planning. Notwithstanding this overall responsibility, the individual members of the Managing Board are also independently and individually responsible for the areas assigned to them. The Supervisory Board has defined the Managing Board's work in rules of procedure, and the areas of responsibility of the individual members of the Managing Board in a schedule of responsibilities. The rules of procedure also define the matters reserved for the full Managing Board, as well as the majority required for Managing Board resolutions.

The Managing Board is responsible for the preparation of the Company's quarterly and half-yearly financial statements, the annual financial statements of OSRAM Licht AG, and the consolidated financial statements. In addition, the Managing Board must ensure that all Group companies comply with legal and regulatory requirements, and internal policies (compliance).

The Managing Board and Supervisory Board work closely together for the benefit of the Company. The Managing Board informs the Supervisory Board regularly, without delay, and comprehensively of all issues of importance to the Company in relation to strategy, planning, business development, financial position, results of operations, and compliance, as well as of material business risks. The Managing Board considers diversity when filling managerial positions within the Company and, in particular, strives to ensure that women are appropriately represented.

¹The members of the Managing Board are presented in the Notes to the consolidated financial statements on page 201.

²The remuneration of members of the Managing Board is described in the "Remuneration Report" on pages 28 to 37.

Share Ownership

On October 21, 2013, the current members of the Managing Board held a total of 629 (previous year: 0) OSRAM shares; this corresponds to 0.0006% (previous year: 0%) of the capital stock of OSRAM Licht AG, which is composed of 104,689,400 no-par value shares.

As of the same date, the current members of the Supervisory Board held a total of 5,258 OSRAM shares; this corresponds to less than 0.01% (previous year: 0%) of the capital stock of OSRAM Licht AG.

Purchase and Sale of Company Shares

Under section 15a of the Wertpapierhandelsgesetz (WpHG—German Securities Trading Act), members of the Managing Board and Supervisory Board are legally required to disclose the purchase or sale of shares of OSRAM Licht AG or related financial instruments if the value of the transactions performed by the board member in question or related parties reaches or exceeds €5,000 in any calendar year. In the fiscal year just ended, OSRAM Licht AG was not notified of any such transactions. A process has been established to ensure that these transactions are duly published if such notification is received. »Disclosed transactions can be accessed on the Company's web site at: www.osram-licht.ag

Shareholder Relations

OSRAM reports regularly to its shareholders on the Company's business developments and net assets, financial position, and results of operations four times per year. The Annual General Meeting, at which the Company's business developments are also reported, is usually held in the first five months of the fiscal year. The Managing Board enables the shareholders to follow the speeches of the chairman of the Supervisory Board and of the Managing Board members by means of electronic communication media, particularly the Internet, and enables shareholders to vote by proxy. Pursuant to section 14 (5) and (6) of the Articles of Association, the Managing Board may also allow shareholders to cast their votes in writing or by means of electronic communication (absentee voting), or to participate in the General Meeting without the need to be present at the venue and without a proxy, and to exercise some or all of their rights either fully or partially by means of electronic communication (electronic participation). The reports, documents, and information legally required for the General Meeting, in-

cluding the annual report, are available online, as is the agenda for the General Meeting, and any shareholder counter motions or nominations that are required to be made available.

The General Meeting elects the shareholder representative members of the Supervisory Board. It resolves on all matters assigned to it by law, particularly the appropriation of net profit, the approval of the actions of the Managing Board and Supervisory Board, the election of the auditors, and amendments to the Articles of Association. When passing resolutions, each share grants one vote. Amendments to the Articles of Association, such as measures that change the Company's capital stock, are resolved by the General Meeting and implemented by the Managing Board. Shareholders may submit motions regarding resolutions proposed by the Managing Board and Supervisory Board and may contest resolutions of the General Meeting. Shareholders who collectively hold at least €100,000 of the capital stock may also demand the appointment of a special auditor by the court to examine specific issues, subject to the requirements of section 142 of the AktG.

The OSRAM Licht Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements of German commercial law under section 315 a(1) of the HGB. The annual financial statements of OSRAM Licht AG are prepared in accordance with German law.

As part of our investor relations activities, we provide comprehensive information on the Company's performance. OSRAM makes extensive use of the Internet for reporting purposes. In addition to our quarterly, half-yearly, and annual reports, earnings releases, ad hoc announcements, analyst presentations, and press releases, we publish the financial calendar for the current year, which includes the key publication dates for financial communications and the date of the General Meeting, at www.osram-licht.ag »Details of our investor relations activities can be found on pages 17 and 19.

»Our Articles of Association, the rules of procedure of the Managing Board and Supervisory Board and all declarations of conformity and other information relating to corporate governance are available on our web site at: www.osram-licht.ag

A Component of the Group Management Report

The remuneration report summarizes the principles used to determine the total remuneration of the members of the Managing Board of OSRAM Licht AG and explains the structure and amount of the remuneration paid to the members of the Managing Board. It also describes the remuneration policies and the amount of remuneration received by the members of the Supervisory Board. In addition, the remuneration of each member of the Managing Board and Supervisory Board for fiscal 2013 is presented on an individual basis. The remuneration report is based on the recommendations of the German Corporate Governance Code and includes the disclosures required by the Handelsgesetzbuch (HGB—German Commercial Code) and the International Financial Reporting Standards (IFRSs). The remuneration report is part of the Group management report.

Remuneration System

The current members of the Managing Board of OSRAM Licht AG were appointed in November 2012 (with effect from January 1, 2013, in the case of Dr. Laier) and received no remuneration from OSRAM Licht AG until the OSRAM Group's spin-off from the Siemens Group took effect on July 5, 2013. The Managing Board members are also managing directors of OSRAM GmbH (formerly OSRAM AG) and received remuneration in that capacity (base compensation, non-monetary benefits, ancillary benefits) until the spin-off took effect on July 5, 2013. On that date, the remuneration obligation passed from OSRAM GmbH to OSRAM Licht AG, with the result that the Managing Board members have since been remunerated solely by OSRAM Licht AG. The members of the Managing Board receive their variable compensation (bonus), the long-term share-based compensation, and contributions to the OSRAM Defined Contribution Benefit Plan (Beitragsorientierte OSRAM Altersversorgung—BOA) for the whole of fiscal 2013 from OSRAM Licht AG. The contracts of the Managing Board members of OSRAM Licht AG include the remuneration system described below, which corresponds to the remuneration system applicable for the managing directors of OSRAM GmbH until the spin-off took effect. This remuneration system is intended to provide incentives to ensure sustainable management and comprises the following components.

Non-performance-based components

The Managing Board members receive fixed base compensation, which is paid in the form of a monthly salary. They are also awarded non-monetary benefits and ancillary benefits, such as the provision of a company car, contributions

to insurance policies, and the reimbursement of legal and tax advisory expenses, accommodation and moving costs, including any taxes incurred on these, and costs related to preventive medical examinations.

Performance-based components

The performance-based components comprise variable compensation (bonus) and long-term share-based compensation.

Variable compensation (bonus)

The variable compensation (bonus) is dependent on the business performance of the Company in the respective fiscal year just ended. At the beginning of each fiscal year, the Supervisory Board sets clear, specific targets for certain performance indicators at Group level (currently organic revenue growth, EBITA, and free cash flow). The target amount of the bonus (100%) is equivalent to the amount of the base compensation. The bonus is capped at 200% of the base compensation. The Supervisory Board may, at its duty-bound discretion, increase or decrease the amount of the bonus determined in accordance with the degree of target attainment by up to 20%. When deciding to make such adjustments, the Supervisory Board considers criteria which it also establishes at the beginning of the fiscal year. This adjustment option can also be used to take account of Managing Board members' individual achievements.

As a rule, the bonus is awarded half in cash and half in the form of non-forfeitable stock commitments for OSRAM Licht AG shares (OSRAM Bonus Awards). The number of OSRAM Bonus Awards is determined by dividing half of the bonus amount by the closing price of OSRAM Licht shares on the grant date and subtracting the discounted estimated dividend over a four-year waiting period. This waiting period ends at the close of the second day following publication of OSRAM Licht AG's business results in the fourth calendar year after the date of the award and thus lasts for approximately four years. Once this waiting period has expired, the beneficiaries either receive one OSRAM Licht AG share for each OSRAM Bonus Award without them having to make any additional payment, or a corresponding cash settlement.

Long-term share-based compensation

The long-term share-based compensation is in principle awarded in the form of forfeitable stock commitments for OSRAM Licht AG shares (OSRAM Stock Awards), which are subject to a restriction period of around four years. This restriction period corresponds to the waiting period of the OSRAM Bonus Awards described above. The monetary value

of this compensation component is based on the achievement of targets set by the Supervisory Board at the beginning of each fiscal year. In the event of 100% target achievement, the target monetary value of the Stock Awards granted each year is €1 million for the Chairman of the Managing Board and €660,000 for the other Managing Board members. Depending on the degree of target achievement, the actual monetary value may be between 0% and 200% (cap) of the target amount. The number of OSRAM Stock Awards granted is determined by dividing the monetary value determined following calculation of the level of target achievement by the Supervisory Board by the closing price of OSRAM Licht shares in XETRA trading on the date of the award and subtracting the discounted estimated dividend over the four-year restriction period.

In the event of extraordinary unforeseen developments that have an impact on the relevant share price, the Supervisory Board may decide to reduce the number of granted OSRAM Bonus Awards or OSRAM Stock Awards retroactively, or to only pay a cash settlement in a defined and limited amount in lieu of transferring the relevant shares, or to postpone the transfer of shares due under the Bonus Awards or Stock Awards until the developments have ceased to have an impact on the share price.

If a Managing Board member's contract ends during the course of his or her term of office, the OSRAM Stock Awards shall lapse without compensation. The same applies if the contract ends because the Managing Board member does not wish to extend his or her appointment at the end of the term of office, or if there is good cause that would have justified the appointment being revoked or the termination of the contract. However, granted OSRAM Stock Awards shall not lapse if the contract ends due to retirement, disability, or death, or in the event of a spin-off, transfer of undertakings, or a change of activity within the Group.

Other remuneration system rules

Share Ownership Guidelines

In accordance with the provisions of their contracts, the members of the Managing Board are obliged to hold a multiple of their base compensation in OSRAM Licht shares (300% for the Chairman of the Managing Board, 200% for the other Managing Board members) during their term of office on the Managing Board. The average base compensation received by the respective Managing Board member in the past four years is used as the determining figure in this context. Non-forfeitable stock commitments (OSRAM Bonus Awards) are taken into account in determining compliance with the Share

Ownership Guidelines. Evidence that this requirement has been met must be provided for the first time on October 1, 2017, following an buildup phase of more than four years, and updated annually thereafter. If the value of the shareholding built up falls below the required minimum level due to a decline in the price of OSRAM Licht shares, the Managing Board member shall be required to acquire additional shares. The Managing Board members are thus required to invest a substantial proportion of their assets in OSRAM Licht shares during their term of office.

Commitments in connection with the termination of Managing Board membership

Managing Board contracts provide for a compensatory payment if membership of the Managing Board is terminated prematurely by mutual agreement, without good cause. The amount of this payment must not exceed the value of two years' compensation (cap). The amount of the compensatory payment is calculated on the basis of the remaining term of the contract and the sum of the base compensation plus the variable compensation actually received for the last fiscal year before termination. It is payable in the month the Managing Board member leaves the Managing Board. In addition, a one-off contribution is made to the OSRAM Defined Contribution Benefit Plan (BOA), which is calculated based on the remaining term of the contract and the contribution made to the BOA in the previous year. The above benefits are not paid if the premature termination of the member's activity on the Managing Board is agreed at the member's request, or if there is good cause for the Company to terminate the employment relationship.

In the event of a change of control (if a controlling influence over OSRAM Licht AG arises as a result of a majority voting interest, an intercompany agreement, or a merger) that leads to a material change in the position of the individual Managing Board member, the member of the Managing Board shall have a special right of termination. On exercise of this right of termination, the member of the Managing Board concerned is entitled to a severance payment amounting to a maximum of two years' compensation (cap). The calculation of the annual compensation includes the base compensation, and the target amounts of the bonus and the long-term share-based compensation in the last completed fiscal year prior to termination of the contract. Any Bonus Awards or Stock Awards not yet due remain unaffected. There is no entitlement to a severance payment if the Managing Board member receives benefits from third parties in connection with the change of control, or if the change of control occurs within a period of twelve months prior to the Managing Board

member's retirement. Compensatory or severance payments are increased by 5% of the total compensation or severance amount to cover non-monetary benefits. In addition, compensatory or severance payments are reduced by 15% as a lump-sum allowance for discount effects and income earned elsewhere, if the remaining term of the Managing Board member's contract is at least six months. However, this reduction only applies to the portion of the compensatory or severance payments that was calculated without taking account of the first six months of the remaining term of the Managing Board member's contract.

Pension commitments

Like most OSRAM Licht Group employees in Germany, the members of the Managing Board are included in the OSRAM Defined Contribution Benefit Plan (BOA). Under the BOA, members of the Managing Board receive contributions that are credited to their personal pension account. The amount of these contributions is decided annually by the Supervisory Board; it was set most recently at 28% of the sum of the base compensation and target amount of the bonus. The pension commitments are non-forfeitable due to the inclusion of periods relating to employment in the Siemens Group or due to the provisions of the corresponding individual contracts. Members of the Managing Board are entitled to benefits under the BOA on reaching the age of 60, at the earliest, or 62 in the case of commitments entered into starting from January 1, 2012. They may choose to receive the benefits under the BOA in the form of a pension, a lump sum payment, or in up to 12 annual installments.

D&O insurance

D&O insurance was taken out for Board members and certain employees of the OSRAM Licht Group when the spin-off took effect on July 5, 2013. Until that date, these persons were covered by a corresponding policy taken out by the Siemens Group. These policies, which were each entered into for a period of one year in each case, cover the personal liability of this group of people for financial losses arising in connection with the performance of their respective duties. The members of the Managing Board of OSRAM Licht AG are also the managing directors of OSRAM GmbH. Liability risks arising from this activity are also covered. The OSRAM D&O insurance policy provides for a deductible for the Managing Board members, which meets the requirements of the Aktiengesetz (AktG—German Stock Corporation Act).

Compensation of OSRAM Licht AG Managing Board Members in Fiscal 2013

The members of the Managing Board of OSRAM Licht AG are also the managing directors of OSRAM GmbH. As already described, the remuneration obligation was transferred from OSRAM GmbH to OSRAM Licht AG on July 5, 2013. The compensation received by the members of the Managing Board of OSRAM Licht AG in fiscal 2013 is presented below, including where it was received by these persons prior to the effective date of the spin-off in their capacity as managing directors of OSRAM GmbH.

After assessing the achievement of the targets set by the Supervisory Board of OSRAM GmbH at the beginning of the fiscal year—which were transferred to OSRAM Licht AG along with the remuneration obligation and modified by way of a Supervisory Board resolution on July 30, 2013, to bring the long-term share-based compensation component into line with the situation after the spin-off and listing of OSRAM Licht shares took effect—and based on the review of the remuneration system by an independent external adviser, the Supervisory Board of OSRAM Licht AG resolved at its meeting of November 11, 2013, the following amount of the variable compensation (bonus), the stock awards to be granted, and the contributions to the pension plan.

Variable compensation (bonus)

For the variable compensation (bonus) payable to the members of the Managing Board, the Supervisory Board of OSRAM GmbH defined concrete targets at Group level for organic revenue growth, earnings before interest, taxes, and amortization and impairments of intangible assets (EBITA), and free cash flow at the beginning of fiscal 2013. Organic revenue growth is defined as the change in the Company's revenue, adjusted for portfolio and currency effects. EBITA is defined as the gain/loss before financial result, taxes, and amortization of intangible assets. Free cash flow is calculated based on the net cash provided by/used in operating activities, less cash received/paid in connection with investments in intangible assets and property, plant, and equipment. The Supervisory Board of OSRAM GmbH also specified that these financial indicators be adjusted for significant transformation costs arising from the OSRAM Push program when determining the level of target achievement. There were no other adjustments, in particular for significant effects outside of the OSRAM Push program (e.g., due to portfolio measures or impairment losses on noncurrent assets). Finally, at the start of the fiscal year, the Supervisory Board of OSRAM GmbH also resolved to take into

account the company's performance in terms of profitability and business volume compared to relevant competitors in the decision to increase or decrease the variable compensation paid by up to 20%. Based on the results in fiscal 2013, the Supervisory Board of OSRAM Licht AG determined the degree of target achievement to be 166.40% and decided at its duty-bound discretion not to adjust the amounts to be paid based on the target achievement.

Long-term share-based compensation

For fiscal 2013, the Supervisory Board of OSRAM Licht AG decided at its duty-bound discretion to determine the amount of the long-term share-based compensation taking into account the average (basic) earnings per share (EPS) of the OSRAM Licht Group over the past three fiscal years. To determine the EPS for fiscal 2011 and 2012, it was decided to use the income after taxes reported in the combined financial statements of the OSRAM Group for the fiscal years ended September 30, 2012, and 2011, assuming the same number of shares. Based on the positive result in fiscal 2013, the average EPS determined for fiscal years 2011 to 2013 was €-0.33. On this basis, the Supervisory Board determined a level of target achievement of 119.15%, taking into account the return to profit in fiscal 2013 in the process. All of the stock commitments were recognized at the XETRA closing price for OSRAM Licht shares on the date of award, less the present value of the dividends expected during the four-year waiting or restriction period, for which the beneficiaries are not eligible. This amounts to €36.39.

Total compensation

Based on the above determinations made by the Supervisory Board, the total compensation of OSRAM Licht AG's Managing Board members for fiscal 2013 (excluding pension commitments) amounts to €8.1 million (remuneration of the managing directors of OSRAM GmbH in the previous year: €6.8 million). The total compensation includes €1.7 million paid to the Managing Board members by OSRAM GmbH before the spin-off for their activities as managing directors of OSRAM GmbH. Of the total compensation, €3.9 million (of the compensation of the managing directors of OSRAM GmbH in the previous year: €4.3 million) was attributable to the cash component and €4.2 million (of the compensation of the managing directors of OSRAM GmbH in the previous year: €2.6 million) to the share-based compensation. More than half of the compensation was thus awarded in the form of share-based payment instruments with a restriction or waiting period of four years and therefore on a deferred basis.

The following compensation was determined for the individual members of the Managing Board in fiscal 2013 (including the compensation as managing directors of OSRAM GmbH) (data provided on an individual basis):

Compensation of Managing Board Members

Amounts in units or €	Non-performance-based components					
	Base compensation		Other compensation ¹⁾		Excluding long-term incentive effect: Variable compensation (bonus) cash component ²⁾	
	2013 ⁴⁾	2012 ⁵⁾	2013 ⁶⁾	2012 ⁵⁾	2013	2012 ⁵⁾
Managing Board members in office as of September 30, 2013						
Wolfgang Dehen ⁵⁾⁸⁾	900,000	900,000	89,021	94,591	748,800	1,107,000
Dr. Peter Laier ⁵⁾	450,000	–	211,725	–	374,400	–
Dr. Klaus Patzak ⁵⁾⁸⁾	600,000	600,000	37,577	36,255	499,200	738,000
Former Managing Board members of OSRAM AG (since October 25, 2012, OSRAM GmbH)						
Martin Goetzeler ⁹⁾		350,000		25,097	–	430,500
Total	1,950,000	1,850,000	338,323	155,943	1,622,400	2,275,500

¹⁾ Other compensation includes expenses and non-cash benefits such as the provision of company cars, contributions to insurance policies, and the reimbursement of legal and tax advisory expenses, accommodation and moving costs, and costs related to preventive medical examinations.

²⁾ Since the shares of OSRAM Licht AG had not yet been listed on a regulated market when the compensation of the managing directors of OSRAM GmbH was determined for fiscal 2012 in November 2012, the long-term share-based compensation for fiscal 2012 was granted in the form of forfeitable commitments to transfer shares of Siemens Aktiengesellschaft without additional payments by the beneficiaries (Siemens Stock Awards). The figures include the Stock Awards granted in November 2012 for fiscal 2012. Mr. Goetzeler was compensated in cash in fiscal 2013 for his Stock Awards for fiscal 2012.

³⁾ The expense from share-based payments recognized in accordance with IFRSs in fiscal 2013 and 2012 (Stock Awards and Bonus Awards), as well as from the Siemens Share Matching Plan (in which Managing Board members previously participated), for the members of the Managing Board of OSRAM Licht AG and the managing directors of OSRAM GmbH amounted to €5.0 million (including the commitments to OSRAM Licht shares). Of this amount, €2.2 million (previous year: €0) was attributable in fiscal 2013 to OSRAM Licht AG and €2.8 million (previous year: €2.7 million) to OSRAM GmbH.

⁴⁾ Due to the transfer of the remuneration obligation from OSRAM GmbH to OSRAM Licht AG as of July 5, 2013, the base compensation in fiscal 2013 was paid by OSRAM GmbH up to and including June 2013 and by OSRAM Licht AG starting from July 2013. Of the total base compensation of €1.4 million paid in this respect by OSRAM GmbH in fiscal 2013, Wolfgang Dehen received €675,000, Dr. Peter Laier €300,000, and Dr. Klaus Patzak €450,000.

⁵⁾ Wolfgang Dehen and Dr. Klaus Patzak were appointed as members of the Managing Board of OSRAM Licht AG on November 8, 2012. In fiscal 2012, Wolfgang Dehen, Dr. Klaus Patzak, and Martin Goetzeler solely received compensation as managing directors of OSRAM GmbH. Dr. Peter Laier was appointed as a regular member of the Managing Board of OSRAM Licht AG and as a managing director of OSRAM GmbH with effect from January 1, 2013.

⁶⁾ Due to the transfer of the remuneration obligation from OSRAM GmbH to OSRAM Licht AG as of July 5, 2013, the other compensation in fiscal 2013 was paid by OSRAM GmbH up to and including June 2013 and by OSRAM Licht AG starting from July 2013. Of the total other compensation of €290,646 paid by OSRAM GmbH in this respect in fiscal 2013, Wolfgang Dehen received €66,660, Dr. Peter Laier €195,748, and Dr. Klaus Patzak €28,238.

⁷⁾ Due to the transfer of the remuneration obligation from OSRAM GmbH to OSRAM Licht AG as of July 5, 2013, the base compensation and other compensation in fiscal 2013 was paid by OSRAM GmbH up to and including June 2013 and by OSRAM Licht AG starting from July 2013. Of the total compensation of €1.7 million paid by OSRAM GmbH in this respect in fiscal 2013, Wolfgang Dehen received €741,660, Dr. Peter Laier €495,748, and Dr. Klaus Patzak €478,238.

⁸⁾ Siemens AG and its group companies granted employees and board members of the Siemens Group, including members of the Managing Board of OSRAM Licht AG, different commitments to shares of Siemens Aktiengesellschaft as compensation for past periods. In the course of OSRAM's spin-off from the Siemens Group, all eligible OSRAM employees and board members were compensated in cash for these commitments under standardized terms by the Siemens Group company or OSRAM Licht Group company that assumed the obligation under the stock commitments when the spin-off took effect. This compensation amounted to €4,262,129 for Mr. Dehen and €1,690,594 for Dr. Patzak.

⁹⁾ Martin Goetzeler resigned from his position as a member of the Managing Board of the former OSRAM AG (since October 25, 2012: OSRAM GmbH) as of March 31, 2012, and left the Company as of April 30, 2012. In connection with his resignation from the Managing Board, Martin Goetzeler received additional payments in fiscal 2012, including compensation of €2,826,500 for a non-competition agreement. In fiscal 2013, the further (final) payment for the non-competition agreement amounted to €330,000.

Performance-based components								Total compensation	
Including long-term incentive effect: Variable compensation (bonus) share-based component (OSRAM Bonus Awards) ²⁾³⁾				Including long-term incentive effect: Share-based compensation OSRAM Stock Awards) ²⁾³⁾				2013 ⁷⁾	2012 ⁵⁾
2013		2012 ⁵⁾		2013		2012 ⁵⁾			
Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value		
20,577	748,818	–	–	32,742	1,191,514	19,560	1,248,237	3,678,153	3,349,828
10,289	374,427	–	–	16,208	589,825	–	–	2,000,377	–
13,718	499,212	–	–	21,610	786,410	12,910	823,861	2,422,398	2,198,116
–	–	–	–	–	–	7,531	480,597	–	1,286,194
44,584	1,622,456	–	–	70,560	2,567,749	40,001	2,552,695	8,100,928	6,834,138

Granting of a transaction bonus in connection with the spin-off from Siemens AG

In the first quarter of fiscal 2013, prior to OSRAM's spin-off from the Siemens Group and the listing of OSRAM Licht shares, Siemens Aktiengesellschaft (Siemens AG) undertook to grant a transaction bonus to the members of the Managing Board of OSRAM Licht AG (as well as other executives of the OSRAM Licht Group). Under this arrangement, OSRAM Licht shares with a value of at least 50% and at most 200% of the target amount established individually for each member of the Managing Board were to be granted after the spin-off took effect. This amounted to €2.5 million for Mr. Dehen, €1 million for Dr. Patzak, and €250,000 for Dr. Laier. The transaction bonus was intended to compensate the beneficiaries for their performance in connection with the spin-off and the listing, as well as to create a special incentive to help ensure the success of OSRAM Licht AG's listing over the medium term. The degree of target achievement was to be established at Siemens AG's discretion and was determined to be 50%, giving rise to the following monetary values and numbers of OSRAM Licht shares:

Monetary Value and Number of OSRAM Licht Shares	Monetary value of the transaction bonus ¹⁾²⁾	Number of OSRAM Licht shares ³⁾
Amounts in units or €		
Managing Board members in office as of September 30, 2013		
Wolfgang Dehen	1,250,000	47,854
Dr. Peter Laier ⁴⁾	125,000	4,785
Dr. Klaus Patzak	500,000	19,141
Total	1,875,000	71,780

¹⁾ Based on the degree of target achievement of 50% determined at Siemens AG's discretion.

²⁾ The expense for the transaction bonus for members of the Managing Board of OSRAM Licht AG recognized in fiscal 2013 in accordance with IFRSs amounted to €1,284,166.

³⁾ In accordance with the terms and conditions for the transaction bonus, when calculating the number of OSRAM Licht shares to be granted, the volume-weighted average price of OSRAM Licht shares in XETRA trading on the Frankfurt Stock Exchange in the first 20 trading days after trading commenced was used as a basis. All OSRAM Licht shares traded on XETRA between 9 a.m. and 5.30 p.m. during this period were included in the calculation of the volume-weighted average price. However, trades made during the opening, midday, and closing auctions were excluded. The average price calculated in this way amounted to €26.12. The total fair value on the grant date of October 21, 2013, was €2,653,706. Of this amount, €1,769,162 was paid to Mr. Dehen, €176,901 to Dr. Laier, and €707,643 to Dr. Patzak.

⁴⁾ Dr. Peter Laier was appointed as a member of the Managing Board with effect from January 1, 2013.

The transaction bonus will be paid in four tranches, with the first tranche paid out immediately following the determination of the bonus and the remaining tranches payable 12, 24, and 36 months after the spin-off took effect on July 5, 2013. If a beneficiary leaves early, the entitlement to any shares not yet allocated will lapse. The number of OSRAM Licht shares determined for the transaction bonus will in principle be transferred to the members of the Managing Board four years after the listing. Each member of the Managing Board may, however, require transfer prior to this date in four equal

annual tranches; in this situation, a lock-up period and prohibition on disposal for the shares applies for four years from the date of listing on the stock exchange. OSRAM Licht AG assumed responsibility for the settlement of the transaction bonus, and particularly for delivery of the OSRAM Licht shares to be granted as the transaction bonus, from Siemens AG. Siemens AG will reimburse OSRAM Licht AG for the costs of settling the transaction bonus, including the cost of acquiring the shares to be delivered to the beneficiaries.

Pension commitments

The amount of the contributions to the OSRAM Defined Contribution Benefit Plan (BOA) is determined by the Supervisory Board on an annual basis. The contributions to the BOA are credited to the personal pension accounts in the January following the end of the fiscal year, with a value date of January 1. Interest is credited (guaranteed interest) to the pension account on January 1 each year until the pension becomes payable. For fiscal 2013, OSRAM Licht AG made contributions of €1,092,000 to the BOA for the members of the Managing

Board based on a Supervisory Board resolution of November 11, 2013 (previous year: €1,536,000 contributed by OSRAM GmbH). Of this amount, €10,625 (previous year: €17,790 contributed by OSRAM GmbH) was attributable to the funding of personal pension commitments acquired by members of the Managing Board in the Siemens Group before the introduction of a defined contribution pension plan and transferred to OSRAM GmbH while OSRAM belonged to the Siemens Group. The remaining amount of €1,081,375 (previous year: €1,518,210 contributed by OSRAM GmbH) was credited to the individual pension accounts.

In addition, in November 2013, Dr. Laier was granted a one-off special contribution of €200,000 to the BOA, which is to be made on January 1, 2014, to offset pecuniary disadvantages resulting from his move from Continental AG to OSRAM.

The following overview shows, among other things, the contributions (additions) made to the BOA for the individual Managing Board members for fiscal 2013:

Contributions (Additions) to the BOA for Managing Board Members

in €	Total contribution ¹⁾²⁾ for		Present value of all pension commitments ³⁾	
	2013	2012	2013	2012
Managing Board members in office as of September 30, 2013				
Wolfgang Dehen	504,000	504,000	1,210,247	760,910
Dr. Peter Laier ⁴⁾⁵⁾	452,000	–	213,960	–
Dr. Klaus Patzak	336,000	336,000	1,703,274	1,390,153
Former Managing Board members of OSRAM AG (since October 25, 2012, OSRAM GmbH)				
Martin Goetzeler	–	696,000	2,644,535	2,264,712
Total	1,292,000	1,536,000	5,772,016	4,415,775

¹⁾ The expense (service cost) recognized in accordance with IFRSs in fiscal 2013 for Managing Board members' entitlements under the OSRAM Defined Contribution Benefit Plan (BOA) amounted to €1,083,877 € (previous year: €781,858). The following amounts were attributable to the members of the Managing Board in fiscal 2013: Wolfgang Dehen €526,029 (previous year: €552,935), Dr. Peter Laier €213,727 (previous year: €0), Dr. Klaus Patzak €344,121 (previous year: €228,923).

²⁾ The 2012 contribution was made by OSRAM GmbH; the 2013 contribution was made by OSRAM Licht AG.

³⁾ This figure includes the present value of the pension commitments under the occupational pension plan of Siemens Aktiengesellschaft, which one member of the Managing Board transferred when he moved to OSRAM GmbH.

⁴⁾ Dr. Peter Laier was appointed as a member of the Managing Board with effect from January 1, 2013.

⁵⁾ Dr. Peter Laier's contribution for 2013 takes into account the special contribution described above, which was granted in November 2013, and is therefore not included in the present value of the pension commitments as of September 30, 2013.

In fiscal 2013, former managing directors and their successors received total remuneration within the meaning of section 314(1) no. 6b of the HGB in the amount of €1.0 million (previous year: €1.0 million). As of September 30, 2013, the present value of all pension commitments for former managing directors of OSRAM GmbH and their successors totaled €11.4 million (previous year: €12.0 million).

In fiscal 2013, members of the Managing Board did not receive any advances or loans from the Company.

Compensation of Members of the Supervisory Board

Until the spin-off took effect, Article 12 of the Articles of Association of OSRAM Licht AG provided for the members of the Supervisory Board to receive no compensation for their activity. On June 14, 2013, the Annual General Meeting of the Company resolved the following compensation for the Supervisory Board after the spin-off became effective:

The members of the Supervisory Board receive the following base compensation: €80,000 for the Chairman of the Supervisory Board, €60,000 for each Deputy Chairman of the Supervisory Board, and €40,000 for the other Supervisory Board members. The Chairman of the Audit Committee receives an additional €40,000, and each further member of the Audit Committee €20,000; the Chairman of the Executive Committee receives an additional €25,000, and each further member of the Executive Committee €15,000; the Chairman of the Compliance Committee receives an additional €20,000, and each further member of the Compliance Committee €10,000, with the compensation for activities on the Compliance Committee not being paid if the Supervisory Board member in question receives compensation for activities on the Audit Committee. If a Supervisory Board member does not participate in a Supervisory Board meeting, one-third of the total compensation described above shall be reduced by a percentage equal to the number of meetings the Supervisory Board member did not attend relative to the total number of meetings held in the fiscal year. The members receive €1,000 in each case for participation in meetings of the full Supervisory Board or the committees. Supervisory Board members who are not members of the Supervisory Board or a committee for a full fiscal year, or who do not hold the position of Chairman for a full year, receive the compensation on a pro rata basis, with parts of months being rounded up to full months.

Members of the Supervisory Board of OSRAM Licht AG are also members of the Supervisory Board of OSRAM GmbH. The Supervisory Board remuneration is specified in Article 14 of the Articles of Association of OSRAM GmbH. In this capacity, each member receives annual base compensation of €40,000; the Chairman of the Supervisory Board receives annual base compensation of €80,000, and each Deputy Chairman receives €60,000. The additional compensation received for activities on the Supervisory Board committees is as follows: The Chairman of the Audit Committee receives an additional €40,000, and each further member of the Audit Committee €20,000; the Chairman of the Executive Committee receives an additional €25,000, and each further mem-

ber of the Executive Committee €15,000; the Chairman of the Compliance Committee receives an additional €20,000, and each further member of the Compliance Committee €10,000, with the compensation for activities on the Compliance Committee not being paid if the Supervisory Board member in question receives compensation for activities on the Audit Committee. In the event of changes in the Supervisory Board and/or its committees, the compensation is paid on a pro rata basis, with any parts of months being rounded up to full months. The members receive €1,000 in each case for participation in meetings of the full Supervisory Board or the committees. If a Supervisory Board member does not participate in a Supervisory Board meeting, one-third of the total compensation due shall be reduced by a percentage equal to the number of meetings the Supervisory Board member did not attend relative to the total number of meetings held in the fiscal year.

The total compensation payable to a member of the Supervisory Board of OSRAM GmbH was limited to the following maximum amounts with effect from October 1, 2013: If a Supervisory Board member is at the same time a member of the Supervisory Board of OSRAM Licht AG, the total compensation of this member for their Supervisory Board activities (including the compensation for activities on committees, but excluding attendance fees) for OSRAM Licht AG and OSRAM GmbH in one fiscal year may not in total exceed the following maximum amounts for the following functions on the Supervisory Board of one of the two companies: Chairman of the Supervisory Board: €150,000; Deputy Chairman of the Supervisory Board: €120,000; Chairman of the Audit Committee: €120,000; Chairman of other compensated committees: €100,000; member of a compensated committee: €80,000; member of the Supervisory Board: €70,000. If the maximum compensation is exceeded, the above compensation for services on the Supervisory Board of OSRAM GmbH will be reduced by the excess amount starting from the fiscal year beginning October 1, 2013. If a member of the Supervisory Board exercises more than one of the above functions on the Supervisory Board of OSRAM GmbH and/or OSRAM Licht AG, the maximum compensation is determined based on the function with the highest compensation. In the event of changes in the Supervisory Board and/or its committees, the maximum compensation is adjusted accordingly on a pro rata basis, with any parts of months being rounded up to full months.

Based on these provisions, the following compensation is payable for activities on the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH in fiscal 2013 (information provided on an individual basis):

Compensation of Supervisory Board Members

in €					2013	2012
	Base compensation	Additional compensation for activities on committees ²⁾	Attendance fees ⁶⁾	Total compensation for activities on the Supervisory Board of OSRAM Licht AG ⁵⁾	Total compensation for activities on the Supervisory Board of OSRAM GmbH ³⁾⁴⁾⁵⁾	Total compensation for activities on the Supervisory Board of OSRAM Licht AG ¹⁾
Supervisory Board members of OSRAM Licht AG in office as of September 30, 2013						
Prof. Dr. Siegfried Russwurm ⁶⁾	20,000	3,750	4,000	27,750	37,250	–
Michael Knuth ⁸⁾⁹⁾	5,000	2,917	3,000	10,917	102,877	96,000
Peter Bauer ⁸⁾	15,000	1,250	4,000	20,250	22,750	–
Dr. Christine Bortenlänger ⁷⁾	6,667	1,667	2,000	10,333	14,667	–
Dr. Joachim Faber ⁸⁾	10,000	1,667	3,000	14,667	21,778	–
Prof. Dr. Lothar Frey ⁷⁾	6,667	–	2,000	8,667	13,000	–
Alfred Haas ⁸⁾	3,333	–	2,000	5,333	60,148	60,000
Frank H. Lakerveld ⁷⁾	6,667	–	2,000	8,667	13,000	–
Hubert Roßkopf ⁸⁾⁹⁾	3,333	1,667	2,000	7,000	63,333	–
Willi Sattler ⁸⁾⁹⁾	3,333	1,250	3,000	7,583	94,037	109,722
Irene Schulz ⁸⁾⁹⁾	3,333	1,667	2,000	7,000	51,857	–
Thomas Wetzel ⁸⁾⁹⁾	3,333	–	2,000	5,333	55,000	–
Total	86,667	15,833	31,000	133,500	577,363	265,722

¹⁾ Until the Company's spin-off from the Siemens Group took effect, the Articles of Association of OSRAM Licht AG did not provide for any compensation for Supervisory Board activities. Consequently, the members of the Supervisory Board in office until July 5, 2013, Georg Bernwieser (also Chairman of the Supervisory Board), Peter Kastenmeier, and Walter Richter did not receive any Supervisory Board remuneration in fiscal 2013 or fiscal 2012.

²⁾ The following people each received additional compensation for their activities on committees in fiscal 2013: Prof. Siegfried Russwurm as Chairman of the Supervisory Board of OSRAM Licht AG and of the Executive Committee, and as a member of the Audit Committee; Peter Bauer as Deputy Chairman of the Supervisory Board and member of the Executive Committee; Michael Knuth as Deputy Chairman of the Supervisory Board and member of the Executive Committee and Audit Committee; Dr. Christine Bortenlänger as member of the Audit Committee; Dr. Joachim Faber as member of the Audit Committee; Willi Sattler as member of the Executive Committee, and Irene Schulz as member of the Audit Committee.

³⁾ The members of the Supervisory Board in office as of September 30, 2013, are also members of the Supervisory Board of OSRAM GmbH. Hubert Roßkopf, Irene Schulz, and Thomas Wetzel were appointed as members of the Supervisory Board of OSRAM GmbH as of November 30, 2012; Peter Bauer, Dr. Christine Bortenlänger, Dr. Joachim Faber, Prof. Lothar Frey, and Frank H. Lakerveld were appointed with effect from July 5, 2013. Willi Sattler was Deputy Chairman of the Supervisory Board of OSRAM GmbH until November 30, 2012; Michael Knuth was elected to this office on December 10, 2012.

⁴⁾ OSRAM GmbH paid its Supervisory Members total compensation for their Supervisory Board activities of €577,363 in fiscal 2013 (previous year: €426,722). Of this amount €333,131 (previous year: €256,667) was attributable to the base compensation, €139,233 (previous year: €98,056) to the additional compensation for service on committees, and €105,000 (previous year: €72,000) to attendance fees. The members of the Supervisory Board of OSRAM Licht AG in office as of September 30, 2013, received the following compensation for their activities on the Supervisory Board of OSRAM GmbH: Prof. Siegfried Russwurm €20,000 (previous year: €0) base compensation, €11,250 (previous year: €0) additional compensation for activities on committees, and €6,000 (previous year: €0) attendance fees; Michael Knuth €52,469 (previous year: €40,000) base compensation, €32,407 (previous year: €35,000) additional compensation for activities on committees, and €18,000 (previous year: €21,000) attendance fees; Peter Bauer €15,000 (previous year: €0) base compensation, €3,750 (previous year: €0) additional compensation for activities on committees, and €4,000 (previous year: €0) attendance fees; Dr. Christine Bortenlänger €7,778 (previous year: €0) base compensation, €3,889 € (previous year: €0) additional compensation for activities on committees, and €3,000 (previous year: €0) attendance fees; Dr. Joachim Faber €8,889 (previous year: €0) base compensation, €8,889 € (previous year: €0) additional compensation for activities on committees, and €4,000 (previous year: €0) attendance fees; Prof. Lothar Frey €10,000 (previous year: €0) base compensation, €0 (previous year: €0) additional compensation for activities on committees, and €3,000 (previous year: €0) attendance fees; Alfred Haas €38,519 (previous year: €40,000) base compensation, €9,630 (previous year: €10,000) additional compensation for activities on committees, and €12,000 (previous year: €10,000) attendance fees; Frank H. Lakerveld €10,000 (previous year: €0) base compensation, €0 (previous year: €0) additional compensation for activities on committees, and €3,000 (previous year: €0) attendance fees; Hubert Roßkopf €36,667 (previous year: €0) base compensation, €16,667 (previous year: €0) additional compensation for activities on committees, and €10,000 (previous year: €0) attendance fees; Willi Sattler €43,333 (previous year: €56,667) base compensation, €33,704 (previous year: €33,056) additional compensation for activities on committees, and €17,000 (previous year: €20,000) attendance fees; Irene Schulz €34,921 (previous year: €0) base compensation, €7,937 (previous year: €0) additional compensation for activities on committees, and €9,000 (previous year: €0) attendance fees; Thomas Wetzel €36,667 (previous year: €0) base compensation, €8,333 (previous year: €0) additional compensation for activities on committees, and €10,000 (previous year: €0) attendance fees. Prof. Russwurm waived Supervisory Board remuneration for the period in which OSRAM GmbH belonged to the Siemens Group, i.e., until July 5, 2013.

⁵⁾ The following people each received additional compensation for their activities on committees in fiscal 2013 and 2012: Prof. Siegfried Russwurm as Chairman of the Supervisory Board of OSRAM GmbH and of the Executive Committee, as well as a member (since July 10, 2013) of the Audit Committee and Compliance Committee; Peter Bauer as Deputy Chairman of the Supervisory Board and member of the Executive Committee (since July 10, 2013, in both cases); Michael Knuth as Deputy Chairman of the Supervisory Board (since December 10, 2012) and member of the Executive Committee, the Audit Committee, and Compliance Committee; Dr. Christine Bortenlänger as member of the Audit Committee and Compliance Committee (since July 10, 2013, in both cases); Dr. Joachim Faber as Chairman of the Audit Committee and the Compliance Committee (member since July 10, 2013, and Chairman since July 30, 2013, in both cases); Alfred Haas as member of the Compliance Committee; Hubert Roßkopf as member of the Audit Committee (since December 10, 2012); Willi Sattler as Deputy Chairman of the Supervisory Board (until November 30, 2012), and member of the Executive Committee, the Compliance Committee (until November 30, 2012), and the Audit Committee; Irene Schulz as member of the Compliance Committee (since December 10, 2012), and Thomas Wetzel as member of the Compliance Committee (since December 10, 2012). This compensation was paid on a pro rata basis where the activities on the committees were taken up during the fiscal year.

⁶⁾ Prof. Siegfried Russwurm, Peter Bauer, and Dr. Joachim Faber were appointed as members of the Supervisory Board of OSRAM Licht AG with effect from July 5, 2013.

⁷⁾ Dr. Christine Bortenlänger, Prof. Lothar Frey, and Frank H. Lakerveld were appointed as members of the Supervisory Board of OSRAM Licht AG with effect from August 27, 2013.

⁸⁾ Michael Knuth, Alfred Haas, Hubert Roßkopf, Willi Sattler, Irene Schulz, and Thomas Wetzel were appointed as members of the Supervisory Board of OSRAM Licht AG by order of the Munich local court dated August 28, 2013, received on September 3, 2013.

⁹⁾ The employee representatives on the Supervisory Board, who represent the employees in accordance with section 3(1) no. 1 of the Mitbestimmungsgesetz (MitbestG—German Co-determination Act), and the trade union representatives on the Supervisory Board have stated that they pay their remuneration to the Hans Böckler Foundation, in accordance with the guidelines of the German Confederation of Trade Unions.

The Managing Board and Supervisory Board intend to propose to the Annual General Meeting of OSRAM Licht AG in February 2014 that the Supervisory Board remuneration provided for in the Articles of Association of OSRAM Licht AG be amended with effect from April 1, 2014. Under this amendment, the following base compensation is to be paid in future: €120,000 for the Chairman of the Supervisory Board, €100,000 for each Deputy Chairman of the Supervisory Board, and €65,000 for the other Supervisory Board members. The Chairman of the Audit Committee is to receive an additional €50,000, and each further member of the Audit Committee €15,000; the Chairman of the Executive Committee €20,000, and each further member of the Executive Committee €10,000; the Chairman of the new Strategy and Technology Committee is to receive an additional €15,000, and each further member €10,000. However, the additional compensation for activities on Supervisory Board committees is to be limited to a total of €50,000 for the Chairman of the Audit Committee, €22,500 for the Chairman of any other compensated committee, and €15,000 for all other members of the Supervisory Board. The attendance fee is to be reduced to €500 per meeting. The other provisions, including regarding pro rata compensation and the reduction of compensation in the event of non-attendance, are to remain unchanged.

At the same time, it is planned to significantly reduce the compensation of members of the Supervisory Board of OSRAM GmbH, also with effect from April 1, 2014. In future, the Chairman of the Supervisory Board of OSRAM GmbH is to receive annual compensation of €7,500, and all other members €5,000. The Supervisory Board has significantly reduced its committee structures. No additional compensation is to be paid for activities on the remaining committees in future. In addition, attendance fees are no longer to be paid.

Overall, the total Supervisory Board remuneration paid by OSRAM Licht AG and OSRAM GmbH should not increase following the changes. As the Supervisory Boards of both companies comprise the same people, the changes mainly involve a shift in the remuneration to OSRAM Licht AG level, with total compensation remaining stable and the remuneration of the committees and the attendance fee being adjusted.

The proposed amendments take account of the changes in the work of the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH. Following the spin-off from Siemens AG and the listing of OSRAM Licht shares, the work of the Supervisory Board of OSRAM Licht AG has become significantly more important and more time consuming. This Supervisory Board has also adjusted its committee structures and, among other things, has established a new Strategy and Technology Committee and dissolved the Compliance Committee, assigning its functions to the Audit Committee. In contrast, the Supervisory Board of OSRAM GmbH, which was the parent of the OSRAM Group until the spin-off, now no longer performs any Group-wide tasks for the OSRAM Licht Group. Consequently, the former working structures and remuneration rules for this company's Supervisory Board need to be adjusted.

Members of the Supervisory Board did not receive any loans or advances from the Company in fiscal 2013.

Corporate Governance Declaration

in Accordance with Section 289a of the Handelsgesetzbuch (HGB—German Commercial Code) for Fiscal 2012/2013

A Component of the Group Management Report

The corporate governance declaration in accordance with section 289a of the HGB is a component of the combined management report. In accordance with section 317(2) sentence 3 of the HGB, the disclosures in accordance with section 289a of the HGB are not to be included in the audit.

Declaration of Conformity with the German Corporate Governance Code

On September 30, 2013, the Managing Board and Supervisory Board of OSRAM Licht AG adopted the following declaration of conformity with the German Corporate Governance Code in the version dated May 13, 2013 (the “Code”) in accordance with section 161 of the Aktiengesetz (AktG—German Stock Corporation Act):

“Since July 5, 2013 (the date its shares were first admitted to exchange trading), OSRAM Licht AG has complied with all of the recommendations of the German Corporate Governance Code (the “Code”) in the version dated May 13, 2013, published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette), with the exception of the following sections: 4.2.2 (drawing of a distinction to senior executives and the workforce as a whole for remuneration comparison purposes), 4.2.3 (maximum remuneration of Managing Board members), 5.1.2 (long-term succession planning for the Managing Board), and 5.4.1 (specification of concrete objectives for the composition of the Supervisory Board including an appropriate degree of female representation). OSRAM Licht AG will comply with all of the Code’s recommendations in the future with the exception of section 4.2.3 (maximum remuneration of Managing Board members).

Following the conclusion of the Statusverfahren, the Supervisory Board of OSRAM Licht AG was constituted on September 10, 2013 in the form required by the provisions of the Mitbestimmungsgesetz (MitbestG—German Co-determination Act). The board was only able to pass resolutions drawing a distinction to senior executives and the workforce as a whole in accordance with section 4.2.2 and on the objectives for the composition of the Supervisory Board including an appropriate degree of female representation in accordance with section 5.4.1 at its first working meeting on September 30, 2013. Likewise, the Executive Committee of the Supervisory Board first began its work and long-term succession planning for the Managing Board in September.

In accordance with section 4.2.3 of the Code, the remuneration of the members of the Managing Board—both overall and with regard to their variable remuneration components—should be capped. OSRAM Licht AG’s Managing Board members receive variable remuneration components consisting of a long-term variable share-based payment taking the form of commitments to transfer shares in the Company; the short-term variable remuneration is also partially granted in the form of grants of shares in the Company. The amount of the shares granted in each case is capped in relation to the time the shares are granted, which to this extent is in compliance with the recommendation. However, the shares relating to the two variable remuneration components are not transferred until after the expiry of a four-year restriction period, starting from the time the shares were granted in each case. Within this restriction period, the members of the Managing Board benefit from the unlimited upside potential of the shares, which could be considered to be a departure from the wording of the recommendation. However, implementing an additional cap on the remuneration component in relation to the point in time at which shares are transferred does not seem to do justice to the situation, as this would run counter to the main incentive of share-based remuneration—that of working to increase enterprise value. Moreover, the Managing Board members would be put at a disadvantage if the cap were reached but the market price continued to rise. In our opinion, this is not in the interest of investors.

Munich, September 30, 2013

OSRAM Licht AG

The Managing Board

The Supervisory Board”

Disclosures on Corporate Governance Practices

Suggestions Contained in the Code

OSRAM Licht AG also voluntarily complies with the non-obligatory suggestions of the Code with the single exception of the following:

In contrast to the suggestion contained in section 2.3.2 of the Code, no proxy will be reachable during the General Meeting of OSRAM Licht AG by shareholders who are not present/represented at the General Meeting.

›The Code can be downloaded from the Internet at www.corporate-governance-code.de/eng/kodex/index.html

Company Values and Business Conduct Guidelines

Technical performance, innovation, quality, reliability, and an international reach are the basis for OSRAM's excellent reputation as one of the leading companies in the lighting industry. We will build on first-rate achievements and a high ethical standard in the future, too.

Our Business Conduct Guidelines form the legal and ethical framework within which we do business. They contain additional corporate governance practices that are applied above and beyond the legal requirements and the requirements of the Code, as well as basic principles and rules for our conduct both internally and towards our external partners and the public. The guidelines demonstrate how we meet our ethical and legal responsibilities as a company, and express our company values: "innovative—respectful—entrepreneurial."

›The Business Conduct Guidelines can be downloaded from the Internet at www.osram.com/osram_com/sustainability/downloads/index.jsp

Description of the Working Practices of the Managing Board and the Supervisory Board, as well as of the Composition and Working Practices of the Supervisory Board Committees

The composition of the Supervisory Board committees (currently the Executive Committee, Audit Committee, Nomination Committee, Mediation Committee, and Strategy and Technology Committee) can be found in the Notes to the consolidated financial statements. ›See Note 44|Supervisory Board and Managing Board in the Notes to the consolidated financial statements.

This section also reports on the composition of the Managing Board and the Supervisory Board. ›An overview of the composition is also available online at www.osram-licht.ag

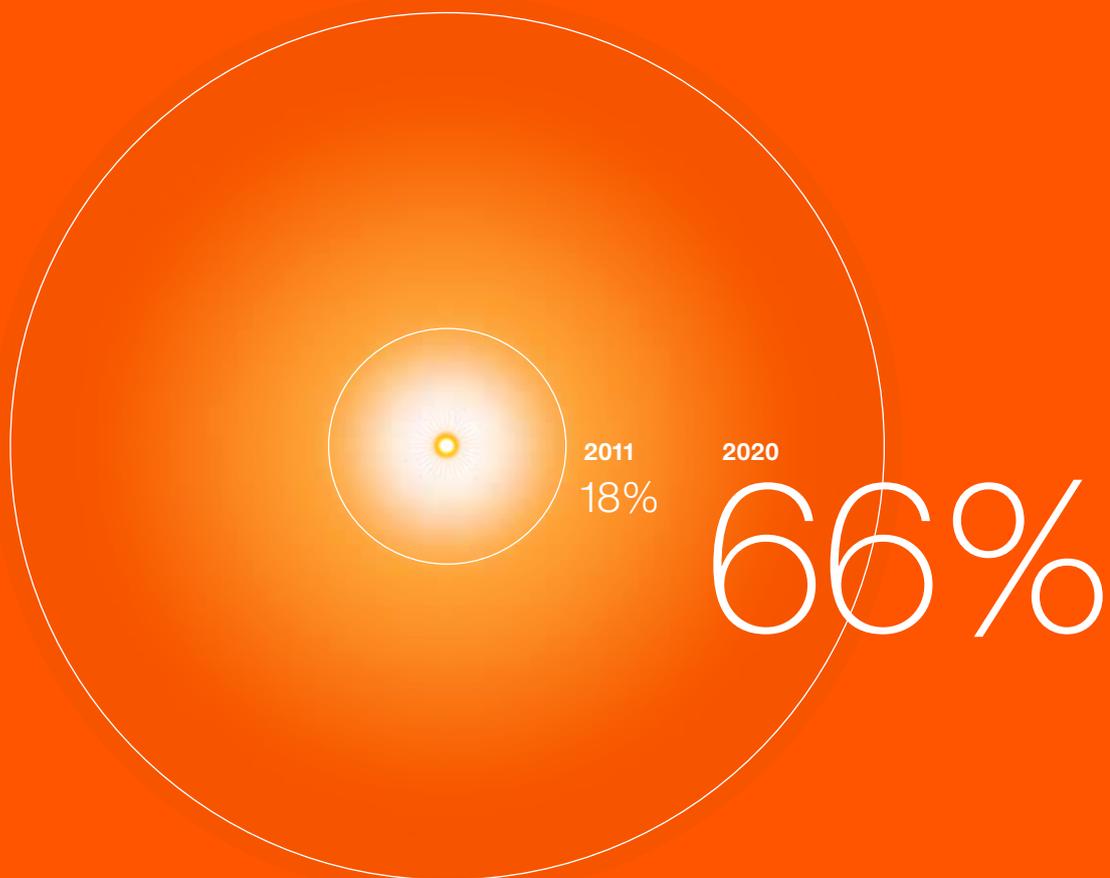
A general description of the tasks and working practices of the Managing Board and Supervisory Board can be found under the heading entitled "Management and Control Structure" in the Corporate Governance Report on pages 24 to 27 and online at www.osram-licht.ag. Further details on the working practices of the Managing Board and the Supervisory Board are contained in the disclosures on the committees and in the bodies' rules of procedure.

›These documents are also available at www.osram-licht.ag

Light is Change

Share of LED-based products in the global lighting market

Estimates by OSRAM based on the McKinsey report, "Lighting the Way" (2012)



By 2020, it is estimated that SSL products will account for 66% of the total lighting market. In 2011, the figure was just 18%.

SSL products include LED, infrared, and laser products, and OLEDs.

For more about OSRAM's innovations, see the innovation timeline on pages 10|11 in OSRAM's 2013 Yearbook.

Group Management Report

Combined¹⁾

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¹⁾ The combined management report comprises in addition to explanations regarding OSRAM Licht Group the management report for OSRAM Licht AG.

Business and Environment

Group Structure and Business Activities

Organizational Structure and Reporting Principles

OSRAM is a global group and a leading provider of lighting products and solutions in the lighting market. We can look back over a history of more than 100 years in which our innovations have shaped the development of the electric lighting market and in which we and our name—the OSRAM brand—have stood for quality and technology leadership.

As of September 30, 2013, we employed around 35,100 people worldwide, had operations in over 120 countries, and ran 36 production and manufacturing facilities. We generated revenue of €5,288.7 million in fiscal 2013.

The OSRAM Licht Group comprises the parent company OSRAM Licht AG, an Aktiengesellschaft (stock corporation) in accordance with German law, and around 100 subsidiaries and investees, including minority interests. [» See also Note 43 | List of Equity Investments in Accordance with Section 313 of the HGB in the Notes to the consolidated financial statements.](#)

The OSRAM Managing Board is the governing body with overall responsibility for the management of the business in accordance with the Aktiengesetz (AktG—German Stock Corporation Act). The hierarchy level below this—the business units—is organized in line with the principle of end-to-end business responsibility, ensuring direct responsibility and short decision-making processes. This means that OSRAM's six business units (Lamps, Light Engines & Controls, Luminaires, Solutions, Specialty Lighting, and Opto Semiconductors) have comprehensive responsibility reaching from product development down to product sales, including profit and loss responsibility. We thus have clear responsibility structures that do justice to the technology shift and the change in business models.

The reporting structure for external reporting purposes has consisted of four reportable segments since the beginning of fiscal 2013: Lamps & Components (LC), Luminaires & Solutions (LS), Specialty Lighting (SP), and Opto Semiconductors (OS). The LC segment comprises the Lamps and Light Engines & Controls business units, while the LS segment comprises the Luminaires and Solutions business units plus the Services unit; these have been aggregated by type of business model along the lighting value chain. Prior-year information is reported in a comparable format. In addition to the four reporting segments, the reconciliation to the consolidated financial statements forms part of the OSRAM reporting structure. This includes Corporate items and pensions, which management does not consider to be indicative for the segments' performance and which also cover the OLED (organic light emitting diode) research and development project, along with the consolidation of transactions between the segments, certain reconciliation and reclassification items, and corporate treasury operations.

OSRAM Reporting Structure

Reporting segments

Lamps & Components (LC)	Luminaires & Solutions (LS)	Specialty Lighting (SP)	Opto Semiconductors (OS)
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Reconciliation to financial statements

Corporate items and pensions	Eliminations, corporate treasury, and other reconciling items
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OSRAM Licht Group

In addition, our business is structured by region and we have implemented a second reporting line to the Managing Board alongside the segments. The management of OSRAM companies in the individual countries report to the respective regional management, which in turn reports directly to the Managing Board. OSRAM has structured its global activities into three reporting regions:

- EMEA (Europe, Russia, the Middle East, and Africa),
- Americas (U.S.A., Canada, Mexico, and South America)
- APAC (Asia, Australia, and the Pacific).

›For important locations of OSRAM see table below.

Independently of the business units and reporting regions, we subdivide our business on the basis of the technologies involved into two categories: “SSL products” (solid state lighting) and “traditional products.” Traditional products

include both energy-efficient products and traditional basic products. This breakdown serves as a benchmark for technological development in our product portfolio in the context of the technology shift. We use the term “SSL” to refer to all products, lighting solutions, and services that generate light primarily on the basis of opto-semiconductor technologies. Examples include LEDs, OLEDs, lasers, and sensors as well as ballasts, light management systems, and software programs for the “intelligent” control of such products. ›See also glossary. SSL is therefore an umbrella term covering all products and lighting installations in the “new world” of light made possible by the technology shift toward semiconductor technology ›See also the glossary. By contrast, we use the term “traditional products” for all other products, as they use conventional lighting technologies.

Important Locations of OSRAM

as of September 30, 2013

	Main technology	Segment assignment
EMEA		
Germany, Munich	Corporate headquarters	
Germany, Berlin	High intensity discharge lamps for automotive and general lighting	LC, SP
Germany, Augsburg	Fluorescent lamps	LC
Germany, Regensburg	Production of opto-electronic semiconductors	OS
Germany, Herbrechtingen	Halogen lamps	SP
Germany, Traunreut	Luminaire production	LS
Germany, Eichstätt	Halogen lamps, high intensity discharge lamps	LC, SP
Russia, Smolensk	Fluorescent lamps	LC
Slovakia, Nove Zamky	High intensity discharge lamps, automotive auxiliary lamps, luminaire production	LC, LS, SP
Italy, Treviso	LED lamps, automotive auxiliary lamps, electronic control gear	SP, LC
Americas		
U.S.A., Versailles	Fluorescent lamps	LC
U.S.A., Hillsboro	Automotive headlamps and auxiliary lamps	SP
APAC		
China, Foshan	Fluorescent lamps, high intensity discharge lamps, halogen lamps for automotive and general lighting	LC, SP
China, Panyu	Electronic control gear for automotive and general lighting	LC, SP
China, Wuxi (being set up)	Production of opto-electronic semiconductors	OS
Malaysia, Penang	Production of opto-electronic semiconductors	OS

Business Activities

Lamps & Components (LC)

The LC segment comprises the product business with lamps, light engines, and ballasts. This segment therefore includes both traditional lamps and SSL-based lamps for private and professional use as well as electronic ballasts, components for LED systems, and light management systems.

LC has various production locations worldwide. The most important include the plants in Augsburg, Berlin, and Eichstätt (Germany), Foshan and Panyu (China), Versailles, Exeter, and Central Falls (USA), and Monterrey, Juarez (Mexico). LC employed a total of around 17,400 people as of September 30, 2013. The segment sells its products worldwide, with the largest share of revenue being generated in EMEA and the Americas.

Growth potential for LC derives from the demand for higher-value, energy-efficient products, which—encouraged by legislative initiatives around the world—are replacing inefficient traditional products, and by the technology shift to SSL, which is increasingly changing general illumination.

Luminaires & Solutions (LS)

The LS segment comprises OSRAM's project and solutions business. This area therefore includes our luminaires business as well as the design and implementation of lighting solutions for internal and external lighting.

LS designs and develops luminaires for professional applications such as street lighting or architectural lighting, which are mainly sold as part of large projects, and are produced at the Traunreut and Nove Zamky locations. In addition, LS offers lighting solutions and associated light management systems for internal and external lighting. Installation and maintenance services for the LS product portfolio are covered by the Services business. To a much lesser extent, LS sells luminaires for private applications such as table lights and flashlights. LS employed a total of around 3,300 people as of September 30, 2013. The largest share of revenue for LS was generated in EMEA and the Americas.

The extensive restructuring of the LS segment initiated at the end of fiscal 2013 aims to adjust its cost structure and to enhance the focus of its strategic business activities. One area that is becoming increasingly important and which we are using to drive forward our product business is the business for services such as energy audits and installation services for professional customers. We primarily use our Traxon and e:cue brands to design-in and develop innovative

SSL lighting solutions, which are used in projects such as the lighting for the Christ the Redeemer statue in Rio de Janeiro, Brazil.

Specialty Lighting (SP)

The SP segment develops, produces, and sells lamps and systems for various different sectors and special applications. In terms of revenue, SP's largest business is automotive lighting, which comprises forward, signal, and interior lighting. The display/optic area includes cinema, studio, and event lighting, and image projection. Special applications such as medical applications include endoscopy and lamps for cleaning and disinfection, which use high-intensity UV light to disinfect the surfaces, gases, or fluids they irradiate.

SP has production facilities around the world. Its most important locations include plants in Germany (Berlin, Herbrechtingen), the U.S.A. (Hillsboro), and China (Foshan). SP employed a total of around 6,100 people as of September 30, 2013. SP products are sold worldwide with the largest market being EMEA, and APAC being the market with the greatest growth potential.

The growing automotive market and the use of SSL products in cars offer opportunities for our automotive products. In special applications area, we expect to see momentum from the additional technological capabilities that SSL products offer for different applications.

Opto Semiconductors (OS)

The OS segment researches, develops, produces, and markets products involving opto-semiconductor technology. This includes both LEDs, which generate visible light for an extremely wide range of lighting applications, and other opto-semiconductors, which emit invisible light or receive incoming light and convert it into signals. These types of products are used, for example, in remote controls for consumer electronic devices, smartphones, security systems, or rain sensors for automatic wiper systems.

OS has two production locations: in Germany (Regensburg) and in Malaysia (Penang). In addition, a new LED production location focused on the Chinese market is under construction in Wuxi, China. OS employed a total of around 7,600 people as of September 30, 2013. The APAC region is the largest market for worldwide sales of OS products.

OS is seeing broad-based growth potential from the technology shift to SSL products and increasingly efficient LEDs, which are enabling many applications using traditional technology to switch to SSL.

OSRAM Reporting Segments

	Businesses and products	Markets and customers	Applications
Lamps & Components (LC)	<ul style="list-style-type: none"> - Traditional lamps - LED retrofits - Ballasts and components for light management systems (LMS)¹⁾ 	<ul style="list-style-type: none"> - Retailers, chain stores, and specialist retailers - End consumers - Original equipment manufacturers (OEMs) - Installers 	<ul style="list-style-type: none"> - Lighting for private households - Office buildings and industrial applications - Hospitality - Retail and supermarkets
Luminaires & Solutions (LS)	<ul style="list-style-type: none"> - Luminaires for professional and private applications - Lighting solutions and projects - Light management systems¹⁾ - Services business (installation and maintenance) 	<ul style="list-style-type: none"> - Major customers (cities, industry) - Lighting designers, architects - Installers - Retailers, chain stores, and specialist retailers 	<ul style="list-style-type: none"> - Street and external lighting - Office buildings and industrial applications - Architectural lighting - Retail and supermarkets - Lighting for private households
Specialty Lighting (SP)	<ul style="list-style-type: none"> - Automotive lighting for forward, signal, and interior lighting assemblies - Display/optic - Lamps for special applications 	<ul style="list-style-type: none"> - Automotive OEMs - Original equipment suppliers (OESs) - Retailers and specialist retailers - Cinema and film studio operators - Facility managers 	<ul style="list-style-type: none"> - Automotive lighting - Studios, stage, and TV lighting - Projection systems - Medical applications - Airfield lighting - Microlithography - Cleaning and disinfection
Opto Semiconductors (OS)	<ul style="list-style-type: none"> - LED components for visible light - Infrared components - Laser diodes - Optical sensors 	<ul style="list-style-type: none"> - OEMs - Distributors - OSRAM segments 	<ul style="list-style-type: none"> - General lighting - Automotive applications - Industrial applications - Consumer electronic devices (e.g. displays, mobile phones) - Medical technology - Materials processing - Measurement and printing technology

¹⁾ Light management systems automate the lighting within a room by means of electronic control and management elements.

Competition and market environment

The competitive situation varies considerably depending on the segments and components of the value chain concerned. For example, the market for traditional lamps and control gears is largely concentrated with three leading companies: Philips, OSRAM, and General Electric have a combined market share of over 50%. In addition, there are 20 to 30 smaller competitors. By contrast, the market for luminaires in the general lighting area is highly fragmented and has a regional focus; together, the five leading providers account for less than 30% of the market. Well-known competitors in Europe include Zumtobel, Philips, Fagerhult, Havells India, Targetti Poulsen, Trilux, Schröder, and Eglo Leuchten; in Asia they are Panasonic, Toshiba, and Philips, and in the U.S.A. AcuityBrands, Cooper, Hubbell, and Philips.

The competitive environment for LEDs is more diverse at the level of the individual links of the value chain. Besides OSRAM, the market leaders for LEDs (including high-brightness LEDs) include Nichia, Cree, Philips Lumileds, Samsung Electronics, Seoul Semiconductor, Everlight, Lite-On, LG, and Toyoda Gosei. The main competitors in the midstream sector (LED lamps, LED modules, LED light engines, and electronic controls) are Philips, Sharp, Toshiba, Panasonic, and Lutron, as well as electronics producers mainly active in Asia, such as Samsung Electronics, LG Electronics, and Delta Electronics.

Only a few companies in the lighting industry are active in all segments across the entire value chain. Philips and OSRAM are the predominant global players here. In addition, General Electric, Panasonic, and Toshiba are also major competitors, but are active only in some regions and areas of the value chain.

In the course of the transition to SSL products, the competitive landscape is changing and new providers from different branches are entering the lighting market. For instance companies from related branches have successfully established themselves in the LED market; these include in particular Samsung Electronics and LG Electronics—two major Korean LED, TV, and semiconductor producers also offering LEDs and LED products for lighting applications. Other semiconductor industry companies such as Taiwan Semiconductor and producers from the electronics/electronic manufacturing services (EMS) sector including Hon Hai are also currently expanding their activities.

Legal and Sector-specific Conditions

The OSRAM Licht Group must comply with a large number of legal requirements at national and international level: In addition to the general legal requirements, statutory and regulatory requirements relating to energy-efficient lighting are particularly important for us.

Incandescent lamps have all but disappeared from the European market since September 1, 2012, due to European directives and energy efficiency regulations. There are now similar initiatives in almost all major countries. For example, similar energy efficiency requirements entered into force in the U.S.A. in December 2012; these provide for incandescent lamps to be successively phased out there, too, beginning with 100 watt lamps. Currently, over 70% of the world population is affected by legislation promoting more efficient lighting.

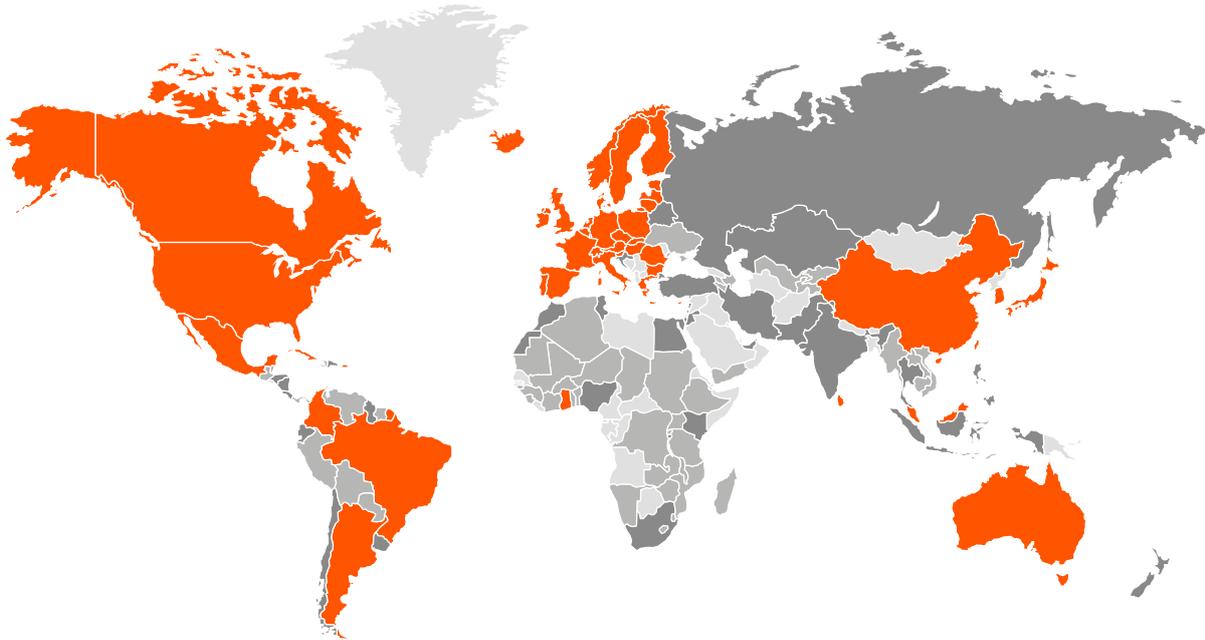
These measures can be traced back to the Kyoto Protocol (named after the location of the Kyoto conference held in Japan). This supplementary protocol to the United Nations Framework Convention on Climate Change was adopted on December 11, 1997. It entered into force on February 16, 2005, and has been extended until 2020, and sets binding targets for greenhouse gas emissions. The following graphic is based on an analysis by UNEP (the United Nations Environment Program) and shows countries' progress on regulatory measures, associated directives, monitoring and implementation measures, ecological sustainability, and other relevant information. [See the chart on page 47.](#)

The global measures being taken to increase energy conservation impact OSRAM's business at a fundamental level. We have adapted our product portfolio to align it to the efficiency requirements to be met by household, street, and office lighting and are working continuously to improve and introduce energy-saving products and production processes. As a result, we consider ourselves well prepared to meet the global regulatory requirements.

As a producer of efficient lighting, OSRAM is also affected by the EU's Waste Electrical and Electronic Equipment Directive. The WEEE entered into force in February 2003. It aims to avoid waste by reusing or recycling electrical and electronic equipment, to reduce the amount of hazardous materials in waste, and to promote safe waste disposal. Other legislation restricts the use of certain hazardous materials in the production of electrical and electronic equipment (in Europe: RoHS—Restriction of Hazardous Substances).

Progress of Worldwide Regulatory Mechanisms

■ Advanced ■ Limited
■ In progress ■ No activities



Source: UNEP

OSRAM is involved in the legislative process through national and regional associations, enabling it to react quickly. It can reach over 50% of the world's population simply via the eight largest associations in the U.S.A. (NEMA), Europe (Lighting Europe), China (CALI), Japan (JELMA), Taiwan (TLFEA), India (ELCOMA), Australia (LCA), and Brazil (ABILUX). These associations are also part of the Global Lighting Association (GLA).

Above and beyond its work in and with the associations, OSRAM works with UNEP's en.lighten initiative to promote more efficient lighting. The en.lighten initiative focuses on developing countries and emerging markets.

Group Strategy

Global Trends and key drivers in the lighting market

The key drivers in the lighting market are long-term trends which are expected to have an impact on overall market development. We intend to take advantage, responsibly and sustainably, of the growth and technology drivers arising from these trends. In the process, OSRAM anticipates that the key drivers described below will have a significant impact on the lighting industry. ▶ See chart „Key Lighting Market Drivers“ below.

Technological advances, together with these trends, point to a growing market for lighting, which will open up new opportunities. The key drivers for the lighting market can be divided into three phases:

- **Tradition** Traditional products such as incandescent lamps are being steadily replaced by higher-value, more energy-efficient products.
- **Transition** There is a trend across the whole value chain away from traditional technologies and towards higher-value, more energy-efficient SSL products.
- **Transformation** Standard lighting solutions are being upgraded and marketed as intelligent network solutions and value-added services, with a view to exploiting the full potential of these new technologies in the marketplace.

These key drivers for the lighting market form the basis of our vision and strategy.

Vision

We have based our vision on our passion for light, our ability to offer sustainable solutions, and the fact that, as a leading expert in lighting, OSRAM has successfully offered premium lighting products for over 100 years. Throughout that time, we have continually led the way in developing inspirational new products and bringing unparalleled lighting innovations to the marketplace. In our view, OSRAM's core competency as a provider of integrated lighting will enable us to maintain our strong number two position in the market. As such, we aim to remain the company of choice for both our customers and our employees in the future through our innovations in lighting, and by offering sustainable added value. In doing so we are guided by our values: innovative, respectful, entrepreneurial.

Strategy

Our strategy is the means to achieving our vision. We intend to achieve our long-term strategic goals by implementing three key elements:

- 1 We aim to exploit our expertise to the full, in order to safeguard and extend our presence in the marketplace. Our goal is to leverage our strong portfolio of traditional products to the full, to provide a sound basis for a successful switch to SSL products and solutions. We have identified three key points to help maximize earnings contributions from the traditional business.

Key Lighting Market Drivers

Population growth and increasing levels of electrification

The overall growth in the world's population is expected to boost the market for lighting. The highest population growth rates are in the emerging markets. These countries expect to see an improvement in their standard of living, and increasing electrification—which should result in growing demand for lighting products.

Urbanization

More and more people are moving to urban areas as a result of modernization and industrialization. This in turn is increasing electrification levels and demand for lighting products.

Demographic change

The rising average age of the global population leads us to expect stronger demand for better-quality lighting and simple, intelligent lighting solutions.

Energy efficiency and decarbonization

Rising energy prices, growing awareness of environmental issues, and concerns about reducing CO₂ emissions are all stimulating demand for greener, more energy-efficient lighting.

Digitization

Demand for more energy-efficient lighting is also likely to be reflected in demand for intelligent light management systems.

Emotionalization of light

Greater demand for intelligent lighting systems should result in growing markets for customized, higher-value lighting solutions.

- Firstly, proactive management of our traditional portfolio and of the products which are being phased out. Our comprehensive understanding of our customers and markets will enable us to maximize value during the product transition phase. For example, OSRAM intends to use the transition methods which have been proven to work in one region (such as phasing out the marketing of incandescent lamps in Europe) in future scenarios where similar regulations are to take effect in other regions (for example in China and the U.S.A.).
- Secondly, focus on systematic cost reduction initiatives.
- Thirdly, continued selective investment in those traditional technologies which have the best prospects for the future.

2 Building on our long tradition of innovation in lighting, we intend both to extend the range of our products and services and to optimize our vertical integration.

In the course of our long history, we have built up a very solid body of specialist knowledge about the major materials used in lighting, as well as expertise in areas such as optics, heat management, and electronics. Although this body of knowledge was assembled while developing traditional products, some of it is still useful in the development of SSL products. In the past, this has enabled us to gain competitive advantage, and it could do so again in the future. By offering a more extensive value chain—including intelligent network solutions and value-added services—we aim to create added value for our customers, especially with higher-value SSL products. We intend to offer the complete product range at each level of the value chain and are continually evaluating make or buy options in the light of our core competencies. As an integrated provider of lighting products, OSRAM is well placed to generate long-term customer loyalty and create added value for customers by stimulating, satisfying, and securing demand.

3 OSRAM promotes an entrepreneurial corporate culture backed by a corresponding organizational, management, and operational framework. We intend to simplify our organizational structure further by introducing simple, more direct reporting procedures and lean operational processes. Our organizational structure reflects a clear leadership structure. In this way, we ensure that OSRAM operates as a single enterprise pursuing a single strategy. The heads of our business units have full commercial responsibility.

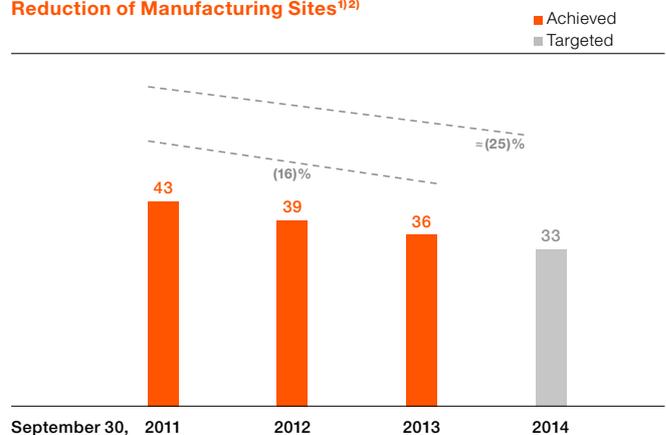
The aim of our strategy, therefore, is to extend OSRAM's position as a leading provider of integrated lighting solutions and to grow profitably in the process.

OSRAM Push

The technology shift and the resulting fundamental changes in the business environment necessitate the strategic realignment of the OSRAM Licht Group. Since the first quarter of fiscal 2012, this has been supported by an overall, comprehensive and sustainable improvement program—“OSRAM Push.” However, OSRAM Push is far more than just a restructuring program. It aims to ensure the OSRAM Licht Group's long-term competitiveness by transforming processes, structures, and the corporate culture, with a view to achieving continuous improvement and generating more revenue through organic growth. This also entails transferring more responsibility to employees, and establishing a sustainable performance-driven and share-owning culture.

One part of OSRAM Push is the worldwide “Future Industrial Footprint” project, which the OSRAM Licht Group is using to adapt global production capacities to the changes in market demand. In particular, the production landscape is being transformed in order to improve plant capacity utilization. Among other things, this involves relocating, selling off, or discontinuing production and, in some cases, closing smaller locations with lower production volumes, as well as uneconomical locations. The goal is to reduce the number of manufacturing sites. As of September 30, 2011, OSRAM had 43 production locations. Starting from this baseline, the goal is to discontinue eleven locations by fiscal 2014. Seven locations had already been discontinued as of September 30, 2013.

OSRAM Push:
 Reduction of Manufacturing Sites¹⁾²⁾



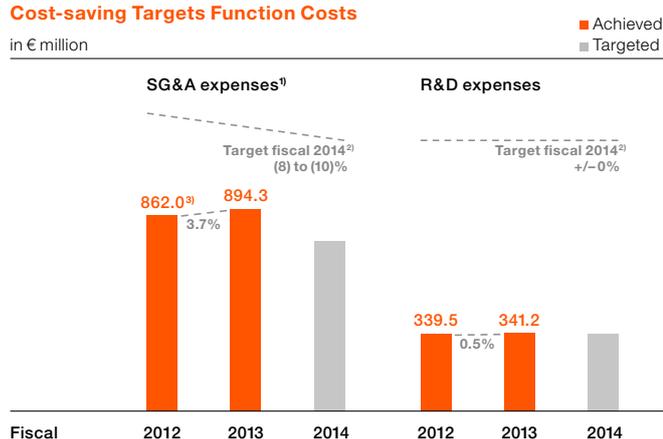
¹⁾ Net reduction including the establishment of a new LED facility in Wuxi, China.

²⁾ Figures taken from OSRAM's current planning.

Simultaneously, OSRAM is aiming to increase the profitability of its business by ensuring more efficient structures in research and development, production, and sales, as well as in the corporate functions. In connection with this, research and development expenses are to be maintained at the fiscal 2012 level until fiscal 2014, and marketing, selling, and general administrative expenses excluding logistics costs are to be reduced from the level recorded in fiscal 2012. In fiscal 2013, selling and general administrative expenses in particular, as well as research and development expenses, were impacted by transformation costs, which were mainly attributable to personnel restructuring measures.

OSRAM Push: Cost-saving Targets Function Costs

in € million



¹⁾ Excluding logistics costs of €208.5 million and €213.9 million in fiscal 2013 and 2012, respectively.

²⁾ Figures taken from OSRAM's current planning and subject to change in the case of significant exchange rate changes.

³⁾ As part of contract changes in fiscal 2013, certain allowances to purchasing associations are now reported in Marketing, selling, and general administrative expenses. In fiscal 2012, these expenses were reported under Gross profit and amounted to €20.1 million for the year as a whole; this amount is included in the €862.0 million for comparison purposes.

The measures described above involve a clear reduction in the workforce. OSRAM had already announced in January 2012 that staff levels would be adjusted by the end of fiscal 2014, and that, among other things, around 1,000 jobs would be cut in Germany in a socially responsible manner. At the same time, a similar procedure was announced for OSRAM locations outside of Germany; this affects approximately 2,300 jobs. Because the transformation of the lighting industry has continued to accelerate, OSRAM has announced adjustments to improvements in capacity utilization and cost savings beyond those already announced. As part of this, OSRAM aims among other things to sell plants located outside of Germany that manufacture products that are no longer part of the strategic portfolio. The additional planned measures are likely to lead to a further

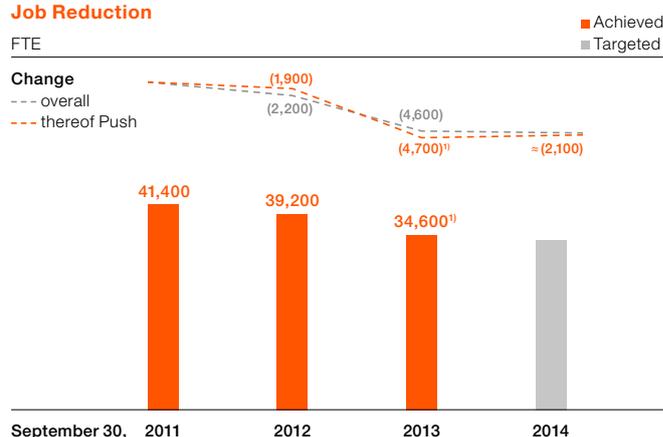
reduction of approximately 4,700 jobs in total worldwide in fiscal 2013 and 2014 (400 of them in Germany). OSRAM also agreed further personnel-related measures entailing job cuts in connection with structural challenges in the LS segment in the last quarter of 2013. Approximately 900 of the cuts affect the Services unit in the U.S.A., which is to focus on energy-efficient lighting solutions and new service models. In addition, approximately 200 jobs will be cut over the next years at the luminaires facility in Traunreut, Germany, in order to improve the cost structure there. A total of approximately 8,700 jobs will be cut by September 30, 2014, under these programs.

Around 6,600 of the above-mentioned jobs had been cut as of September 30, 2013, including around 500 employees at the location in Tangerang, Indonesia, who left the Company as of October 1, 2013.

In addition to reducing global staff levels, we also plan to invest in new businesses and to expand production of LED-based products. For example, we are currently building a new LED assembly facility on leased premises in Wuxi, China ("back-end production").

OSRAM Push: Job Reduction

FTE



¹⁾ Including 500 jobs at the Tangerang production facility in Indonesia, which were eliminated as of October 1, 2013.

OSRAM Push aims to improve OSRAM's overall productivity. Alongside the transformation-driven measures, a key focus of the program is operating productivity, which benefits all segments. This includes savings in the purchasing area and from optimizing production.

**OSRAM Push:
 Project Progress¹⁾**

	Status 3/31/2013	Status 6/30/2013	Status 9/30/2013	Progress	Target cumulated until 12/31/2014
Transformation costs	€325 million	€388 million	€498 million	> 80%	≈ €600 million
Reduction of manufacturing sites	(5)	(5)	(7)	64%	(11)
Job reduction	(5,000)	(5,200)	(6,600) ²⁾	76%	≈ (8,700)
Cost reduction by OSRAM Push measures	€185 million	€316 million	€433 million	≈ 36%	≈ €1,200 million ³⁾

¹⁾ The information presented reflects the cumulative project progress between fiscal 2012 and the reporting date (September 30, 2013).

²⁾ Including 500 jobs at the Tangerang production facility in Indonesia, which were eliminated as of October 1, 2013.

³⁾ OSRAM Push measures that will be recognized in profit or loss in fiscal years 2013 to 2015.

Overall, OSRAM is aiming to achieve cumulative gross cost reductions of around €1.2 billion by fiscal 2015 with the OSRAM Push program and anticipates exceeding its previously savings target by some €200 million. These savings will be partly offset, however, by cumulative transformation costs of approximately €600 million in the fiscal years from 2012 to 2014, which mostly are attributable to fiscal 2012 and 2013. Total cumulative transformation costs of €498.0 million were incurred in fiscal 2012 and 2013, reducing our EBITA. In addition, cost savings will be partially offset by other effects, particularly price declines for SSL products, salary increases, and inflation.

Performance Management

The financial performance indicators used by OSRAM enable management to optimize business development and find the balance between the interdependent factors of growth, earnings, and liquidity so as to achieve our goal of profitable growth. We believe that the latter is a precondition for sustainably increasing OSRAM's enterprise value. Our system of targets defines indicators for revenue growth, profitability, and capital efficiency. We also use indicators to optimize our capital structure and our dividend policy.

As described in the previous section, we have defined additional, temporary targets for reducing the number of manufacturing locations and jobs, as well as for cutting costs as part of the OSRAM Push program designed to ensure the Company's strategic realignment. We aim to achieve these targets by fiscal 2014 respectively 2015.

Some of these targets and the financial measures described in more detail below are what are known as non-GAAP financial measures. Other companies that report similarly named financial measures may calculate these differently.

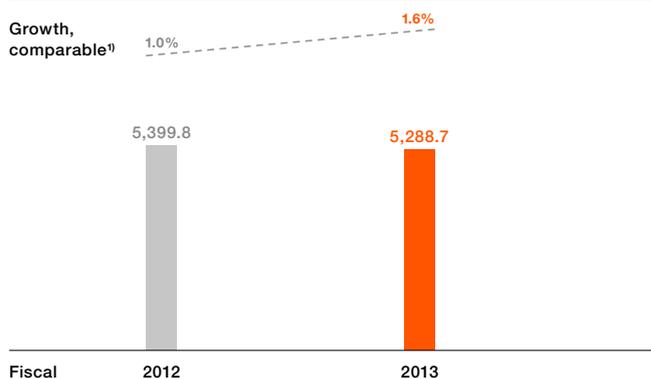
Further information on the indicators described in the following, including exact definitions and how these are calculated, can be found in the section entitled "Information on Financial and Non-financial Key Performance Indicators".

Revenue growth

OSRAM primarily looks at revenue growth in nominal terms. As a supplementary measure, we calculate comparable growth by adjusting the percentage change in revenue between the periods compared for currency and portfolio effects [see the glossary](#). Our strategy is to further expand our position in the lighting market. Given the long-term volume growth expected in the global lighting market, this means that OSRAM's business must grow faster than the competition in the long term. We aim to achieve this on a comparable basis.

Revenue

in € million



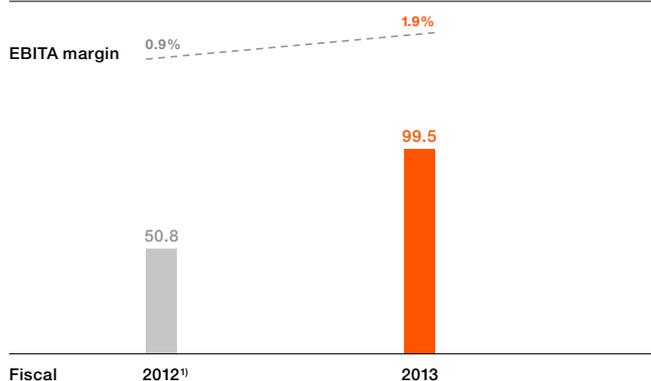
¹⁾ Adjusted for currency translation and portfolio effects, and compared with the prior year in each case.

Profitability

The key performance indicator used to measure our operating profit is EBITA. Our goal is to achieve an average EBITA margin of over 8% across the entire operating cycle in the OSRAM Licht Group starting in fiscal 2015. The EBITA margin is calculated by dividing EBITA by revenue. We also evaluate the operational performance of our segments on the basis of EBITA and the EBITA margin.

EBITA

in € million

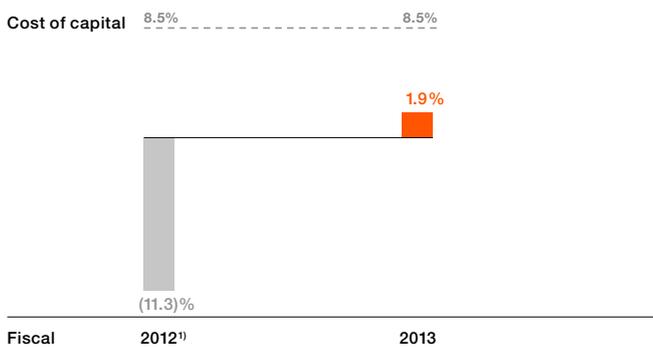


¹⁾ Adjusted for the effects of the initial application of IAS 19R.

Capital efficiency

Our performance indicator for capital efficiency is the return on capital employed (ROCE). ROCE is calculated as income (loss) before interest but after taxes divided by the average capital employed. This measures how efficiently and profitably OSRAM manages the capital provided to it by shareholders and creditors. Our target is to achieve a ROCE for the OSRAM Licht Group that clearly exceeds our cost of capital (currently around 8.5%).

Return on Capital Employed (ROCE)



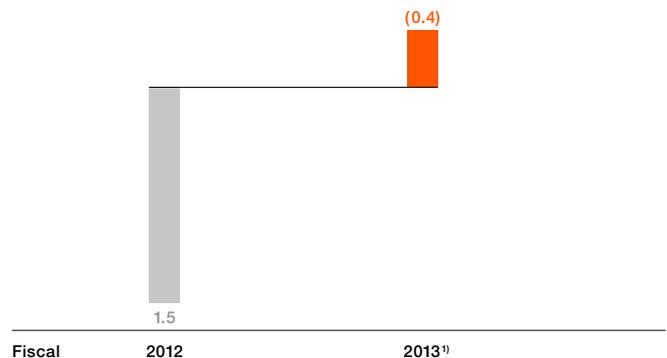
¹⁾ Adjusted for the effects of the initial application of IAS 19R.

Capital structure

We aim for a balanced capital structure, based on the usual criteria and indicators used for an investment grade rating, so as to ensure sufficient flexibility in our financing and favorable terms. Currently OSRAM does not have any corporate credit ratings from international rating agencies. We use net debt/EBITDA as the indicator for assessing our capital structure.

The loan agreement entered into with a banking syndicate on February 1, 2013 includes a financial covenant, according to which the ratio of net debt to EBITDA (as defined in the loan agreement) may not exceed 2.5:1. The definition of EBITDA used in this calculation is different to the one we use to manage our capital structure. → See the section entitled "Financing and Liquidity Analysis".

Capital Structure



¹⁾ As of September 30, 2013, liquidity exceeded debt, resulting in net liquidity. The figure for this is preceded by a minus sign. This produces a negative ratio for the capital structure indicator presented above.

Dividend policy

We aim to pay our shareholders attractive dividends that reflect market conditions. As a general rule, our target is a dividend distribution ratio of between 30% and 50% of the Group's net income, provided that such dividend payments can be reconciled with long-term, sustainable business performance. Net income may be adjusted for certain extraordinary non-cash effects when determining the amount to be distributed.

OSRAM has designed its value chain on the basis of an integrated, strategic approach towards product implementation and sales. Our product development uses a modular platform strategy comprising roadmaps to coordinate and align markets and trends, products and technologies, and resources and competencies. Our product implementation process is based on a four-pillar model that reinforces conscious make or buy decisions, taking into account aspects of the manufacturing, purchasing, quality, and logistics strategy. The sales function follows an integrated, customer-centric approach spanning multiple channels, markets, and products. It acts as our direct interface with the customer, enabling us to incorporate feedback from the market into our internal processes.

In this—as in all the Company’s activities—we are guided by the principle of sustainability. As an internationally active group, OSRAM is responsible for its business activities all over the world. Being a responsible company means taking an end-to-end approach to sustainability.

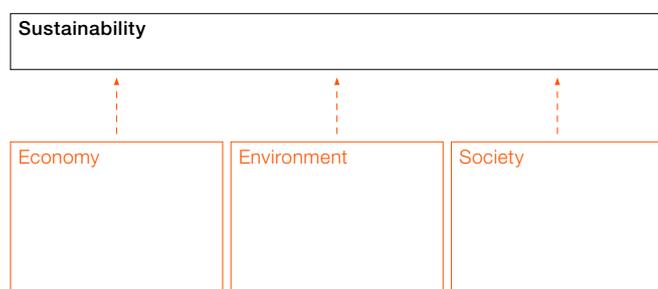
Sustainability at OSRAM

Definition of sustainability and its different aspects

The approach to sustainability followed by OSRAM is known as the three-pillar model, which takes into account economic, ecological, and social aspects.

Three-pillar Model

Source: Spindler, Geschichte der Nachhaltigkeit [History of Sustainability]



The economic component of OSRAM’s sustainability approach comprises aspects such as responsible and legally compliant management, as already described in detail elsewhere. We aim to consistently make the most of the business opportunities that arise while at the same time meeting our environmental aspirations. Given that artificial lighting consumes around 15% of total electricity production worldwide

according to the latest studies by the United Nations Environment Program (UNEP initiative en.lighten), the lighting industry plays a major role in tackling global challenges such as climate change, resource scarcity, and demographic change, as it holds the key to the improvements that efficient lighting offer. As an integrated lighting expert, OSRAM is dedicated to the development of energy-efficient products, systems, and solutions. In this way, we not only ensure that our business activities take, among other things, climate protection into consideration, but also help our customers reduce their energy costs. End-to-end environmental protection also means embracing the principle of sustainability internally within our organization and in our business activities: We strive to act in an environmentally friendly, innovative, and responsible manner at all times, from product development to recycling. In addition to developing energy-saving products, this involves researching and selecting the most environmentally sound materials, reducing manufacturing waste as far as possible, using environmentally friendly packaging, and applying energy-saving measures in all production processes. In other words, sustainability is relevant for OSRAM’s entire value chain, including our suppliers. ›See the following sections.

Economic and ecological aspects do not necessarily conflict with each other, as demonstrated by the fact that OSRAM Opto Semiconductors was awarded the title of “Green Supplier of the Year” by Japanese automotive company Yazaki North America in fiscal 2013. OSRAM Opto Semiconductors received the prize for its strong commitment to environmental protection, with Yazaki recognizing its dedication to saving energy, conserving water, and reducing and properly disposing of chemical waste in both the manufacture and delivery of semiconductor products.

Our holistic approach to sustainability is completed by the social aspect. We consider ourselves to be a responsible member of society. Firstly, we are a socially responsible employer, taking measures to promote our employees’ health and providing a safe working environment, for example. This also extends to the areas of education and training, diversity, and balancing work and family life. Even during times when restructuring is required, we are conscious of the responsibility we have to our employees in relation to the measures to be taken. Secondly, as a global company, we operate in many different cultures and societies and support numerous local and international projects that put the subject of lighting in a social context, such as providing more efficient solutions for educational establishments.

Cooperating to spread sustainable solutions

Over and above our internal measures, our aim is to contribute to sustainable change in the lighting industry. During the past fiscal year, we again maintained a dialog with numerous organizations and associations, participated in initiatives, and developed long-term partnerships. For example, in 2012 OSRAM joined the Global LEAP and GOGLA sustainability initiatives, which aim to make access to sustainable energy and efficient lighting solutions possible worldwide, particularly in off-grid locations. Together with Global Nature Fund, Siemens Stiftung, and our two Kenyan partners Thames Electricals and Light for Life, we are able to contribute and share the knowledge and expertise gained through our experience with our WE!Hub project in Kenya. In the area of conventional, grid-based lighting, we further strengthened our long-standing involvement in the industry association Lighting-Europe and the UNEP initiative en.lighten. In addition to introducing or switching over to efficient lighting technologies, our commitment extends to recycling. This allows us to generate synergies for energy-efficient and sustainable lighting in both industrialized and developing countries, and to actively contribute to shaping the markets in which we are active.

Sustainability management and organization

Our corporate responsibility for sustainable development is an integral part of our strategy.

Sustainability Management



Organizationally, the interdisciplinary topic of sustainability is directly anchored with senior management via the Chief Sustainability Officer. The tasks to be performed and the focus issues are developed and prepared by the relevant department—the Sustainability Office—together with the responsible specialists, and presented and discussed on the

Sustainability Council. The latter approves the proposed resolutions on sustainability to be submitted to the Managing Board. As a result of the going public, the Sustainability Council has been reorganized and will convene in its new constellation in the next fiscal year.

Research and Development

As a leading provider in the global lighting industry, OSRAM occupies a strong position in global research and development, both for traditional products and in the growing area of SSL products. Research and development is crucial to our ability to remain a successful and sustainable integrated lighting producer.

The Corporate Technology department, whose responsibilities include applied research, reviews the applicability of new theoretical findings to the lighting industry at sites in Germany, the U.S.A., and China, and conducts technology development projects as appropriate. Corporate Technology's activities center on the applicability of future technologies, such as organic light emitting electrochemical cells (OLECs), which are expected to come into use in the next two to seven years. Efforts are made to protect innovations with patents and other industrial property rights as early as possible. In addition, the "open innovation" approach is also pursued by two dedicated functional units so as to obtain early knowledge of future technologies. In this context, we cooperate with various research institutions, universities, and other companies e.g., on research programs that are sponsored by institutions such as the European Commission and the Bundesministerium für Bildung und Forschung (BMBF—German Federal Ministry of Education and Research). In fiscal 2013, OSRAM worked with European and American research institutions on the following sponsored research projects, among others:

- A joint project aimed at developing the technology framework for a new class of energy-efficient LED headlights with additional traffic safety functions. This could be used to develop adaptive front-lighting (AFS) systems that enhance driver and passenger safety.
- Research into technologies to facilitate the "roll-to-roll production" of organic optoelectronic devices. Compared with sequential production processes, roll-to-roll production of e.g., electrodes and barrier layers allows larger surfaces to be processed quickly and therefore more cheaply (<€190/m²).

The following results were achieved through research projects and collaborations in fiscal 2013, among others:

- The 30 wide-area light sources used in the "Rollercoaster" OLED luminaire were developed as part of the TOPAS 2012 research project, which was supported by the BMBF. Each

has a luminous surface of 18 x 6.5 centimeters. Efficiency of 20 lm/W with a transmission (“transparency”) of 57% was achieved for the first time for transparent OLEDs of this size.

- The infrared chip prototype achieved very good results with efficiency of up to 72%. At 930 milliwatts from an operating current of 1 amp, its light output under laboratory conditions is 25% higher than that of the chips currently available on the market, which means that future infrared LEDs will be even more energy-efficient.
- As part of the development of a lighting solution for museums, a system was developed for the Lenbachhaus museum in Munich. The fully dimmable system can be flex-

ibly set between a sunrise-like warm white (3,000 kelvins) and daylight-similar cold white (6,000 kelvins).

Corporate Technology also supports product development activities within the segments. Each segment has dedicated development centers, which drive forward product development and system integration worldwide. Cross-segment themes, significant innovations, and key decisions are coordinated by the Technology Board. Key themes include:

Key Themes of the Product Development

Pre-development of innovative semiconductor materials, processes, and components

Future LED epitaxy, LED chips, and issues relating to LED packaging for high-brightness LEDs

Development of platforms, e.g. to reduce complexity

Application-specific LED light engines in various designs, especially for general lighting (including LED lamps) and automotive forward lighting, e.g. for adaptive front-lighting systems (AFS)

OLEDs (organic light emitting diodes)

Highly efficient lasers for large video projection systems or sensorics applications such as adaptive cruise control (ACC) systems

Integration of drivers and circuits in corresponding components and platforms

Extension of LED luminaire portfolio for professional and consumer applications, equipped with intra-luminaire communications where appropriate

Light management systems with sensorics, intelligent controls, algorithms, interfaces and, for example, wireless communication with devices or building management systems

In addition, the SSL centers in Regensburg, Germany, and Shenzhen, China, play a crucial role in developing SSL products. The pre-development and product development of LEDs and LED light engines, and the development of OLEDs take place at these centers.

The IQLight Innoventure organization was created as a response to the increasingly short innovation cycles in a highly competitive environment with strong pricing pressure. Together with the Strategy department, Corporate Technology uses this to assess the future potential of innovations that would change OSRAM's current business models—and possibly even the Company—as they emerge. These innovations are then realized as part of an integrated solutions and services approach for our customers.

Due to the transformation of the lighting market and the associated rising demand for SSL products, we have shifted resources in recent years from our traditional competencies to SSL-related topics that we believe could be relevant to future SSL developments, such as luminescent materials, ceramics, electronics, optics, thermal management, glass, and manufacturing processes. In fiscal 2013, SSL products accounted for around 62% (fiscal 2012: approx. 60%) of our total research and development expenses and we plan to continue to increase this percentage.

As of September 30, 2013, around 2,500 employees (September 30, 2012: around 2,700 employees) worked at OSRAM's 36 worldwide research and development locations (as of September 30, 2013; 2012: 38 locations). Research and development expenses in the past fiscal year amounted to €341.2 million (previous year: €339.5 million). The capitalized development costs are not significant. Research and development intensity (the ratio of research and development costs to consolidated revenue) was 6.5%, up on the level for the previous year (6.3%), with higher transformation costs having an impact in the year under review. The number of patent applications claiming priority decreased from 960 in fiscal 2012 to 680 in 2013 due to a narrower focus. At the end of fiscal 2013, the OSRAM Licht Group had approximately 20,300 patents and patent applications in around 6,500 patent families (fiscal 2012: 20,400 in 6,200 patent families). The lighting industry, in particular LED components, is characterized by a significant number of patent cross-license agreements between the different manufacturers. In the past, we had already entered into cross-license agreements or non-assertion agreements with Samsung group companies, the Nichia group, the Philips group, the Toyoda Gosei group, the LG group, and the Cree group. The Sharp group was added to this list at the end of fiscal 2013.

Our strong research and development activities mean that OSRAM is able to research and develop even more energy-efficient SSL products and traditional products. Energy-efficient products and intelligent lighting solutions make a significant contribution to reducing emissions globally due to the high proportion of the world's energy production that is consumed by lighting.

Procurement

The procurement function at OSRAM is managed globally and is responsible for the complete purchasing volume. It aims to systematically contribute to OSRAM's business success. Organizationally, procurement is split between the individual materials and the regional procurement units, which are responsible for country-specific procurement needs and local procurement activities. This makes it possible to focus on both strategic and operational purchasing activities. Where necessary and appropriate, materials specialists ensure that the global (strategic) procurement strategy and local (operational) purchasing activities are linked and harmonized. In this way, purchasing volumes are pooled, economies of scale achieved, natural currency hedging supported, and long-term supply relationships developed. To mitigate supply risk, a second qualified supply source is established and used wherever possible and appropriate. OSRAM has also entered into a joint purchasing arrangement with Siemens, particularly in the area of electronic components. In addition, OSRAM is looking at further cooperative arrangements with other external partners. The procurement function is also involved in the early stages of development, particularly of SSL products. It is part of our procurement strategy to use the innovation power of our suppliers by involving them in product development and to continuously generate materials-related productivity improvements. Purchasing decisions are made on the basis of a total cost of ownership analysis so as to achieve the best cost position from a full cost perspective. Electronic sourcing tools are frequently used for auctions and bidding procedures, to generate competition in our negotiations and obtain objective and transparent sourcing decisions.

Given OSRAM's relatively high level of vertical integration, procurement purchases a broad range of products. In fiscal 2013, the purchasing volume, i.e. the goods and services acquired from third parties, amounted to around €2.8 billion (fiscal 2012: around €2.9 billion). The most significant countries in terms of purchasing volumes in fiscal 2013 were Germany, China, Malaysia, and the U.S.A. Approximately one-third of the total purchasing volume is sourced in emerging markets.

Around two-thirds of our purchasing volume is attributable to direct materials and finished products. Sourcing is to a large extent directly impacted by market conditions for commodities such as nickel, copper, tin, or derivatives, e.g., plastic resins or paper products. In glass and lamp production, energy is also an important part of sourcing. The main finished products manufactured by third parties include certain compact fluorescent lamps, LED lamps, luminaires, and conventional as well as electronic control gears, which are acquired as part of different business models such as contract manufacturing, or as merchandise, depending on the strategy for the product in question. We also source services such as transportation of all kinds via suppliers with their own operating networks.

Sustainability within the supply chain is another important aspect of our procurement function. We require all major suppliers to comply with the OSRAM Code of Conduct for OSRAM suppliers and to ensure that it is implemented within their own supply chains. We arrange for selective sustainability assessments to be performed globally through site visits to suppliers by external experts, so as to ensure compliance with our standards and the sustainability of business activities throughout the supply chain. We also regularly evaluate our key suppliers and agree on improvement measures with them. In addition, we expect our suppliers to reduce the use of certain hazardous substances in electrical and electronic devices to a minimum, as far as technically and economically viable.

Production and quality management

Production

Our own manufacturing activities are a mainstay of our business activity. Our production expertise is based on long-standing experience and consistent development of our footprint. As of September 30, 2013, OSRAM operated 36 production sites in 14 countries. The production sites are located mainly in Europe, the Asia-Pacific region, and North America. The transition from traditional lighting to SSL requires a decrease in vertical integration and greater use of standardized electronic components. Consequently, global manufacturing capacity in traditional areas is being adapted. At the same time, new manufacturing facilities and capacities for the new SSL products and the related manufacturing processes are being established. As part of OSRAM Push, the number of production sites will be reduced to 33 by the end of fiscal 2014, compared with 43 as of September 30, 2011, when the OSRAM Push program was launched. We are also seeking to optimize our cost structure by making more use of low-cost production locations such as Asia, Mexico, and Eastern Europe. We have centralized the planning, design, contract-

ing, installation, and commissioning of new production lines in our worldwide production plants and develop processes for these new production lines. This has cut costs and enhanced the protection of our production expertise against competitors.

The Lamps & Components and Specialty Lighting segments, in particular, use many production sites jointly, especially where there is an overlap between the business units' products and production processes. Significant production facilities have been built for these business units in China (Foshan [Nanhai] and Guangzhou [Panyu]). However, each business unit also maintains stand-alone production sites.

The production of the Lamps & Components segment's traditional products is concentrated in low-cost manufacturing countries such as China, India, Russia, and Mexico, where continued demand for traditional lamps is expected. However, incandescent lamps are also still manufactured in France and the U.S.A. As part of OSRAM Push, we are reviewing whether to continue to further concentrate the production of traditional lamps in low-cost countries.

In the Specialty Lighting segment, production and development take place in every region. We expect to see the most dynamic growth in SP products, in the APAC region in particular.

Production activities for our Opto Semiconductors segment take place independently of the other segments at the specialized sites in Regensburg-Burgweinting, Germany (front-end), and Penang, Malaysia (front-end and back-end), and will in future also be performed in Wuxi, China (back-end). To extend the production of LED components (LED chip packaging) to China, one of the most important markets for optoelectronics, we have started to build a new LED assembly facility (back-end production) in Wuxi, China. We are planning to begin selling products from the site from mid-2014 onwards.

The Luminaires & Solutions segment produces luminaires, mainly at the site in Traunreut, Germany.

The stronger focus on OSRAM Excellence—our 15 years of experience with the integrated production system based on key elements such as lean, six sigma, and TPM (total productive maintenance)—led to significant productivity gains being made in the past fiscal year, ensuring that we remain competitive. All of OSRAM's main production sites are ISO certified (ISO 9001, ISO 14001). In connection with this, we are striving to consistently reduce energy consumption at all

manufacturing facilities so as to sustainably improve the energy efficiency of our production sites. In the past fiscal year, energy consumption was significantly improved and CO₂ emissions were reduced.

Due both to the increasing legislation and regulations governing the use and declaration of certain hazardous substances in electrical and electronic devices worldwide—such as the EU's RoHS Directive, which restricts the use of hazardous substances in electrical and electronic equipment, and regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)—and to our own commitment to sustainability, OSRAM works continuously, and at considerable effort, to reduce the use of critical substances such as lead and mercury beyond legal requirements, wherever technically and economically viable. Through the newly founded LightingEurope association, OSRAM is also actively involved in the introduction of globally harmonized, mandatory mercury limits for lighting. The template for this is the strict legislation in the European Union.

Quality

OSRAM is synonymous with innovative, tailor-made products and solutions that are extremely high quality and reliable. To continue meeting these requirements while product complexity is increasing and product development cycles are shrinking, we rely on our "Quality First" culture. We aim to satisfy our customers' high expectations by offering reliable products, prompt delivery, and dependable support. To do this, we are focusing on comprehensively enhancing preventive quality management throughout the OSRAM Licht Group. This can only be effective if quality management and consistent attention to quality permeate all processes throughout a product's life cycle, from the original idea until it is phased out. All of our main sites have ISO 9001 certification for quality management, or ISO TS 16949 certification for quality management in the automotive industry.

During the past fiscal year, OSRAM further enhanced and strengthened its quality organization in the areas of development quality and supplier quality, with a focus on the technology shift to LED-based products with short development cycles. The ongoing production improvements—particularly controls implemented at an early stage of the individual production steps to avoid rejects, as well as the early identification of rejects in the value chain—have led to significant reduction in rejects measured in terms of both their value and their numbers of units involved.

Regular audits, including global certification by independent experts each year, are used to check whether our manage-

ment guidelines are actually being implemented in practice, and hence whether sustainability is ensured. Management discussions are conducted locally and at OSRAM Light Group level to discuss the results and achievements of our quality management system and to allow us to consistently and sustainably enhance the system.

Sales and customer relationships, marketing

Sales and customer relationships

The sales function represents OSRAM's face to the customer. Global sales management is centralized, whereas implementation takes place at local level. OSRAM is currently present in more than 120 countries. Sales synergies between the segments are ensured through their joint presence in the different countries. The regional organizations are able to draw on OSRAM's strong global sales organization when assisting local customers. For example, our global presence as a fully integrated lighting group in the project business enables us to support customers in the global implementation of their projects for the full project duration. This positioning allows us to meet our customers' varied demands, leverage the full potential of our brands, and react flexibly to market developments. OSRAM employed around 4,800 people in our sales function worldwide as of September 30, 2013 (2012: around 5,200 people).

The main sales channels for the individual segments differ due to their varying customer focus. Whereas the Lamps & Components segment's highly standardized consumer products are largely sold via retailers and trade channels, the Specialty Lighting and Opto Semiconductors segments mainly sell their highly specialized products to OEMs. Specialty Lighting also serves the aftermarket via retailers. The Luminaires & Solutions segment's complex and frequently customer-specific lighting systems are produced on a project basis in direct consultation with architects, engineers, and lighting designers, among others, and are in large part sold via trade channels.

The long-standing cooperation with our customers has led to strong relationships, which form a stable starting point for mastering the transformation in the lighting industry, and a sound basis for sustainable business success. We have adopted a global key account management system for our customer relationships. In addition, members of the Managing Board maintain direct contact and are in dialog with our most significant customers. Customer satisfaction is a crucial factor for OSRAM's sustainable success. The likelihood that customers will recommend us to others is quantified in a representative annual survey by measuring customer satisfac-

tion using a Net Promoter Score (NPS). The NPS remained at high level as seen in previous years.

Furthermore, numerous measures were implemented to improve sales efficiency at OSRAM in the past fiscal year. For example, we introduced a digital CRM (customer relationship management) system, which optimizes the customer service provided to OEMs and project business customers in particular. The organizational structures within the sales function were also streamlined in light of the increasingly intensive competition. In addition, we held numerous training sessions for our employees and customers to inform them about the shift in the lighting market, familiarize them with our products, and thus foster their long-term loyalty to OSRAM. For example, all sales employees receive ongoing training on SSL technology.

In the U.S.A., installers and electricians have been trained as certified LED specialists, with the intention of ensuring the long-term loyalty of these market multipliers to OSRAM.

Compliance with the relevant laws and internal regulations is a fundamental component of our global sales activities.

OSRAM's customer base remained highly diversified in the past fiscal year. Our largest customer accounted for around 3.5% of total revenue, with the top 50 customers together making up 45% of the OSRAM Licht Group's revenue.

Marketing

Our main brands, particularly OSRAM and the OSRAM logo, are registered trademarks in every country where trademarks can be protected. Our products are primarily marketed under the OSRAM umbrella brand. Optoelectronic semiconductor components are sold under the OSRAM Opto Semiconductors brand. In North America, we also market our products under the SYLVANIA brand. In the luminaires and light management markets, Traxon and Siteco are additional brands; these are sold under the OSRAM umbrella brand with the addition "An OSRAM business."

Our key brand communication targets and activities aim to continuously strengthen our brand and to position OSRAM as a technology leader in the field of LEDs, as an application and solution provider, and as a sustainable company improving quality of life.

We use selected beacon projects to spotlight our products in connection with globally recognized events or landmarks. These include the Expo Pavilion in Shanghai, China, the Yas

Hotel at the Formula 1™ race track in Abu Dhabi, the Durban World Cup soccer stadium in South Africa, and the new LED lighting for the statue of Christ the Redeemer in Rio de Janeiro, Brazil. This beacon project concept is complemented by local projects, such as the event lighting for the 41st FIS Alpine Ski World Championships in Garmisch-Partenkirchen in Germany in 2011.

Environment, health, and safety

Environmental protection and occupational safety

As an internationally active company, OSRAM is responsible for all its activities all over the world. We live up to this responsibility through our "Global Care" sustainability strategy. Global Care represents our commitment to act in a socially and environmentally sound manner worldwide. In this way, we protect the environment for future generations and ensure that our customers' businesses and our own are economically sustainable. Protecting the local environment is particularly important. Integrated environmental protection means acting in an environmentally friendly, innovative, and creative manner from product development to recycling. This involves developing energy-saving products, researching and selecting environmentally sound input materials, reducing manufacturing waste, using efficient packaging, and conserving energy in all production processes. Establishing high environmental standards, promoting the health of our employees, and providing a safe working environment are the prerequisites for shaping a sustainable future. Our progress in the areas of environmental protection, health management, and safety is therefore an important part of OSRAM's overall sustainable development.

We have introduced a global, integrated, and centrally controlled environmental protection and occupational health and safety management system in accordance with the internationally recognized standards ISO 14001 (for environmental management) and BS OHSAS 18001 (for occupational health and safety management). By recording environmentally relevant data, such as energy and water consumption, waste volumes, and emissions, the system allows us to identify areas for improvement and implement the relevant measures. All major OSRAM locations have ISO 14001 certification.

Regular certification audits enable us to check whether our management guidelines are actually implemented in practice. We use the findings of these audits to enhance our environmental protection and occupational health and safety. In addition, the effectiveness of the management systems described is evaluated annually in a global multi-site certification performed by independent experts.

Environmentally conscious product design

Energy-saving lighting solutions have been part of OSRAM's product range since the Company's inception. When developing and manufacturing products, we also give consideration to their environmental impact throughout the product life cycle and analyze this systematically. The methodology used for these analyses was based on the international standards ISO 14040 and 14044. The findings of both our own and external research show that by far the most significant environmental factor for almost all of our products is their energy consumption in use. As a manufacturer of highly efficient lighting solutions, we contribute to tackling global issues such as climate change with our sustainable products. Our products based on SSL technologies use up to 80% less energy than traditional products with the same light output. Intelligent light management systems help to optimally meet lighting requirements and avoid unnecessary energy consumption. Using these products can therefore make a marked contribution to reducing CO₂.

Our products only contain the necessary, minimal levels of environmentally hazardous substances and we strive to avoid using superfluous packaging materials. Furthermore, we consistently work to make our products as recyclable as possible. OSRAM actively meets its legal obligation as a manufacturer to take back and recycle used lamps. In addition to our own commitment, we are also subject to the EU's Waste Electrical and Electronic Equipment Directive ("WEEE"). The aim is to reduce and prevent waste, keep resources in circulation, reduce the volumes of hazardous waste materials, and promote safe disposal.

Rare earths from fluorescent lamps are recycled, for example. We have developed and patented a process for recovering rare earth metals from fluorescent lamps for this purpose. A demercuration plant has been established to industrialize this process. For the other steps in the recycling chain, we cooperate with an external partner, which delivers the rare earths back to us as raw materials for use in the synthesis of fluorescent substances.

A description of our current sustainability strategy and its goals, as well as the environmental program for the whole Group, can be found on our web site at www.osram.de/global-care.

Employees and Social Responsibility

Employees

OSRAM expects a high level of commitment and outstanding performance from its employees. In turn, as a global employer, OSRAM treats every employee, irrespective of nationality, with appreciation and respect. Not only do we offer fair pay and attractive additional benefits; we also provide a motivational working environment and a culture of trust. In addition, we offer all employees the opportunity to fully develop their own potential, both personally and in relation to their work. In order to maintain our leading position in the highly competitive, fast-moving environment of the lighting market, which is in a period of transition, we offer our employees a wide range of programs, projects, and activities to further their development.

The OSRAM Push program was designed as a response to the fundamental shift in the lighting market, and has ushered in a comprehensive restructuring of the Group. We are trying to handle redundancies arising from the restructuring in as socially responsible a manner as possible. In a parallel development, OSRAM is building capacity in business areas with future potential.

In order to address staffing issues even better and more efficiently in the future, we began in fiscal 2013 to replace our existing, highly decentralized personnel structures with centrally managed structures and workflows. In addition, we intend to simplify our structures through an ongoing process of harmonizing and standardizing our operational processes.

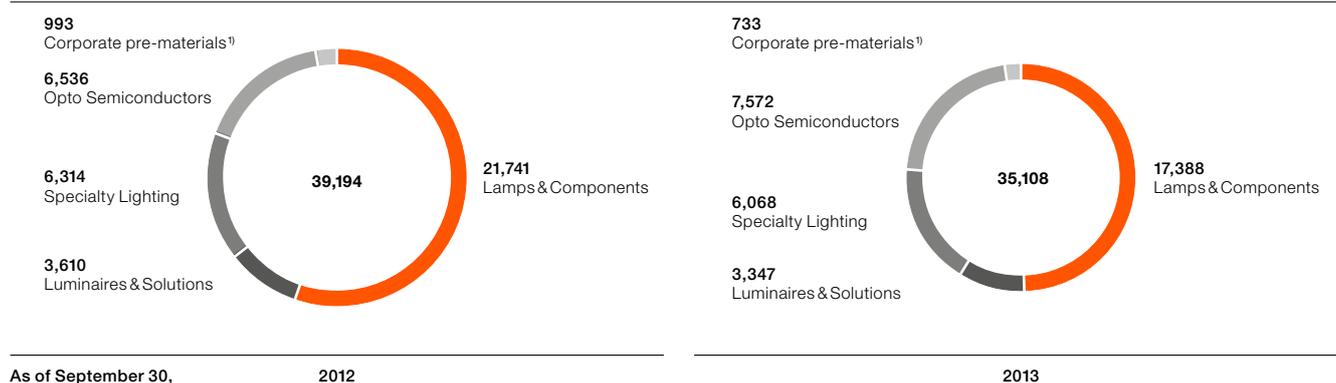
Furthermore, we work continually to strengthen OSRAM as an employer brand in order to attract the very best employees and talents in the competitive international job market.

Promotion, education, and training

OSRAM's working environment is dynamic, demanding, creative, and open. Our employees work in an environment that offers challenging tasks, as well as a wide variety of training courses, e-learning options, and further education programs. Performance targets, goals achievement, and individual development plans and the progress made towards these are discussed in regular meetings between employees and managers. The effectiveness of training programs is also monitored regularly as part of this process. By supporting each employee in line with his or her individual goals, abilities, and talents, we increase the effectiveness of both the individual and the whole organization.

Employees by Segments

FTE



As of September 30,

2012

2013

¹⁾ These employees primarily develop and manufacture specific pre-materials spanning more than one segment, such as fluorescent substances.

The “Talents enLIGHT program” is an important part of our employee development program. Every year, around 20 high potentials are given the opportunity to work together to implement highly ambitious OSRAM projects. Participants have the chance to meet colleagues from across the world, so that in addition to working on the project they are able to build an international, cross-disciplinary network of contacts.

In order to position the Company as an even more attractive employer for technology specialists, we introduced a new, global career path for highly qualified technology staff this fiscal year. The Key Expert career program offers such people the opportunity to focus on technological challenges as an alternative to a career in management. In fiscal 2013, the first 22 experts were nominated and began working in twelve defined core technology areas, such as optical design, organic electronics/OLEDs, or process engineering.

OSRAM has a long track record of offering vocational education and training. We have established training workshops or vocational education and training centers at many of our sites across the world. Some of our plants abroad are organized on the basis of the internationally recognized German dual vocational training system.

Our Open Mentoring program offers employees across all levels, business areas, job functions, and national boundaries the opportunity for global, interdisciplinary exchange.

Work and family

It goes without saying that in today’s world an attractive working environment must offer a variety of employment options to help employees improve their work-life balance.

To do this, we have a number of local “flexible office” options, as well as the opportunity to take individually agreed leave, with prior approval.

In addition, OSRAM supports employees who have children by providing company-owned or company-sponsored childcare.

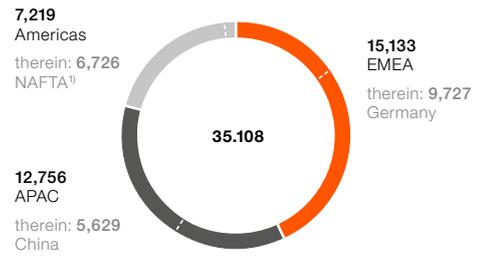
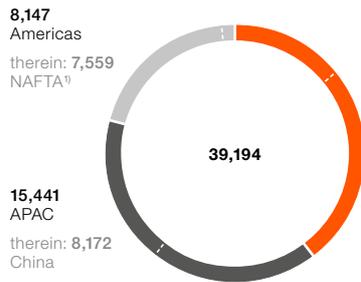
Diversity

Diversity means that regardless of their different cultures, backgrounds, religions, gender, and abilities, employees have equal rights. Aside from the obvious need to ensure equality of opportunity irrespective of age, gender, origin, or sexual orientation, diversity in a global company is a prerequisite for succeeding in a competitive economic environment. We aim to promote diversity and make it a normal and central element of our corporate culture. In recognition of the importance of this, OSRAM appointed a Chief Diversity Officer some time ago.

OSRAM uses a number of different ways to increase awareness of diversity issues within the Company. For example, every three months there are diversity webinars (Internet seminars). In addition, we encourage exchanges between employees via the online communities in our intranet, so that they can learn from each other and encourage innovation across all areas of the Company.

Employees by Regions

FTE



As of September 30,

2012

2013

¹⁾ NAFTA comprises employees in the U.S.A., Canada, and Mexico.

Leadership culture

OSRAM promotes an entrepreneurial corporate culture and a culture of excellence. We encourage achievement through a clear system of incentives, particularly in respect to implementing the measures, and achieving the results of the OSRAM Push program. Our transparent bonus system is based on clearly measurable goals and assessment by senior management. The Performance Management Process (PMP)—known in Germany as “Entwicklung, Förderung und Anerkennung” (EFA)—is the main instrument used by OSRAM to systematically identify, support, and foster its employees’ potential and talents.

Our leadership culture is based on three principles: commitment, clear accountability, and responsibility—which apply both towards colleagues as well as towards customers, shareholders, and suppliers.

Corporate citizenship

Not only does OSRAM fulfill its social responsibilities in relation to its employees across the world; we also regard ourselves as a corporate citizen, with a duty to be a responsible member of all cultures and societies where we are active as a global company.

Our social commitment takes many forms, from volunteering and donations by our employees through to financial and in-kind support from the Company. In addition, we bring our expertise and influence to bear in the course of our work with international organizations. We also participate directly in development, education, and environmental projects throughout the world. And last but not least, we actively sponsor art and culture in a variety of ways.

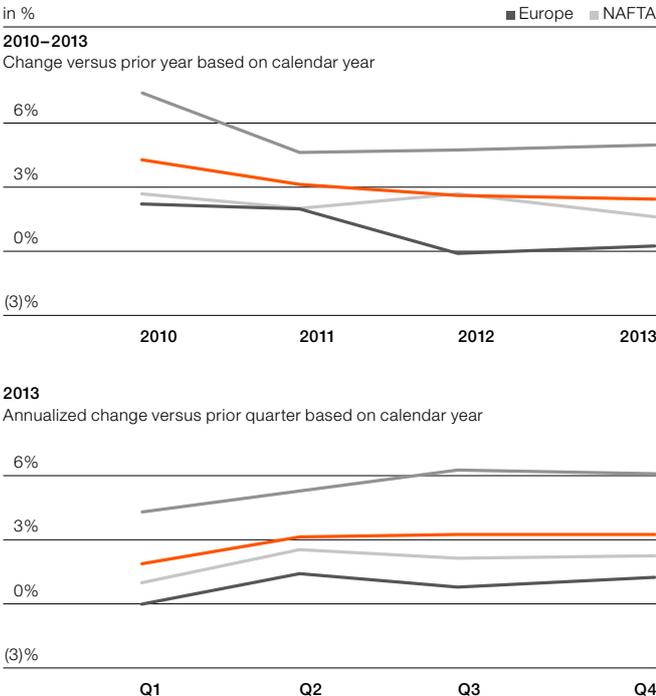
Business Performance in 2013

Macroeconomic and Sector-specific Developments

Macroeconomic Developments

Compared with the prior year, the global economy in 2013 was characterized by weaker economic development and substantial regional differences. Forecasts for calendar year 2013 point to a slight downward trend in economic growth. At 2.4%, real GDP growth is down on the prior-year figure (2.6%). Growth was particularly retarded in the first two quarters of fiscal 2013 (the fourth quarter of the 2012 calendar year and the first quarter of the 2013 calendar year), with economic output growing by less than two percent. In particular, subdued growth in Europe—caused by the ongoing sovereign debt and financial crisis—and the weak recovery in the U.S. economy following the “fiscal cliff” depressed economic growth worldwide and also held back positive development in the Asia-Pacific economic area in these two quarters. The global economy only began to show signs of recovery in the second and third quarters of the calendar year.

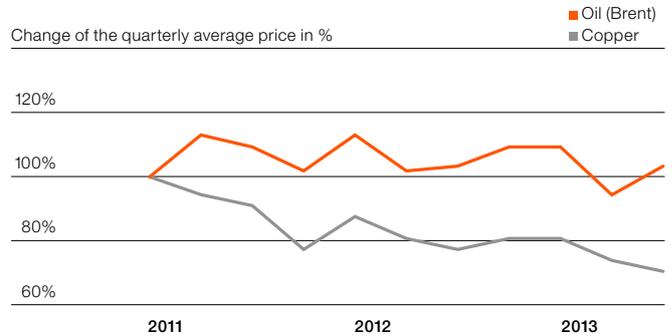
Real GDP Growth



Figures for Q4 2013 are based on forecasts by IHS Global Insight. Source: IHS Global Insight September 2013.

One consequence of the current slowdown in economic growth is that prices for energy and raw materials have dropped slightly; this applies in particular to prices for important commodities for OSRAM products, such as energy, copper, or rare earths. For example, energy prices were slightly lower, with oil prices dropping from USD 113 a barrel in the fourth quarter of calendar year 2012 to the latest price of USD 109 a barrel.

Price Index of Relevant Raw Materials

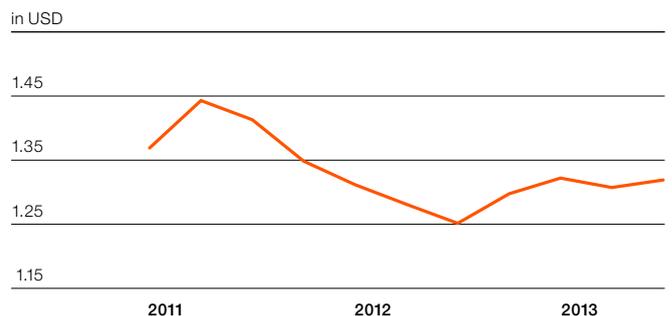


Sources: oil price: U.S. Energy Information Administration; copper: Bloomberg.

Prices for raw materials were subject to substantial fluctuations at times in the past—prices for rare earth metals in particular rocketed by over 250% in 2011 and 2012, then plummeted in 2013 back to the levels seen in calendar year 2010. By contrast, prices for xenon rose notably.

The euro rose in value against the U.S. dollar between the third calendar quarter of 2012 and the third calendar quarter of 2013, from USD 1.25 to USD 1.32, making exports from the eurozone more expensive. A big share of OSRAM’s revenue is realized in U.S. dollars. Other important currencies for OSRAM, such as the Hong Kong dollar and the Chinese renminbi, also follow U.S. dollar movements. For information on the effects of exchange rate fluctuations on our reported revenue see the section entitled “Results of Operations” on pages 68 to 76.

Development of the US Dollar Against the Euro



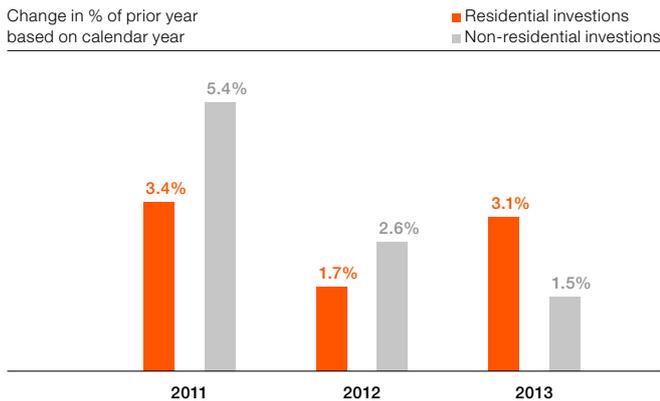
Source: European Central Bank, September 2013; October 2013

Key Lighting Market Indicators

Both our product business and our project business depend to a large extent on investments in the construction industry. Investment growth in the building industry is diverging. On the one hand, capital expenditure on non-residential building projects (i.e., commercial and public buildings) in calendar year 2013 at 1.5%, is likely to be considerably lower than the prior-year figure of 2.6%. On the other hand, investment in residential building projects is forecasted to recover clearly and to grow by 3.1% worldwide in calendar year 2013. This is especially due to a clear growth in the U.S.A. where the DIY market (do it yourself) recovered from historically low levels.

Source: IHS Construction Outlook, September 2013.

Construction Spending – World



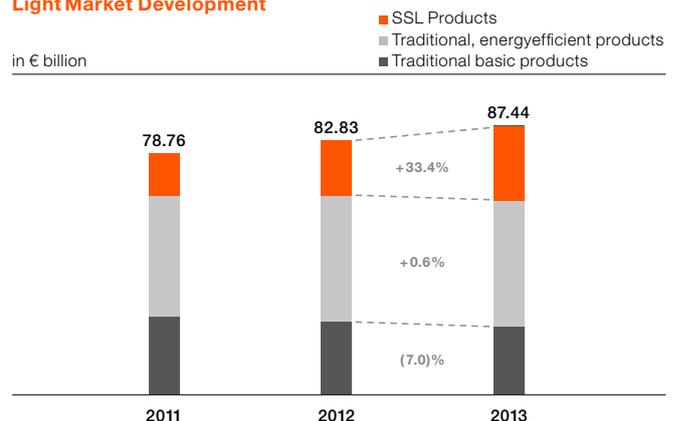
Car production is predicted to show slower growth in calendar year 2013, down to 2.2% from the previous year's strong showing of 5.5%, with direct consequences for the automotive OEM business. Source: IHS Automotive Production Forecast, September 2013.

Trends in the Lighting Market

Our assessments of trends in the lighting market are based on forecasts contained in the 2012 McKinsey report, "Lighting the Way: Perspectives on the global lighting market." However, these are currently overlaid—particularly at regional level—by economic developments, for example in Europe.

In principle, according to the McKinsey report, clear structural growth in the lighting market is expected in calendar year 2013. Market volume is expected to rise to €87 billion, compared with €83 billion in calendar year 2012. This means that growth in the lighting market will outperform real GDP growth of 2.4% in the same period. The most important growth area is in semiconductor-based lighting products (solid state lighting or SSL), such as LED lamps and luminaires, which are forecasted to see double-digit growth in calendar year 2013. Energy-efficient products which do not use semiconductor-based lighting technology are also expected to grow by about 1% in the same period. This excludes inefficient lighting technologies such as incandescent lamps, where demand is expected to fall by about 7% in calendar year 2013, compared with 2012. These trends clearly demonstrate the shift in the lighting market, away from inefficient technologies towards energy-efficient ones.

Light Market Development



Significant Events Affecting the Course of Business

General global economic growth, with its regional variations, as well as trends in the markets served by OSRAM and trends in the global lighting market, all have a significant impact on the course of our business. Although the lighting market grew structurally in fiscal 2013, it was in several ways a challenging year for OSRAM:

Macroeconomic development and lighting market

The weaker global economic growth seen in 2013 and the varying regional trends are reflected—in some cases clearly—in our business performance. For example, we achieved noticeable revenue growth in Germany, whereas the Americas region recorded lower revenues, partly resulting from currency fluctuations. Regarding the lighting market, its growth is accompanied by intensified competition.

Product portfolio and product mix

The technology shift from traditional lighting technology to SSL is radically altering how electric light is produced, and opening up new technical opportunities in terms of color, dynamics, miniaturization, application, integration, and energy efficiency. In fiscal 2013, the share of SSL products in our portfolio grew from 25% in 2012 to 29%. The SSL business at OS is highly profitable and we were able to make progress in 2013 with increasing the profitability of the forward-integrated SSL products business, which is currently still making a loss.

OSRAM Push program

The technology shift necessitates the strategic realignment of the OSRAM Licht Group. To achieve this, an overall, comprehensive and sustainable improvement program, OSRAM Push, was launched in the first quarter of fiscal 2012, with the aim of ensuring a sustained improvement in OSRAM's performance. As part of this program, we took steps to reduce our global production capacity, to make savings in function costs, and significantly reduce the workforce. Transformation costs affecting EBITA amounted to €299.5 million in fiscal 2013 and impacted the Lamps & Components and Luminaires & Solutions segments in particular. The cost structure for our corporate functions was also adjusted. Additionally, we are divesting unprofitable businesses in the course of pruning our product and lighting solutions portfolios.

Volatility in the raw materials markets

The cost of raw materials and parts accounts for a considerable portion of our cost of goods sold and services rendered, and we are dependent on the availability of, and procurement prices for, critical materials. Developments in the raw materials markets had no significant impact on our business in fiscal 2013.

Divestments

In fiscal 2013, we divested the LC segment subsidiaries Sunny World (Shaoxing) Green Lighting Co. Ltd., in Shaoxing, China ("Sunny World"), and OSRAM Hong Kong Ltd., in Hong Kong, China ("OHK"); this also reduced the number of production facilities in line with the OSRAM Push program. We also reviewed our strategic position in our joint ventures Valeo Sylvania LLC in Seymour, U.S.A. ("Valeo Sylvania"), and OSRAM China Fluorescent Materials Co., Ltd., in Yi Xing City, China ("OCFM"), and in each case signed agreements to sell our shares to the joint venture partners.

Against this background, OSRAM achieved a modest year-on-year rise in revenue on a comparable basis. We are seeing the first signs of success from the OSRAM Push transformation program in the rise of 190 basis points in the EBITA margin before special items compared with the previous year.

Comparison Between the Actual and Forecast Course of Business

Target Achievement 2013

		Initial position Fiscal 2012	Outlook Q3/2013	Target achievement Fiscal 2013	Evaluation
Comparable revenue growth (adjusted for currency translation and portfolio effects)	Second half-year:	€2,669.1 million	Modest comparable increase ¹⁾	Q3/2013: +2.2% Q4/2013: +4.5% each on comparable basis	slightly overachieved
	Total year:	€5,399.8 million	Revenue level as in fiscal 2012 will remain stable on a comparable basis	Total year: €5,288.7 million comparable growth of 1.6%	slightly overachieved
EBITA (before special items)		€50.8 million special items of €263.5 million	Increase by approximately 20% to around 30%	Increase of EBITA before special items by 31%	achieved
Net income		€(391.3) million	A net income will be reached	€33.6 million	achieved
Free cash flow		€(222.6) million	Clearly positive	€284.3 million	achieved

¹⁾ Provided that the economy does not experience a further downturn.

²⁾ Excluding transformation costs and costs associated with the separation/for going public, as well as expenses in connection with legal and regulatory matters, which qualify as a special effect on earnings.

Revenue Development

Our revenue declined to €5,288.7 million in fiscal 2013 due to negative portfolio effects of 2.1% resulting from the disposal of our shares in the joint ventures with Mitsubishi and Toshiba in Japan. Currency translation effects also had a negative impact of 1.5%, mainly due to movements of the US dollar as well as southern american currencies. Adjusted for portfolio and currency translation effects, revenue was 1.6% above the prior-year level.

Although revenue trends differed considerably between OSRAM's reporting regions, the fundamental structural trend toward SSL business continued. At segment level, the revenue growth at OS and SP was unable to fully offset the decreases in the LC and LS segments. The performance of the individual segments is described in more detail in the following section, entitled "Segment Information" on pages 73 to 76.

Revenue by Segments

in € million	Fiscal		Change		thereof	
	2013	2012	nominal	comparable ¹⁾	Currency	Portfolio
Lamps & Components	2,599.9	2,785.7	(6.7)%	(0.8)%	(1.8)%	(4.0)%
Luminaires & Solutions	561.3	602.1	(6.8)%	(5.9)%	(0.8)%	(0.1)%
Specialty Lighting	1,455.8	1,404.5	3.7%	5.3%	(1.6)%	(0.1)%
Opto Semiconductors	1,018.0	899.1	13.2%	13.9%	(0.6)%	–
Reconciliation to consolidated financial statements	(346.4)	(291.6)	18.8%	19.3%	(0.4)%	(0.2)%
OSRAM	5,288.7	5,399.8	(2.1)%	1.6%	(1.5)%	(2.1)%

¹⁾ Adjusted for currency translation and portfolio effects.

While the EMEA region achieved modest revenue growth in fiscal 2013 compared with the previous year, revenue declined year-on-year in the APAC and Americas regions. However, APAC did generate growth of 6.0% on a comparable basis. At €1,365.2 million, revenue in the emerging markets (as defined by the International Monetary Fund) accounted for 25.8% of OSRAM's total revenue worldwide. Due to negative currency translation effects of around 4%, it remained at the same level as fiscal 2012.

The EMEA region saw an increase in revenue to €2,265.0 million in fiscal 2013, particularly due to the trend at OS, whose growth was well above average. The rise in this reporting re-

gion was driven by clear growth in Germany and moderate growth in Eastern Europe. The Middle East registered moderate growth on a comparable basis, but nominal growth was dampened by negative currency effects.

In the APAC region, revenue decreased by 4.4% in fiscal 2013 compared with the previous year. The decline was mainly attributable to negative portfolio effects of 8.6% resulting from the disposal of our shares in the joint ventures with Mitsubishi and Toshiba in Japan. However, these effects were offset to a significant extent by growth in other countries, particularly in China, for which the OS and SP businesses were primarily responsible. On a comparable basis, revenue grew by 6.0%.

Revenue by Regions

(by customer location)

in € million	Fiscal		Change		thereof	
	2013	2012	nominal	comparable ¹⁾	Currency	Portfolio
EMEA	2,265.0	2,232.8	1.4%	2.0%	(0.6)%	–
thereof Germany	755.7	713.9	5.9%	5.8%	–	–
APAC	1,257.7	1,316.0	(4.4)%	6.0%	(1.8)%	(8.6)%
thereof China	298.9	273.4	9.3%	9.1%	0.2%	–
Americas	1,766.0	1,851.0	(4.6)%	(2.1)%	(2.5)%	–
thereof U.S.A.	1,240.5	1,303.2	(4.8)%	(3.9)%	(0.9)%	–
OSRAM	5,288.7	5,399.8	(2.1)%	1.6%	(1.5)%	(2.1)%

¹⁾ Adjusted for currency translation and portfolio effects.

Revenue in the Americas region decreased to €1,766.0 million in fiscal 2013, mainly due to declining demand in the U.S.A. Among other factors, this was attributable to the relatively strong fiscal 2012, which benefited from projects in the service business in the LS segment and to

an only slow rise in demand for general lighting products. The nominal revenue decline in South America was caused by negative currency translation effects. On a comparable basis, our revenue in South America rose moderately.

Revenue by Technologies

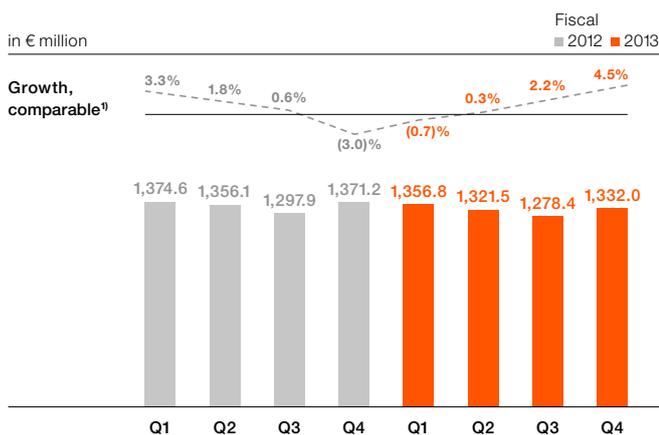
in € million	Fiscal		Change		thereof	
	2013	2012	nominal	comparable ¹⁾	Currency	Portfolio
SSL products	1,528.0	1,371.2	11.4%	14.1%	(1.1)%	(1.5)%
Share of SSL products of revenue	28.9%	25.4%				
Traditional products ²⁾	3,760.7	4,028.6	(6.7)%	(2.7)%	(1.7)%	(2.3)%
Share of traditional products of revenue	71.1%	74.6%				
OSRAM	5,288.7	5,399.8	(2.1)%	1.6%	(1.5)%	(2.1)%

¹⁾ Adjusted for currency translation and portfolio effects.

²⁾ Traditional products include both energy-efficient and traditional basic products.

In the fiscal year just ended, revenue generated by SSL products increased by 11.4% to €1,528.0 million, which represents 28.9% of OSRAM's total revenue in fiscal 2013. With forward-integrated SSL products accounting for around one-third of this amount, the trend (in absolute terms) was mainly driven by revenue growth at OS. Forward-integrated SSL products grew at a similar rate to SSL products overall.

Revenue Development by Quarters



¹⁾ Adjusted for currency translation and portfolio effects and compared with the prior-year quarter in each case.

Changes in Major Items of the Consolidated Statement of Income

Gross Profit

in € million	Fiscal		Change nominal
	2013	2012	
Revenue	5,288.7	5,399.8	(2.1)%
Cost of goods sold and services rendered	(3,797.2)	(3,998.7)	(5.0)%
Gross profit	1,491.5	1,401.1	6.5%
in % of revenue	28.2%	25.9%	

Gross profit increased by 6.5%, rising from €1,401.1 million in fiscal 2012 to €1,491.5 million in fiscal 2013. This improvement was due in large part to the significantly sharper decline in the cost of goods sold and services rendered compared with revenue. The savings from the OSRAM Push program were primarily responsible for this, despite higher transformation costs at LC. In addition, gross profit was up modestly in the SP segment and substantially in the OS segment. The gross profit margin (gross profit as a percentage of revenue) rose from 25.9% in fiscal 2012 to 28.2% in the fiscal year just ended. The LC and OS segments contributed most to this increase » see the glossary were at the prior-year level.

The SSL business made a major contribution to the improved gross profit and gross profit margin. Alongside the trend at OS, the contribution from our business with forward-integrated SSL products increased sharply, although the gross profit margin has not yet reached the level achieved by the traditional business. Furthermore, in connection with contract changes, certain allowances to purchasing associations were presented in Marketing, selling, and general administrative expenses in fiscal 2013. These allowances—in the amount of €20.1 million—had been reported under gross profit in the previous year.

Other Functional Costs and Other Operating Result

in € million	Fiscal		Change nominal
	2013	2012	
Research and development expenses	(341.2)	(339.5)	0.5%
in % of revenue	6.5%	6.3%	
Marketing, selling, and general administrative expenses	(1,102.8)	(1,055.8)	4.5%
in % of revenue	20.9%	19.6%	
Other operating income	65.6	44.8	46.4%
Other operating expense	(40.6)	(312.9)	(87.0)%

Research and development expenses (R&D expenses) and R&D intensity (R&D costs as a percentage of revenue) remained largely unchanged. The proportion of the total R&D expenses accounted for by the various segments shifted from LC toward OS. The negative effect of transformation costs, which increased sharply during the fiscal year, was almost fully offset by cost cutting, particularly in the LC segment.

The rise in Marketing, selling, and general administrative expenses compared with the previous year is attributable to higher transformation costs, especially for personnel-related restructuring measures as well as higher costs associated with the separation and for going public. Furthermore, in connection with contract changes, certain allowances to purchasing associations were presented in Marketing, selling, and general administrative expenses in fiscal 2013 that had been reported under gross profit in the prior-year period. The increase in the percentage of revenue accounted for by Marketing, selling, and general administrative expenses to 20.9% was largely attributable to these two factors.

Other operating result, which is made up of other operating income and other operating expense, increased sharply in fiscal 2013 compared with the corresponding prior-year period. This is attributable in particular to goodwill impairment losses of €237.4 million charged in fiscal 2012 on the then cash-generating units Professional Luminaires (PLUM) and General Lighting. Furthermore, in the current fiscal year, net in-

come was recognized from the settlement of patent infringement disputes in particular, which had escalated following the announcement that the OSRAM Licht Group was to go public; this includes the reversal of the corresponding provisions. OSRAM considers this income as special item. In the previous year net expenses were reported from patent infringement disputes.

Financial Result

in € million	2013	Fiscal 2012	Change nominal
Income (loss) from investments accounted for using the equity method	13.6	(49.3)	n/a
Interest income	5.9	4.7	25.5%
Interest expense	(32.0)	(48.8)	(34.3)%
Other financial income (expense), net	(9.9)	(11.5)	(13.9)%
Financial result	(22.4)	(104.9)	(78.6)%

In fiscal 2013, we saw a net gain of €13.6 million from investments accounted for using the equity method, compared to a net loss of €49.3 million in fiscal 2012. This was primarily attributable to a Call/Put Agreement with the joint venture partner relating to the sale of OSRAM's interest in Valeo Sylvania and the loans extended to the joint venture, which

led to reversals of impairment losses in the amount of €35.1 million. Negative earnings contributions from Valeo Sylvania amounting to €16.9 million and impairment losses had an offsetting effect. By contrast, an impairment loss of €27.6 million had been recognized on the net investment in Valeo Sylvania in fiscal 2012.

Net Income (Loss) and EBITA

in € million	2013	Fiscal 2012	Change nominal
Income (loss) before income taxes	50.1	(367.2)	n/a
Income taxes	(16.5)	(24.1)	(31.5)%
Net income (loss)	33.6	(391.3)	n/a
EBITA	99.5	50.8	95.9%
in % of revenue (EBITA margin)	1.9%	0.9%	
therein special items ¹⁾ :			
– Transformation costs	(299.5)	(198.5)	50.9%
– Costs associated with the separation/for going public (net)	(10.4)	(30.8)	(66.2)%
– legal and regulatory matters	–	(34.2)	n/a
Total	(309.9)	(263.5)	17.6%

¹⁾ For the composition of special items, see the glossary and Note 37 | Segment Information to the 2013 consolidated financial statements of OSRAM Licht AG.

Despite declining revenue, net income of €33.6 million was reported in fiscal 2013 compared to a loss of €391.3 million in fiscal 2012. This progress resulted primarily from the increase in gross profit, the fact that no impairment losses had to be recognized on goodwill, the significant income from the settlement of patent infringement disputes, and the increase in the net gain from investments accounted for using the equity method compared with the prior-year period. The income tax expense declined substantially from €24.1 million in fiscal 2012 to €16.5 million in fiscal 2013.

EBITA rose by 95.9%, increasing from €50.8 million in fiscal 2012 to €99.5 million in fiscal 2013. The corresponding EBITA margin increased to 1.9% in the reporting period compared with 0.9% in the prior-year period, despite clearly higher special items in fiscal 2013 (580 bps) as against 2012 (490 bps). This was caused on the one hand by the measures taken under the OSRAM Push program, particularly in the LC segment. In addition, EBITA at Opto Semiconductors rose sharply. The negative EBITA contribution from forward-integrated SSL products was lower in the reporting period than in the prior-year period.

Statement of Income: Change Compared to Prior-year Period

Fiscal 2013

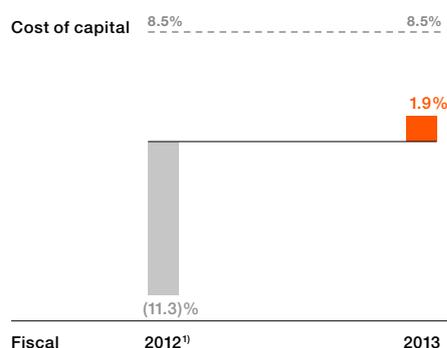
in € million

Revenue	(111.1)	
Cost of goods sold and services rendered	201.5	
Gross profit	90.4	
Research and development expenses	(1.7)	
Marketing, selling, and general administrative expenses	(47.0)	
Other operating result	293.1	
Financial result	82.5	
Income (loss) before income taxes	417.3	
Income taxes	7.6	
Net income (loss)	424.9	

Return on capital employed (ROCE)

The return on capital employed (ROCE) grew to 1.9% in fiscal 2013 compared with -11.3% in the previous year. The improvement was mainly due to the higher income before interest and after taxes compared with fiscal 2012, in combination with a reduction in average capital employed.

Return on Capital Employed (ROCE)

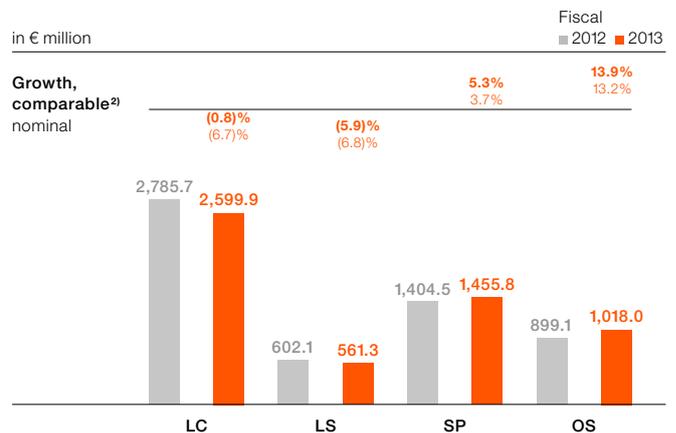


¹⁾ Adjusted for the effects of the initial application of IAS 19R.

Segment Information

In order to better respond to the technological transformation, we modified our segment structure with effect from October 1, 2012. Our general illumination business was split along the lighting value chain into four new business units (Lamps, Light Engines & Controls, Luminaires, and Solutions) and the Services and OLED units. Two new segments have been established for external reporting purposes in accordance with IFRSs: Lamps and Light Engines & Controls make up the LC segment, and Luminaires, Solutions, and Services make up the LS segment. The OLED research and development project is reported under corporate items.

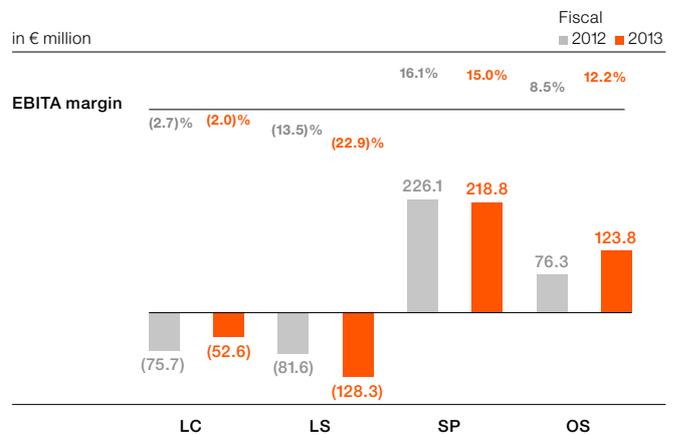
Revenue Development by Segments¹⁾



¹⁾ The segment revenues disclosed comprise external and intersegment revenue (total revenue). Including the reconciliation to the consolidated financial statements of €-346.4 million (2012: €-291.6 million), OSRAM's revenue amounts to €5,288.7 million (2012: €5,399.8 million).

²⁾ Adjusted for currency translation and portfolio effects.

EBITA Development by Segments¹⁾



¹⁾ Including the reconciliation to the consolidated financial statements of €-62.2 million (2012: €-94.3 million), OSRAM's EBITA amounts to €99.5 million (2012: €50.8 million).

Lamps & Components

Segment Data LC

in € million	Fiscal		Change	
	2013	2012	nominal	comparable ¹⁾
Revenue	2,599.9	2,785.7	(6.7)%	(0.8)%
EBITA	(52.6)	(75.7)	30.5%	
EBITA margin	in % (2.0)%	(2.7)%		
Employees as of September 30	FTE 17,388	21,741	(20.0)%	

¹⁾ Adjusted for currency translation and portfolio effects.

Total revenue generated by the LC segment decreased by €185.8 million, or 6.7%, declining from €2,785.7 million in fiscal 2012 to €2,599.9 million in fiscal 2013. From a regional perspective, the revenue generated by Lamps & Components decreased primarily due to the portfolio effects from the disposal of the joint ventures in Japan in the APAC region, and due to muted business development in the Americas region, particularly in the first nine months of the fiscal year. Revenue remained virtually unchanged in the EMEA region. The significant increase in the segment's business with forward-integrated SSL products did not compensate for the clearly declining demand in the traditional business, particularly for pressure discharge lamps and electronic ballasts. Adjusted

for negative effects from portfolio changes of 4.0% and negative currency translation effects of 1.8%, total segment revenue fell by 0.8%.

Despite the decline in revenues, EBITA rose by €23.1 million to €–52.6 million in fiscal 2013, up from €–75.7 million in fiscal 2012. The improvement was due to productivity improvements, reflecting the positive impact of our OSRAM Push program. Margin improvements in the loss-making business with forward-integrated SSL products also contributed to the higher EBITA. Higher transformation costs had an offsetting effect.

Luminaires & Solutions

Segment Data LS

in € million	Fiscal		Change	
	2013	2012	nominal	comparable ¹⁾
Revenue	561.3	602.1	(6.8)%	(5.9)%
EBITA	(128.3)	(81.6)	57.2%	
EBITA margin	in % (22.9)%	(13.5)%		
Employees as of September 30	FTE 3,347	3,610	(7.3)%	

¹⁾ Adjusted for currency translation and portfolio effects.

Total revenue generated by the LS segment decreased by €40.8 million, or 6.8%, declining from €602.1 million in fiscal 2012 to €561.3 million in fiscal 2013. While lighting business revenues increased in all regions, driven by growth in new SSL products, this was outweighed by decreases in the service business in the Americas. This was due on the one hand to postponements of large-scale capital expenditure by customers due to the U.S. "fiscal cliff". In addition, revenue for fiscal 2012 included two major SSL installation projects in the U.S.A. Adjusted for currency translation effects of –0.8% and negative portfolio effects of 0.1%, total segment revenue fell by 5.9% overall.

EBITA reported by the LS segment declined from €–81.6 million in fiscal 2012 to €–128.3 million in fiscal 2013. The EBITA margin decreased from –13.5% in fiscal 2012 to –22.9% in fiscal 2013. This was attributable in particular to clearly higher transformation costs in connection with the restructuring measures in the lighting and service business initiated in the fourth quarter of fiscal 2013. Future earnings improvements are expected as a result of the restructuring, and may also be connected with declining revenue due to the discontinuation of unprofitable business areas.

Specialty Lighting

Segment Data SP

in € million	Fiscal		Change	
	2013	2012	nominal	comparable ¹⁾
Revenue	1,455.8	1,404.5	3.7%	5.3%
EBITA	218.8	226.1	(3.2)%	
EBITA margin	in % 15.0%	16.1%		
Employees as of September 30	FTE 6,068	6,314	(3.9)%	

¹⁾ Adjusted for currency translation and portfolio effects.

SP recorded a €51.3 million rise in total revenue (+3.7%), from €1,404.5 million in fiscal 2012 to €1,455.8 million in fiscal 2013. Excluding currency translation effects of –1.6%, SP's total revenue rose by 5.3% in fiscal 2013. The increase was mainly attributable to significant comparable growth in the APAC region. The Americas region recorded moderate business growth on a comparable basis, while business in the EMEA region rose modestly, despite the persistently muted economic situation in Southern Europe. Comparable revenue growth was based above all on demand for SSL-based products and high-pressure discharge lamps for the auto-

otive sector. Growth in the automotive area more than offset a decline in the display/optic area.

The €7.3 million decline in EBITA (–3.2%) compared with fiscal 2012 was negatively affected by transformation costs of €26.5 million in connection with an impairment loss on production facilities for pre-materials, the relocation of a pre-materials production facility to Eastern Europe, and additional personnel costs allocated to the segment. Despite these special items, which amounted to 190 basis points, an EBITA margin of 15.0% was again achieved.

Opto Semiconductors

Segment Data OS

in € million	Fiscal		Change	
	2013	2012	nominal	comparable ¹⁾
Revenue ²⁾	1,018.0	899.1	13.2%	13.9%
External revenue	653.9	584.7	11.8%	
EBITA	123.8	76.3	62.2%	
EBITA margin	in % 12.2%	8.5%		
Employees as of September 30	FTE 7,572	6,536	15.8%	

¹⁾ Adjusted for currency translation and portfolio effects.

²⁾ Including intersegment revenue of €364.2 million (2012: €314.4 million).

Total revenue recorded by Opto Semiconductors increased by €118.9 million, or 13.2%, rising from €899.1 million in fiscal 2012 to €1,018.0 million in fiscal 2013 and exceeding the one billion euro revenue limit for the first time. Growth was achieved worldwide in all regions. In particular, double-digit growth rates were achieved in the EMEA and APAC regions. Revenue increased most notably in the areas of infrared components and LEDs for general lighting as well as for consumer and communication electronics. Excluding negative currency translation effects of 0.6%, total revenue of Opto Semiconductors grew by 13.9% in fiscal 2013 compared with the previous year.

EBITA reported by Opto Semiconductors rose by €47.5 million or 62.2%, increasing from €76.3 million in fiscal 2012 to €123.8 million in fiscal 2013. The rise in revenue, improved capacity utilization, and further productivity gains as part of OSRAM Push contributed to the increase. The product mix was also more favorable in a year-on-year comparison, including the lower share of third-party products in the total business volume. EBITA in both reporting periods benefited from licensing revenues. Compared with the prior-year reporting period, Opto Semiconductors' EBITA margin improved from 8.5% to 12.2%.

Reconciliation to the consolidated financial statements

The reconciliation to the consolidated financial statements of the OSRAM Licht Group contains the items “Corporate items and pensions” and “Eliminations, corporate treasury, and other reconciling items.”

The Corporate items include certain business activities and special topics that are not directly attributed to the segments because the Managing Board of OSRAM Licht AG (CODM—Chief Operating Decision Maker) does not consider them to be indicative for the segments’ performance. Among other things, these include some of the activities in connection with specific pre-materials (e.g., the production of fluorescent materials) and specific legal issues. Additionally, Corporate items contain certain costs related to the separation, the planned IPO and the spin-off, and patent infringement disputes. Since the beginning of fiscal 2013, the OLED research and development project has also been reported under Corporate items. The Pensions item includes those pension-related income and expenses at OSRAM that are not allocated to the segments.

Eliminations, corporate treasury, and other reconciling items comprise the consolidation of transactions between the segments, certain reconciliation and reclassification items, and the operations of the Group’s corporate treasury.

In fiscal 2013, the EBITA column of Corporate items and pensions included €–56.7 million (fiscal 2012: €–90.8 million) relating to corporate items, as well as €–4.8 million (fiscal 2012: €–2.8 million) relating to pensions. The increase in EBITA for the corporate items in fiscal 2013 is primarily due to the following:

- 1** Clearly lower costs associated with the separation/going public (net) of €8.8 million (2012: €30.8 million) were incurred. While fiscal 2012 was impacted by expenses for patent infringement disputes, which were only partly compensated for by income from their settlement, fiscal 2013 saw personnel-related expenses in connection with the separation/going public (including €15.3 million for accelerated settlement of the Siemens employee share based payments programs), and relocation and other associated costs, in particular costs of €6.5 million for the relocation of Group headquarters; these were largely compensated for by income from the settlement of patent infringement disputes.
- 2** Fiscal 2012 was impacted by costs of €34.2 million in relation to a license and trademark litigation. Litigation costs in 2013 were clearly lower.
- 3** Transformation costs in 2013—including impairment losses of €10.0 million on property, plant, and equipment for the production of pre-materials and provisions for historical regulatory risks in one country, which is being addressed as part of the “Future Industrial Footprint” project—were on a level with fiscal 2012. Fiscal 2012 was particularly impacted by impairment losses of €21.5 million on the OLED production facility, and by additional impairment losses of €8.6 million on property, plant, and equipment.
- 4** While activities associated with certain pre-materials still made a positive contribution in EBITA in fiscal 2012, the earnings contribution of these activities was negative in fiscal 2013.

Principles and Objectives of Financial Management

The main objectives of OSRAM's financial management are to ensure that the Group and the individual companies remain solvent at all times, and to centralize and reduce financial risks. At the same time, the cost of capital needs to be minimized and the Group's long-term financial stability and flexibility secured and planned.

OSRAM's financial management is responsible for liquidity management; ensuring adequate access to the capital market; hedging interest rate, currency, and commodity price risks; ensuring Group financing, and issuing guarantees and letters of support. To ensure that financial management at OSRAM is transparent and cost-effective, it is handled centrally by the Corporate Finance & Treasury department. This department advises the operating companies on all matters related to financial management and ensures compliance with Group-wide requirements. In addition to its governance role, Corporate Finance & Treasury acts as a financial services provider, guaranteeing the availability of treasury infrastructures. This includes cash pools to concentrate liquidity. This centralized cash management system means that efficient use is made of funds within the Group. The excess liquidity of individual Group companies is used to cover the financing requirements of other Group companies, which reduces both the amount of external financing required and interest expenses. Liquidity planning is carried out at company level on a rolling monthly basis, which achieves the transparency required to ensure solvency. In addition, Corporate Finance & Treasury acts as a central trading partner for hedging transactions entered into within the OSRAM Licht Group, as far as permissible under local foreign exchange regulations. This means that Corporate Finance & Treasury is largely responsible for entering into external hedging transactions with banks.

Topics such as the global banking policy, the obligation to contract with the central in-house bank, hedges, payment transactions, market and counterparty risk management, risk management system, and reporting requirements are governed by Group policies and process descriptions. The risk strategy and financial management principles are defined and monitored by a risk committee.

The Group meets its capital requirements through its net cash provided by operating activities and short- and long-term central financing, which is passed on to subsidiaries by way of intragroup loans. Financing requirements are met by a balanced ratio of equity to debt. Centralized financial management ensures that financing arrangements are cost-

effective and sufficiently flexible. In countries with restrictions on payment transactions, Group companies use local banks to meet their financing needs, in agreement with Corporate Finance & Treasury.

Currency and commodity price risks are analyzed on an ongoing basis and mitigated through hedging. Hedges are only entered into if a corresponding underlying transaction (resulting from items contained in the statement of financial position and planned items) exists.

With regard to its banking policy, OSRAM ensures that its total transactions are highly diversified so as to reduce default risk and avoid depending too heavily on individual banks. The banks with which OSRAM enters into financial transactions are selected and regularly reviewed based on various criteria, particularly in relation to their creditworthiness. Further information on the extent and management of financial risks can be found in Note 33 | Financial Risk Management in the Notes to the consolidated financial statements.

Cash Flow Analysis

Cash flows from operating activities

Net cash provided by (used in) operating activities changed from net cash used of €35.4 million in fiscal 2012 to net cash provided of €491.7 million in fiscal 2013, a rise of €527.1 million. The increase was predominantly related to the negative effect of the €499.5 million in additional funding for pension plan assets in fiscal 2012. Taking this effect into account, the net cash provided by operating activities, which was up on the prior-year level, resulted from the favorable earnings growth in fiscal 2013. Due to an earnings improvement of €424.9 million, the net loss of €391.3 million in fiscal 2012 was converted into net income of €33.6 million in fiscal 2013. However, this change did not have an equally strong effect on the change in net cash provided by (used in) operating activities, since the result in fiscal 2012 had been significantly impacted by non-cash expenses. Income taxes paid, which were primarily attributable to withholding tax required to be withheld, the settlement of tax liabilities from previous years, and tax prepayments for the current year, decreased by €14.7 million, declining from €91.8 million in fiscal 2012 to €77.1 million in fiscal 2013.

The change in net working capital (resulting from changes in current assets and liabilities in the statement of cash flows) led to €162.3 million being released in fiscal 2013, while funds of €159.7 million had been released in the comparable prior-year period. In fiscal 2013, the bulk of this was attributable to the increase in other current liabilities, which led to €154.8 million being released. In the same period of fiscal

2012, there was a cash inflow of €0.2 million. This development in fiscal 2013 was largely attributable to the increase in liabilities for personnel-related transformation costs, particularly in the Lamps & Components segment. This contrasted with payments in the high double-digit million euro range in connection with personnel-related transformation costs in fiscal 2013. The change in trade receivables in fiscal 2013, particularly in the LC segment, led to €77.7 million being tied up. By contrast, funds of €37.2 million were released in the comparable prior-year period.

In fiscal 2012, the reduction in inventories was responsible for the biggest share of the total net working capital released. This led to net cash provided of €95.3 million, particularly in the Lamps & Components segment, compared with funds of €13.3 million released in fiscal 2013. The change in trade payables resulted in a cash inflow of €74.1 million in fiscal 2013, compared with €17.8 million in 2012.

Cash flows from investing activities

Net cash used in investing activities amounted to €205.1 million in fiscal 2013, compared with €203.1 million in fiscal 2012. No acquisitions were made in fiscal 2013, while cash of €40.3 million was used in the comparable prior-year period for company acquisitions, and particularly for the acquisition of Encelium Holdings, Inc., Teaneck, U.S.A. ("Encelium"). OSRAM received a net payment of €23.4 million in fiscal 2013 from the sale of the subsidiaries Sunny World (Shaoxing) Green Lighting Co. Ltd., Shaoxing, China ("Sunny World"), and OSRAM Hong Kong Ltd., Hong Kong ("OHK"). In fiscal 2012, OSRAM received payments of €45.1 million (before deduction of cash and cash equivalents disposed of in the amount of €6.8 million) from the sale of its shares in OSRAM MELCO Ltd., Yokohama, Japan, and Mitsubishi Electric OSRAM Ltd., Yokohama, Japan.

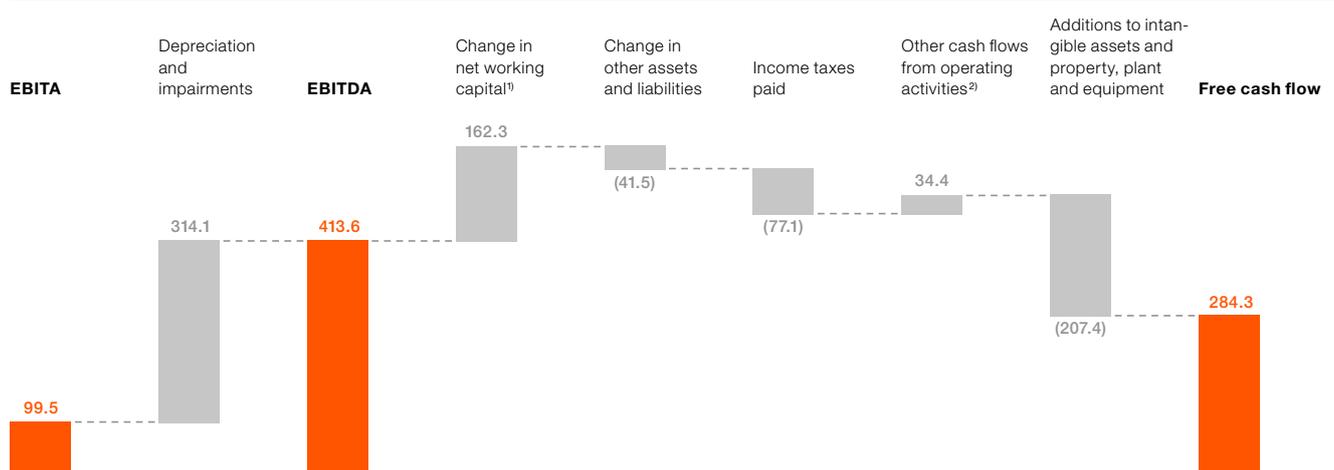
Additions to intangible assets and property, plant, and equipment totaled €207.4 million in fiscal 2013 and were thus €20.2 million higher than in fiscal 2012 (€187.2 million).

Further information can be found in the chapter entitled "Capital Expenditure Analysis" on page 83.

Reconciliation of EBITA to Free Cash Flow

Fiscal 2013

in € million



¹⁾ Includes changes in inventories, trade receivables, other current assets, trade payables, current provisions, and other current liabilities.

²⁾ Includes dividends received, interest received, and other reconciling items to net cash provided by (used in) operating activities.

Free cash flow

Cash Flows From

in € million	Fiscal	
	2013	2012
Operating activities	491.7	(35.4)
Investing activities	(205.1)	(203.1)
thereof: Additions to intangible assets and property, plant, and equipment	(207.4)	(187.2)
Free cash flow ¹⁾	284.3	(222.6)
Financing activities	213.5	224.4

¹⁾ Free cash flow is defined as net cash provided by (used in) operating activities less additions to intangible assets and property, plant, and equipment.

A positive free cash flow of €284.3 million was generated in fiscal 2013. This represents a sharp increase on the negative free cash flow of €222.6 million reported for fiscal 2012. Overall, this change is due above all to the above-mentioned funding for pension plan assets in fiscal 2012 in the amount of €499.5 million, since the corresponding cash contribution by Siemens AG is not included in the calculation of free cash flow.

Cash flows from financing activities

OSRAM's financing activities resulted in net cash provided of €213.5 million in fiscal 2013, compared with net cash provided of €224.4 million in the previous year. During the spin-off from Siemens at the beginning of July 2013, OSRAM drew down the syndicated loan facility of €300.0 million and used it to repay the remaining net liabilities to the Siemens Group from financing activities, among other things. Transaction costs of €21.1 million were paid for the arrangement and provision of the loan facility. Siemens AG repaid €13.0 million of this amount to OSRAM in the form of equity contributions, which are recognized under the Other transactions/financing with Siemens Group item. Payments of €9.2 million were made for the purchase of treasury shares to secure the delivery of OSRAM shares to the beneficiaries of the award of a transaction bonus and for the employee share purchase program (Family Program). The shares purchased under the employee share purchase program had already been issued to employees during fiscal 2013.

Financing activities in fiscal 2012 were dominated by transactions with Siemens. In fiscal 2012, we were provided funds of €423.7 million from Siemens (of which €499.5 million is attributable to the Funding of pension plans by Siemens Group and €-75.8 million to Other transactions/financing with Siemens Group items). By contrast, the Other transactions/financing with Siemens Group item amounted to €-397.2 million in fiscal 2013, primarily due to the decline in net payables to the Siemens Group from financing activities. An offsetting effect resulted from the loss absorption payment of €336.6 million made by Siemens in fiscal 2013 for fiscal 2012 pursuant to the domination agreement. In fiscal 2012, €143.8 million had been transferred to Siemens for fiscal 2011 as a profit transfer under the domination and profit transfer agreement with Siemens. No payments were made for acquisitions of shares in fiscal 2013, while in the comparable prior-year period payments of €53.7 million were reported for the acquisition of the remaining shares in Traxon Technologies Ltd. (formerly Perfect Tact Ltd.), Hong Kong, China (Traxon).

Financing and Liquidity Analysis

Net debt/net liquidity comprises total debt (short-term debt and current maturities of long-term debt plus long-term debt and, as of September 30, 2012, plus payables to Siemens Group from financing activities) less adjusted total liquidity (cash and cash equivalents plus available-for-sale financial assets (current) and, as of September 30, 2012, plus receivables from Siemens Group from financing activities).

Net Debt/Net Liquidity

in € million	September 30,	
	2013	2012
Short term debt and current maturities of long-term debt	55.9	47.2
+ Long-term debt	295.0	1.3
+ Payables to Siemens Group from financing activities	–	1,198.1
Total debt	350.9	1,246.6
Cash and cash equivalents	522.1	31.2
+ Available for sale financial assets	0.8	0.7
+ Receivables from Siemens Group from financing activities	–	619.4
Total liquidity	522.9	651.3
Net debt/net liquidity¹⁾	(172.0)	595.3
+ Pension plans and similar commitments	358.5	488.7
+ Credit guarantees	–	10.5
Adjusted net debt	186.5	1,094.5

¹⁾ The net liquidity as of September 30, 2013, is reported as a negative figure.

As of September 30, 2012, our net debt consisted primarily of payables to and receivables from the Siemens Group as well as cash and cash equivalents and short-term debt. Until the spin-off from Siemens, financing was provided by the Siemens Group and OSRAM was included in the Siemens Group's cash pooling and cash management system. OSRAM invested excess short-term liquidity and was granted overdraft facilities for financing its operating activities. At the end of the third quarter of fiscal 2013, OSRAM withdrew from the Group-wide cash pooling system for the bank accounts in preparation for the spin-off and listing. OSRAM continued to be included in Siemens' central cash management system until the net liability to Siemens that arose prior to the spin-off was settled at the beginning of July. As part of the spin-off and listing, participation in this finance scheme was replaced by a finance program operated by OSRAM GmbH itself. This program provides participating OSRAM companies with cash pooling arrangements, clearing and settlement of intragroup and external receivables and liabilities, and internal financing and liquidity investment opportunities.

On February 1, 2013, OSRAM GmbH signed a loan agreement with a consortium initially consisting of five banks for a total loan amount of €1.25 billion. Ten additional banks later joined the consortium by way of syndication. OSRAM Licht AG provided a guarantee to the financing banks for all payment obligations under the loan.

The credit facilities available under the loan agreement comprise a term loan in the amount of €300 million, which was fully drawn down by OSRAM as of September 30, 2013, and which is recognized under Long-term debt. There is also a

revolving credit line in the amount of €950 million, which may also be drawn down in U.S. dollars or, with the approval of the banks, in other currencies. The revolving credit line had not been drawn down as of September 30, 2013. Both credit facilities are intended to finance general corporate purposes and have terms of five years.

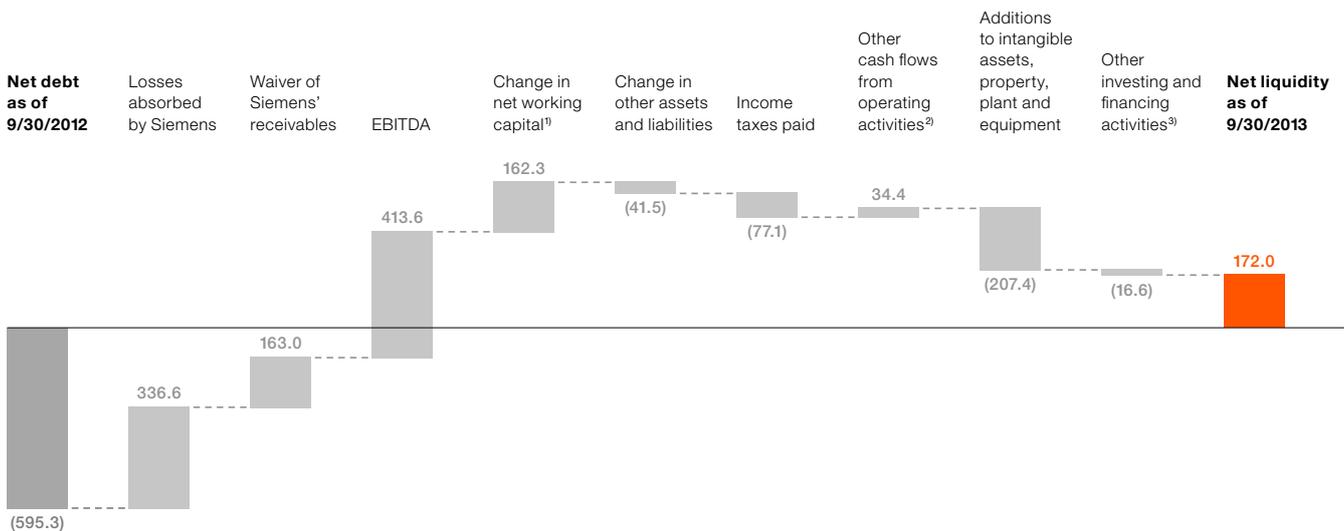
The term loan will fall due for payment in a single amount at the end of the term. It may, however, be repaid in part or in full during the term, in which case no further drawdowns will be possible. The loans under the revolving credit line will fall due at the end of their respective selected interest periods, but may be borrowed again thereafter at any time during the term. Drawdowns bear interest at a variable rate based on the relevant applicable EURIBOR (or USD LIBOR, as applicable), plus a margin which varies depending on the ratio of net debt to EBITDA according to the calculation methods specified in the loan agreement.

Short-term debt results from drawdowns of short-term credit lines, especially by OSRAM companies in countries that cannot take part in Group financing because of national restrictions on capital transfers.

Development of Net Debt/Net Liquidity

Fiscal 2013

in € million



¹⁾ Includes changes in inventories, trade receivables, other current assets, trade payables, current provisions, and other current liabilities.

²⁾ Includes dividends received, interest received, and other reconciling items to net cash provided by (used in) operating activities.

³⁾ Primarily includes cash outflows for transaction costs related to credit facilities, and non-cash currency translation effects.

As part of its debt management, OSRAM measures the debt ratio. This is done primarily using an indicator defined as net debt/net liquidity divided by EBITDA. The loan agreement entered into with a banking syndicate on February 1, 2013, includes a financial covenant, according to which the ratio of net debt to EBITDA (as defined in the loan agreement) may not exceed 2.5 : 1. The definition of EBITDA used in this calculation is different to the one we use to measure the debt ratio, as under the loan agreement EBITDA for fiscal 2013 is adjusted by a certain amount for transformation costs. Based on the calculation method specified in the loan agreement, the ratio was –0.33 : 1 as of September 30, 2013. The requirements of the financial covenant were therefore met in full. In addition, the ratio of adjusted net debt/net liquidity to EBITDA is determined.

In addition to debt, the main contractual cash obligations include the obligations under operating leases and purchase obligations from our operating business. Most of the operating leases are for buildings leased for corporate units on a long-term basis. Purchase obligations include legally binding obligations to purchase property, plant, and equipment, intangible assets, raw materials and supplies, and services. The following table gives an overview of the future cash outflows resulting from the existing contractual obligations as of September 30, 2013:

Capital Structure Data

in € million	September 30,	
	2013	2012
EBITDA	413.6	392.9
Net debt/liquidity ¹⁾	(172.0)	595.3
Net debt/liquidity as % of EBITDA	(0.4)	1.5
Adjusted net debt ²⁾	186.5	1,094.5
Adjusted net debt as % of EBITDA	0.5	2.8

¹⁾ The net liquidity as of September 30, 2013, is reported as a negative figure.

²⁾ See the glossary.

Payments from Contractual Obligations

in € million	Total	Less than 1 year	1 to 5 years	After 5 years
Debt ¹⁾	384.9	65.6	319.3	–
Purchase obligations	696.8	643.6	53.2	–
Operating leases	215.4	40.0	92.0	83.4
Total contractual obligations	1,297.1	749.2	464.5	83.4

¹⁾ Including interest payments.

Financing of Pension Plans and Similar Commitments

Commitments to provide pensions and other post-employment benefits are governed by the “OSRAM Pension Policy.” This policy lays down clear and binding principles regarding the design, organization, and management of these benefits as well as the funding principles for all Group companies.

During the reporting period, OSRAM made benefit commitments to almost all employees in Germany and to many employees abroad based on defined benefit and defined contribution plans, as well as on statutory plans (state plans). For historical reasons, most of these commitments to provide pension and other post-employment benefits are in the form of defined benefit plans. To reduce the Company’s exposure to certain risks related to defined benefit plans, such as longevity and inflation risk, as well as the effects of salary increases and other factors, a number of our principal defined benefit plans in Germany, the U.S.A., and the UK have closed and new plans introduced. The benefits under these new plans are mainly contributions-based and are therefore less affected by changes in inflation, longevity risk, and salary increases. We intend to assess the need to introduce similar plans in the future as well, to ensure better management of future pension obligations and the resulting costs for the Company.

OSRAM’s principal pension and other post-employment benefit plans relate to Germany, the U.S.A., Canada, the UK (until January 2012), Switzerland, and Italy. As of September 30, 2013, the underfunding of OSRAM’s principal defined benefit and principal other post-employment benefit plans amounted to €335.1 million, an improvement of €128.9 million compared with September 30, 2012. This improvement was largely attributable to the increase in the discount rate for our pension plans in the U.S.A. from 4.0% as of September 30, 2012, to 4.9% as of September 30, 2013. The underfunding as of September 30, 2012, had amounted to €464.0 million. The defined benefit obligation and the fair value of plan assets amounted to €1,772.3 million and €1,437.2 million, respectively, as of September 30, 2013. As of September 30, 2012,

the defined benefit obligation and the fair value of plan assets had amounted to €1,941.6 million and €1,477.6 million, respectively.

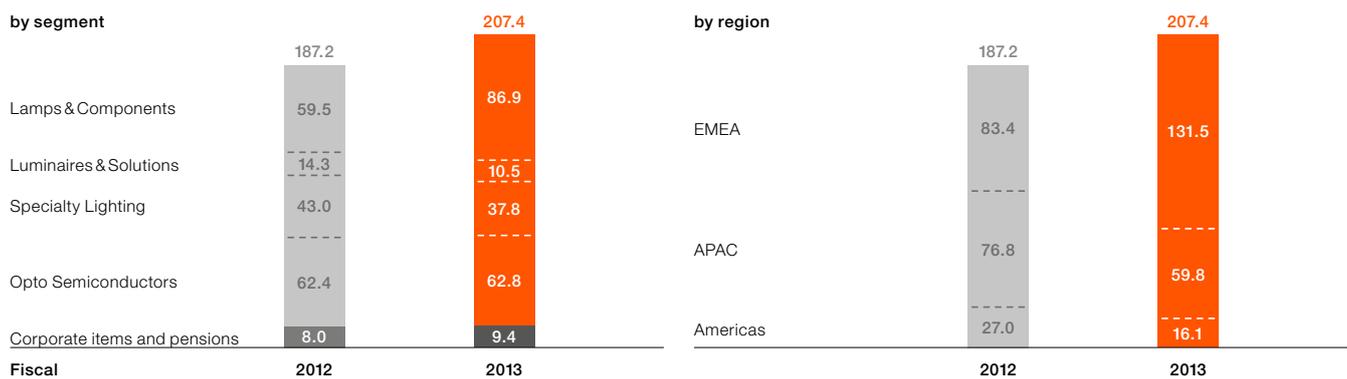
OSRAM currently primarily has contractual obligations in Germany and statutory obligations in the U.S.A. to fund plan assets. Consequently, reviewing the structure of the defined benefit obligations on an ongoing basis and agreeing on a strategy regarding the funding of defined benefit plans are an integral part of responsible financial management. The investment strategy for the plan assets is derived from the structure and characteristics of the obligations concerned and is based on asset/liability modeling studies for each individual plan. We intend to apply a liability-driven investment (“LDI”) concept to reduce the volatility of the funded status resulting from negative developments in plan assets and/or of the defined benefit obligation.

The employer contributions to the externally funded principal pension plans amounted to €36.8 million in fiscal 2013. Of this amount, €26.5 million was attributable to the German pension plans and €7.6 million to the U.S. pension plans. The employer contributions to the externally funded principal pension plans in 2014 are expected to be around €30 million up to around €50 million. For additional information on OSRAM’s pension plans, see also Note 25 | Pension plans and similar commitments in the Notes to the consolidated financial statements.

Capital Expenditure Analysis

Additions to Intangible Assets and Property, Plant and Equipment

in € million



Additions to intangible assets and property, plant, and equipment totaled €207.4 million in fiscal 2013 and were thus €20.2 million higher than in fiscal 2012 (€187.2 million). Of the total amount, €86.9 million was attributable to the Lamps & Components segment in fiscal 2013. Most of that amount was used to expand existing production lines—with an emphasis on modern halogen lamps—and for new SSL products. A total of €10.5 million was attributable to the Luminaires & Solutions segment, and €37.8 million to Specialty Lighting. Opto Semiconductors invested €62.8 million, including for the conversion to 6-inch wafers and production capacities for the continued expansion of wafer production in Penang. The capital expenditures recorded under Corporate items and pensions amounted to €9.4 million in fiscal 2013.

Our current capital expenditures mainly relate to ongoing expansion and rationalization measures within our segments. At Opto Semiconductors, we switched our semiconductor production from 4-inch to 6-inch wafer technology. The Lamps & Components segment is investing in expanding the production of more energy-efficient lamps, implementing productivity projects, and expanding SSL production capacities. Expenditures are also incurred to maintain our traditional business. The Specialty Lighting segment is investing in capacity expansion (for manufacturing SSL products, among others) and in rationalizing production of the existing traditional product portfolio. In addition, fiscal 2013 capital expenditures for all segments, for corporate items, and for the EMEA region include total costs of €32.6 million for Microsoft and Oracle software licenses and other software li-

censes that were purchased in connection with the spin-off from Siemens.

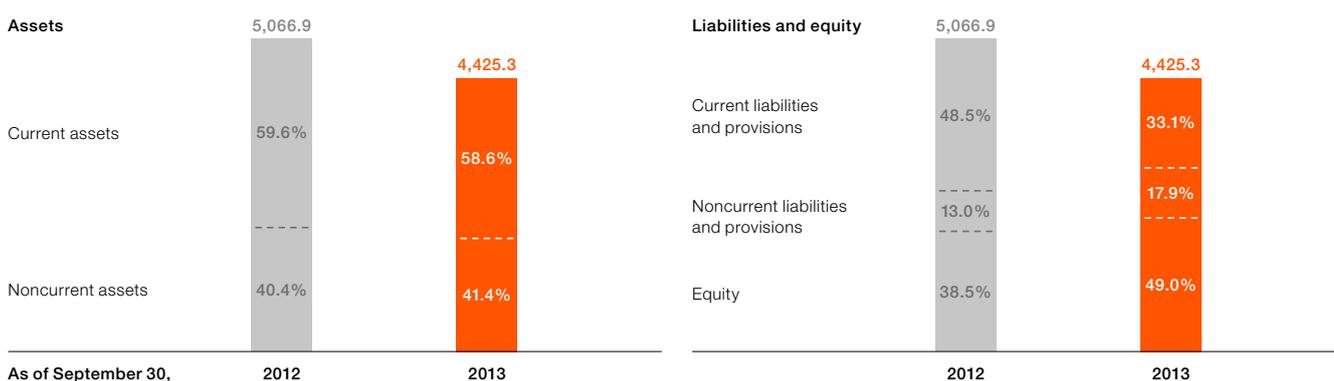
Our current capital expenditures also include ongoing investments in plant and machinery in connection with the establishment of our new LED assembly facility in Wuxi, China. These capital expenditures relate to Opto Semiconductors. An assembly facility for back-end production is being constructed on a leased site, where LED chips produced in the front-end plants in Regensburg and Penang will be mounted on their housings. The products are aimed at the Chinese market. The total capital expenditures expected are €150 to €200 million, with investment set to continue until fiscal 2017. Almost the entire sum relates to capital expenditures on production machinery and equipment. Approximately 5% of the total amount was invested in fiscal 2013.

Current capital expenditures are to be financed from the net cash provided by operating activities, existing liquidity, and, if necessary, in part by drawing on credit facilities.

Statement of Financial Position Analysis

Balance Sheet Structure

in € million



Statement of Financial Position Structure

In fiscal 2013, total assets decreased by €641.6 million, or 12.7%, from €5,066.9 million as of September 30, 2012, to €4,425.3 million as of September 30, 2013. Cash and cash equivalents rose by €490.9 million to €522.1 million. This increase is largely attributable to the drawdown of the syndicated loan facility in the amount of €300.0 million in July 2013 and the positive cash flow during fiscal 2013. Receivables from the Siemens Group decreased by €936.1 million, reflecting the withdrawal from the Siemens cash management system. In connection with the planned disposal of the joint venture Valeo Sylvania, assets in the amount of €45.6 million were classified as held for sale. Property, plant, and equipment declined by €203.6 million, particularly as a result of impairment losses and the retirement of property, plant, and equipment in the traditional business as well as the disposal of the Chinese subsidiary Sunny World, Shaoxing.

On the liabilities and equity side, current liabilities and provisions declined by €995.5 million to €1,463.6 million, mainly due to the reduction in the liabilities to Siemens resulting from the withdrawal from the Siemens cash management system, and a waiver by Siemens of receivables amounting to €163.0 million.

Noncurrent liabilities and provisions rose by €134.2 million to €792.4 million. The main factors here were the drawdown of the syndicated loan facility of €300.0 million, and the counteracting effect of the reduction in the liability from pensions and similar commitments amounting to €130.2 million.

Equity increased by €219.7 million to €2,169.3 million, particularly as a result of capital contributions by the Siemens Group totaling €183.8 million and the net income of €33.6 million. The equity ratio (equity to total assets) was therefore 49.0% as of September 30, 2013, compared with 38.5% as of September 30, 2012.

Significant assets of OSRAM that are not recognized in the statement of financial position relate to intangible assets and rights under operating leases. Intangible assets result from research and development activities, in particular. Spending on research and development amounted to €341.2 million in fiscal 2013 (2012: €339.5 million). In addition, OSRAM has entered into cross-licensing agreements with competitors, which allow the reciprocal use of patents. »For details see the section "Research and Development" on pages 55 to 57. Alongside noncancelable operating leases, OSRAM's main liabilities that are not recognized in the statement of financial position are obligations under purchase agreements, as well as guarantees. »For details, see the section entitled "Financing and Liquidity Analysis" on pages 79 to 82.

Explanations of Acquisitions and Disposals

The lighting market is experiencing a technology shift from traditional lamps to SSL-based light sources. We have already prepared in recent years for the accompanying transition to integrated lighting solutions. See the section entitled "Group Strategy," by acquiring Traxon, Siteco, and Encelium and have positioned ourselves as an integrated lighting provider. Traxon, which was acquired in fiscal 2009, develops integrated lighting solutions based on SSL technology for the architectural, restaurant, hospitality, and retail sectors. Siteco was added to our portfolio in fiscal 2011, enhancing our position in the area of lighting technology, particularly luminaires and lighting systems for urban infrastructures, such as public and commercial buildings, streets, tunnels, airports, and sports facilities. Finally, the acquisition of Encelium in fiscal 2012 strengthened our position in the market for light management systems and rounded off the general lighting portfolio with additional energy-efficient lighting solutions. The acquisition of these companies enabled us to extend our coverage of the entire lighting value chain.

However, the technology shift also poses the challenge of ensuring that the traditional products business remains profitable, while at the same time profitably developing the business with SSL-based products. As part of the "OSRAM Push" transformation program we implemented for this purpose and the resulting global "Future Industrial Footprint" project, we have set ourselves the target of adapting our production capacities to the changes in market demand. See the section entitled "OSRAM Push". To implement the adaptation process, we sold off the MELCO companies and Sunny World in fiscal 2012 and 2013, among other things, reducing the number of production sites. While the MELCO companies' business activities primarily related to the area of traditional products and comprised the manufacture and distribution of lamps, lamp materials, and components such as ballasts and starters for the Japanese market, Sunny World mainly produced compact fluorescent lamps. These divestments have allowed us to reach key milestones in the successful implementation of the OSRAM Push program.

In fiscal 2013 we also reviewed our strategic position in our joint ventures with Valeo Sylvania and OCFM, and in each case signed agreements to sell our shares to our joint venture partners. Valeo Sylvania develops, produces, and markets lighting systems for the automotive sector in North America. OCFM specializes in purchasing and refining rare earths such as those used in compact fluorescent lamps, for example. These sales serve to enable us to adapt to the changes on the lighting market, as well as to improving the governance structure within the OSRAM Licht Group.

For information on these transactions, see also Note 4 | Acquisitions and Disposals and Note 8 | Income (Loss) from Investments Accounted for Using the Equity Method, net in the Notes to the consolidated financial statements.

Definition and Calculation of Financial Performance Indicators

A detailed description of the financial performance indicators mentioned in the section entitled "Performance management" and how they are calculated is presented below.

Revenue growth

We present changes in revenue for the OSRAM Licht Group as a whole, by segments, regions, and technologies as percentage changes between the reporting period and the relevant comparative period on a nominal or comparable

basis. Comparable changes have been adjusted for currency translation and portfolio effects. This makes it possible to meaningfully analyze the company's business performance while excluding the distorting effects produced by translating revenue into euros (when preparing financial statements) and by acquisitions or divestments. We calculate adjusted revenue growth by subtracting the calculated currency translation and portfolio effects from the nominal change in revenue. We do not take into account effects caused by the interaction between currency translation and portfolio changes (secondary effects).

Definition and Calculation of Financial Performance Indicators

$$\begin{aligned}
 \text{Currency translation effects} &= \frac{\text{Revenue in reporting period at exchange rate in reporting period} - \text{Minus revenue in reporting period at prior-period exchange rate}}{\text{Prior-period revenue at prior-period exchange rate}} \\
 \text{Portfolio effects from acquisitions} &= \frac{\text{Revenue of acquired company in reporting period}}{\text{Prior-period revenue (OSRAM Licht Group, segment, region, technology)}} \\
 \text{Portfolio effects from divestments} &= \frac{\text{Prior-period revenue of company divested}}{\text{Prior-period revenue (OSRAM Licht Group, segment, region, technology)}}
 \end{aligned}$$

Acquisitions or divestments during the fiscal year have a pro rata effect in the period following the acquisition or divestment, since the portfolio effects only occur in the year of the acquisition or divestment in the reporting months during which the acquired company already belonged to OSRAM, or the company disposed of no longer belonged to OSRAM. Thus, the portfolio effects in the following fiscal year occur in the months during which the acquired company was not yet part of OSRAM or the company disposed of was still part of OSRAM in the year of the divestment or acquisition.

EBITA, EBITDA, and EBITA margin

We evaluate our operational results on the basis of EBITA and of the EBITA margin in particular. In addition, EBITDA is used to calculate our capital structure indicator. OSRAM defines EBITA as the gain/loss before financial result (meaning the income (loss) from investments accounted for using the equity method, net, interest income, interest expense, and other financial income (expense), net), income taxes, and amortization and impairments of intangible assets (goodwill

and other intangible assets), net of reversals of impairments. We define EBITDA as EBITA before depreciation and impairments of property, plant, and equipment, net of reversals of impairments. The EBITA margin is defined both for the OSRAM Licht Group as a whole and at segment level by dividing EBITA by revenue.

The following table reconciles the income/loss after taxes to EBITA and EBITDA:

EBITA, EBITDA

in € million	Fiscal	
	2013	2012
Net income (loss)	33.6	(391.3)
Income taxes	16.5	24.1
Financial result	22.4	104.9
thereof:		
Income (loss) from investments accounted for using the equity method, net	(13.6)	49.3
Interest income	(5.9)	(4.7)
Interest expense	32.0	48.8
Other financial income (expense), net	9.9	11.5
Amortization	27.0	313.1
EBITA	99.5	50.8
Depreciation	314.1	342.1
EBITDA	413.6	392.9

Return on capital employed (ROCE)

Return on capital employed (ROCE) is a measure of capital efficiency. We report ROCE at the level of the OSRAM Licht Group. This indicator measures our earnings from the perspective of our shareholders and creditors and can be used to establish whether the capital employed by the

Company is yielding competitive returns. ROCE is defined as income/loss before interest and after taxes divided by the average capital employed.

The following tables illustrate how we calculate ROCE:

Capital Employed

in € million	September 30,		
	2013	2012 ¹⁾	2011 ¹⁾
Total equity	2,169.3	1,949.6	1,460.8
Long-term debt	295.0	1.3	3.9
Short-term debt and current maturities of long-term debt	55.9	47.2	22.4
Payables to Siemens Group from financing activities ²⁾	–	1,198.1	1,343.7
Pension plans and similar commitments	358.5	488.7	832.5
Cash and cash equivalents	(522.1)	(31.2)	(43.7)
Receivables from Siemens Group from financing activities ²⁾	–	(619.4)	(535.8)
Capital employed	2,356.6	3,034.3	3,083.8

¹⁾ The initial application of IAS 19 (revised 2011) results in adjustments in the total equity and pension plans and similar commitments line items compared with the published combined financial statements.

²⁾ See Note 39 | Related Party Disclosures.

ROCE

in € million	Fiscal	
	2013	2012
Income (loss) before interest after taxes		
Net income (loss)	33.6	(391.3)
Interest (expense), net ¹⁾	26.1	44.1
Taxes on interest ²⁾	(8.6)	2.9
Income (loss) before interest after taxes	51.1	(344.3)
Calculation of tax rate		
Income (loss) before income taxes	50.1	(367.2)
Income taxes ³⁾	16.5	24.1
Tax rate	32.9%	(6.6)%
ROCE		
Income (loss) before interest after taxes	51.1	(344.3)
Average capital employed ⁴⁾	2,695.5	3,059.1
ROCE	1.9%	(11.3)%

¹⁾ Interest expense less interest income.

²⁾ Taxes on interest have been calculated on a simplified basis applying the tax rate determined under "Calculation of tax rate" to interest (income) expense.

↳ See Note 9 | Interest Income, Interest Expense, and Other Financial Income (Expense), Net in the Notes to the consolidated financial statements.

³⁾ The tax rate is calculated by dividing the income taxes by income (loss) before income taxes (as reported in the consolidated statement of income of the OSRAM Licht Group).

⁴⁾ Average capital employed in the reporting period is defined as the average of the capital employed at the beginning of the reporting period and the capital employed at the end of the reporting period.

Capital structure

To determine our capital structure, we divide net debt/net liquidity by EBITDA. ↳ The calculation of this indicator can be found in the section entitled "Financing and Liquidity Analysis".

Other Financial and Non-financial Key Performance Indicators

In addition to the financial performance indicators mentioned above, OSRAM uses net income (loss) and the performance indicators described below as indicators of its economic performance and development.

Indicators related to OSRAM Push

These include the temporary indicators defined in the context of the OSRAM Push program (applicable until the completion of OSRAM Push):

- 1** Cuts to function costs,
- 2** Reduction in the number of production sites, and
- 3** Job cuts.

Cuts to function costs involve decreasing selling and general administrative expenses excluding logistics costs.

↳ See the section entitled "OSRAM Push".

Free cash flow

We report free cash flow as a liquidity indicator reflecting the ability of our business to generate cash over the long term. Free cash flow constitutes net cash provided by/used in operating activities less additions to intangible assets and property, plant, and equipment. The following table shows the calculation of free cash flow:

in € million	Free Cash Flow	
	2013	Fiscal 2012
Net cash provided by (used in) operating activities ¹⁾	491.7	(35.4)
Additions to intangible assets and property, plant, and equipment	207.4	187.2
Free cash flow	284.3	(222.6)

¹⁾ This includes €499.5 million in funding of pension plan assets in fiscal 2012.

Overall Assessment by the Managing Board of the Current Economic Situation

Fiscal 2013 was a momentous year in the history of the OSRAM Licht Group, a year dominated by the going public and by structural and operational challenges—all mastered with equal success. We clearly increased our profitability while growing our business by a comparable amount and can now report positive net income again after a loss in the previous year. We also improved our translation of this positive earnings trend into cash inflows. OSRAM is convinced that its balanced asset and capital structure and its solid financial profile have placed it in good position to achieve its ambitious goals.

In the past fiscal year, we separated both legally and organizationally from Siemens Group and can look back on a successful listing in the third quarter. Our market capitalization rose from around €2.5 billion to around €3.6 billion in the period between the date of our initial listing and September 30, 2013.

In fiscal 2013, we successfully completed key steps in the Group's transformation under OSRAM Push, our global comprehensive and integrated improvement program aimed at the strategic realignment of the OSRAM Licht Group. We have exceeded our targets in terms of our planned cost savings.

We generated comparable revenue growth (adjusted for currency translation and portfolio effects) of 1.6% to €5,288.7 million in fiscal 2013, growing our business despite the strategic adjustments made to our product portfolio.

We also made structural improvements when it came to converting our revenue into earnings, increasing OSRAM's earnings power. EBITA rose by 95.9% in the past fiscal year to €99.5 million. This represents an increase in the corresponding EBITA margin to 1.9%. Special items—in particular, transformation costs—accounted for 580 basis points. This brings us closer to our goal of a long-term EBITA margin of over 8%. This development allowed us to report positive net income at the fiscal year-end of €33.6 million, despite seeing higher transformation costs of €299.5 million, up 50.9% on the prior-year figure.

OSRAM was able to translate this positive earnings trend into higher cash flows from operating activities, leading to another slight increase in our free cash flow. This amounted to €284.3 million, exceeding the high level of the previous year (excluding the €499.5 million cash outflow resulting from the funding of pension plan assets).

The OSRAM Licht Group's equity ratio (total equity as a percentage of total assets) was 49.0% as of September 30, 2013. The relevant figure at the end of the previous fiscal year had been 38.5%. Our net debt as of that reporting date had been €595.3 million; in contrast, we reported net liquidity of €172.0 million as of September 30, 2013. Our solid financial profile is rounded off by the credit facility agreement that we signed on February 1, 2013, for a total of €1.25 billion, which was unused for the most part as of September 30, 2013.

Report on Events After the Balance Sheet Date

No transactions of particular significance and with material effects on the net assets, financial position, and results of operations have occurred since the end of the reporting period, September 30, 2013.

Report on Expected Developments and Associated Material Opportunities and Risks

Report on Expected Developments

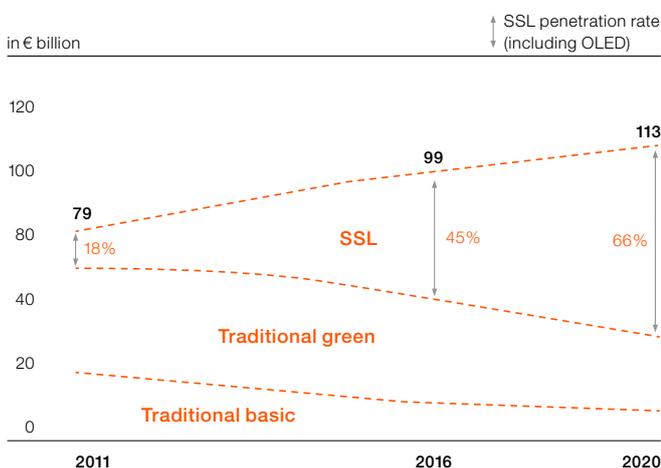
Future Economic and Sector-specific Developments

According to forecasts by IHS Global Insight, global economic growth in calendar year 2014 is expected to increase by around 3%. We believe that the Latin America, the Middle East, and APAC regions will remain the growth drivers due to their solid economic growth and increasing population numbers. We are expecting steady growth for the automotive market in Asia and North America and are seeing the first signs of improvement for Europe. Nevertheless, growth forecasts for the global lighting market are associated with certain global economic risks. For example, the eurozone crisis is still unresolved and a number of the other emerging economies have recently come under pressure from the financial markets. This could negatively impact the lighting industry.

• See the section entitled "Report on Opportunities and Risks" on page 94ff.

The Group's Focus in the Coming Fiscal Year

World Lighting Market



Source: OSRAM estimates based on the 2012 McKinsey Lighting Market Report; SSL includes LED, infrared, and laser products, as well as OLEDs.

Independently of general cyclical economic developments, we believe that the basic trends expected in the global lighting market (see figure) are intact. The lighting industry will continue to be dominated by the technology shift from traditional light sources to SSL. Our OSRAM Push program, initiated in fiscal 2012, takes account of this trend. The systematic implementation of this program will also dominate our business activities in fiscal 2014. We believe that the restructuring component of the OSRAM Push program will largely

be completed in the next fiscal year. More specifically, this means that we aim to have implemented our plans to reduce the number of production sites and to cut jobs, and to have achieved our savings targets for function costs, by the end of September 2014. Nevertheless, we expect the technology shift to extend beyond 2014 and that this may lead to additional restructuring in the traditional business.

In 2014, we will expand the remit of the OSRAM Push program to include organic growth and continue to drive forward OSRAM's strategic focus on SSL. In addition, the transformation of the Group will address as a matter of priority the structural challenges in our Luminaires & Solutions segment. The first step will be to restructure unprofitable parts of the business and to concentrate in the future in the Services business on the growing demand for energy-efficient lighting optimization and installation services, as well as promoting the growth of our profitable luminaire portfolio.

Our process and structural changes—which will not only tie up manpower but also impact our profitability in 2014—are not simply a reaction to the shift in the lighting market; rather, we are actively shaping this transformation: OSRAM aims to create the growth momentum to secure our long-term competitiveness by expanding new businesses as well as designing and implementing future-oriented business models (for example, by taking a holistic, strategic approach to product implementation and sales). • See the section entitled "Sustainable Value Creation" on page 54ff.

With regard to our strategic growth target, the spotlight in fiscal 2014 will remain fixed on profitable growth. Our activities will focus primarily on the continued expansion of our SSL market position. In addition, we will further strengthen our global positioning and increase our presence in Asia in particular.

Expected Revenue and Earnings Trends

We expect the OSRAM Licht Group's comparable revenue (i.e. adjusted for currency translation and portfolio effects) in fiscal 2014 to exceed global real GDP growth for calendar year 2014, despite a decrease in the share of revenue at LS resulting from the restructuring. IHS Global Insight is currently expecting real GDP growth to be around 3% for calendar year 2014. We expect OSRAM to benefit both from the gradual economic upturn and from the increasing revenue

share accounted for by innovative—and therefore higher-value—semiconductor-based products. In addition, we believe that the structural and process improvements resulting from the implementation of OSRAM Push will have a positive effect. Based on the exchange rate levels in fall 2013, we expect the negative impact of currency translation effects on our reported revenue to be approximately 2% to 3% in 2014. With respect to OSRAM's individual business areas, we are anticipating—again on a comparable basis—clear growth for OS and revenue growth in mid-range single digits for SP. For LC, we expect to stop the decline in revenue on the basis of the increasing penetration of SSL products. We expect no revenue growth in the LS segment, since lower revenues due to restructuring and streamlining of the product portfolios in the luminaire and services businesses will offset the expected growth in the SSL luminaire business.

We expect an EBITA margin of over 8.0% in fiscal 2014 (adjusted for special items, which are defined as transformation costs, costs associated with the separation/for going public (net), and costs associated with significant legal and regulatory matters). The implementation of OSRAM Push will benefit us in particular, as will the expected revenue growth for OS and SP. For this reason, the contributions made by the individual segments to overall EBITA will vary considerably. We are anticipating that the SP segment will be able to match the high level of reported EBITA (not adjusted for special items) in fiscal 2013. For OS, we expect reported EBITA to exceed the level of 2013, although the rate of growth will be more modest than in 2013. We expect both LC and LS to show sharp improvement in reported EBITA, in particular due to lower transformation costs. At the same time, we also expect to see cost savings in 2014 due to measures taken as part of the OSRAM Push program.

Transformation costs account for a significant part of the special items. In line with the cumulative transformation costs planned and expected under OSRAM Push, [see the section entitled "OSRAM Push Program" on pages 49 to 51](#). We are anticipating transformation costs in fiscal 2014 of around €100 million.

Improved profitability and lower transformation costs compared with fiscal 2013 together with the low comparative base for the previous year mean that we expect to report a sharp increase in net income for fiscal 2014. As a result, we intend to generate a return on capital employed (ROCE) in excess of our cost of capital of 8.5% in fiscal 2014.

Expected Financing and Liquidity Situation, and Planned Capital Expenditures

In the coming fiscal year, we expect a positive free cash flow in the three-digit millions of euros, although it will fall short of the high level seen in fiscal 2013. This is mainly due to the expected higher cash outflows caused by OSRAM Push. Capital expenditures will rise substantially compared with fiscal 2013 and will relate in particular to the construction of our new plant in Wuxi, China. The goal is to finance them primarily from ongoing cash inflows and existing liquidity.

Based on our forecast cash inflows and planned expenditures as part of our operating activities, we expect OSRAM to again report a net liquidity and hence a stable financial profile in the next fiscal year, offering us adequate financial flexibility to implement our transformation and growth strategies.

Summary of Expected Developments

Our strong position in the lighting market and our profound knowledge of, and many years' of experience in, electrical lighting are the strengths on which we want to build our long-term success in the lighting business. The fundamental technology shift is posing challenges for us, but it is also providing us with opportunities. We aim to address this situation by systematically implementing our OSRAM Push program, while simultaneously seizing our opportunities with innovative products and solutions, as well as with new business models. Overall, we expect to continue our profitable growth on a comparable basis in fiscal 2014 and to improve our long-term competitiveness. For this reason, we are considering proposing a dividend to the Supervisory Board of OSRAM Licht AG for fiscal 2014 in line with our dividend policy in relation to the General Meeting in February 2015. The table below provides an overview of our forecasts for our key performance indicators. [For forecasts of the non-financial key performance indicators relating to the "OSRAM Push" transformation program, please also refer to section "OSRAM Push" on pages 49 to 51.](#)

Expected Developments 2014

	Starting point Fiscal year 2013	Expected developments Fiscal year 2014
Comparable revenue growth (adjusted for currency translation and portfolio effects)	1.6%	Revenue growth of OSRAM Licht Group on a comparable basis will be higher than global real GDP growth for 2014 (currently expected at 3%), despite a decrease in the share of revenue at LS resulting from the restructuring.
EBITA margin before special items	7.7%	EBITA margin (before special items) is expected to be over 8.0% in fiscal 2014.
Net income	€33.6 million	Net income will increase sharply.
ROCE	1.9%	We intend to generate a return on capital in excess of our cost of capital of 8.5%.
Free cash flow	€284.3 million	We expect a positive free cash flow in the three-digit millions of euros, although it will fall short of the high level seen in fiscal 2013.
Reduction of manufacturing sites	7 sites	Starting from a baseline of 43 manufacturing sites in 2011, our goal is to discontinue 11 locations.
Cumulative job reduction in connection with OSRAM Push until 2014	6,600 jobs ¹⁾	A total of approximately 8,700 jobs will be cut by September 30, 2014.
OSRAM Push measures	€433 million	Overall, we aim to achieve cumulative gross cost reductions of around €1.2 billion with the transformation program by fiscal 2015.

¹⁾ Including 500 jobs at the Tangerang production facility in Indonesia, which were eliminated as of October 1, 2013.

The forecast is based on the macroeconomic trends presented above and the OSRAM Licht Group's multi-year business plan, which includes a series of additional assumptions: in particular, we are assuming a forecast for the US dollar exchange rate of USD 1.34 to €1.00. In addition, we expect customer prices to decline by an average of around 6% for OSRAM worldwide and by an average of around 10% for OS; this will also reflect structural changes, in particular the increasing penetration of SSL. As a matter of principle, this forecast is based on the assumption that our recently developed products will be successful on the market. In addition, the earnings forecast is based on the assumption that we will reach the savings targets for our function costs defined under OSRAM Push. See the section entitled "OSRAM Push Program" on pages 49 to 51. and that we will substantially improve the profitability of our forward-integrated SSL products. Furthermore, our business planning makes the assumption that we will be successful in strategically repositioning the Luminaires & Solutions segment. Any deviations from these assumptions may lead to significant deviations from our revenue and earnings planning.

As a matter of principle, the OSRAM Licht Group's actual business development may lead to positive as well as negative deviations from our forecasts, due among other things to the risks and opportunities described below. See the section entitled "Report on Opportunities and Risks" on pages 94 to 104. In particular, the course of our business is dependent on the macroeconomic environment and may be negatively impacted by increasing uncertainty or by a deterioration in general economic and political conditions. Please read this report on expected developments together with the section entitled "Notes and Forward-looking Statements" on page 113.

Our risk management policy stems from a philosophy of pursuing sustainable growth and creating economic value while avoiding and managing inappropriate risks. As our risk management is an integral part of how we plan and execute our business strategies, our risk management policy is set by the Managing Board.

OSRAM is presented with a wide range of opportunities as part of its corporate activities and in view of our wide range of business activities. However, the Company is also exposed to a large number of risks. These opportunities and risks may positively or negatively influence the Company's business performance. We make use of a variety of integrated risk management and control systems to identify relevant opportunities and risks at an early stage and to manage them effectively. Risk management sustainably ensures our future business success and is an integral component of all Group decisions and business processes.

Opportunity and Risk Management System

As a globally operating enterprise in the lighting industry and one of the world's leading lighting manufacturers, the OSRAM Licht Group's business activities are associated with both opportunities and risks. Systematic risk management has been introduced at OSRAM to identify, assess, and manage opportunities and risks. The risk management system is subject to ongoing development in light of the ever-increasing complexity of corporate structures, as well as increasing internationalization. The OSRAM Licht Group's risk management policy is aligned with its aim of achieving sustainable growth and increasing its enterprise value, while at the same time identifying, minimizing, or as far as possible avoiding the risks associated with its business operations. In accordance with the organizational hierarchy and lines of responsibility at OSRAM, the management of our business units, regions, and corporate departments is required to implement a risk management system, to report on risks and opportunities, and to comply with the overarching principles established by the Managing Board.

We have implemented and coordinated a set of risk management and control systems which support us in the early recognition of developments jeopardizing the continuity of OSRAM business and to implementing the necessary measures. The Supervisory Board's Audit Committee is responsible for monitoring the effectiveness of these systems. Group Internal Audit also includes compliance with the corporate policies regarding risk management within the annual audit plan of selected entities. The findings out of these audits

are considered in the continuous improvement process for our risk management system. Accordingly, this helps to ensure that the Managing Board and Supervisory Board are fully and promptly informed of material risks and opportunities.

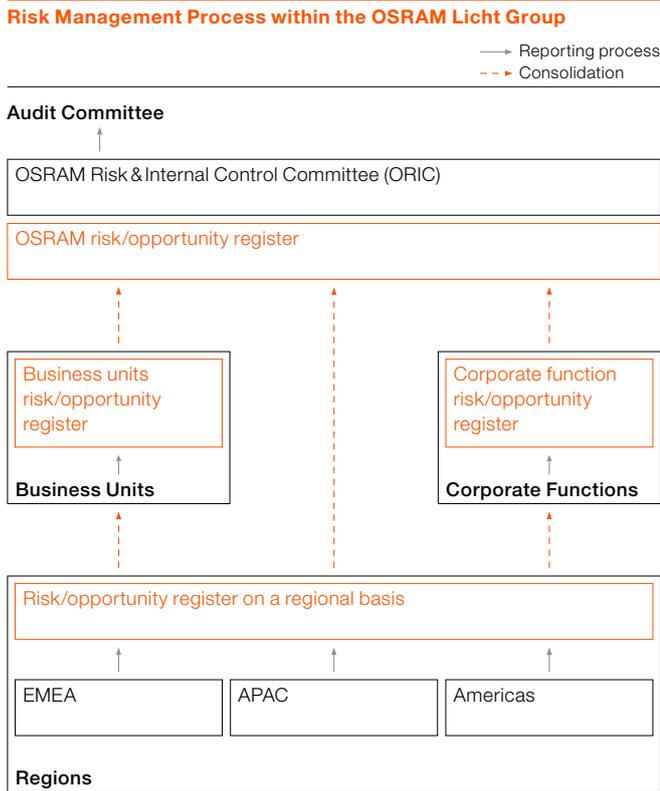
Risk management at OSRAM is based on a comprehensive, interactive, and management-oriented Enterprise Risk Management ("ERM") approach that is integrated into the organization and that addresses both risks and opportunities. Our ERM approach is based on the worldwide accepted "Enterprise Risk Management—Integrated Framework" developed by the "Committee of Sponsoring Organizations of the Treadway Commission" ("COSO"). The framework connects the ERM process with our financial reporting process and is closely integrated in our internal control system. It incorporates a company's strategy, efficiency, and effectiveness of its business operations, the reliability of its financial reporting, as well as compliance with relevant laws and regulations.

The ERM process aims for early identification and evaluation of, and response regarding, risks and opportunities that could significantly affect the achievement of our strategic, operating, financial, and compliance related targets.

The risk management system aims to ensure that all relevant business risks are captured across all business areas. The risk assessment generally covers a time frame of three years. Any event that has a (positive or negative) influence on business performance beyond the scope of our business planning represents an opportunity or a risk.

Our ERM approach is based on the net principle, in which risks are assessed after existing measures such as internal controls or insurance. In order to provide a comprehensive view on our business activities, risks and opportunities are identified in a structured way combining elements of both top-down and bottom-up approaches. The bottom-up identification and assessment process is supported by workshops with the respective management of the relevant business units, regions, and corporate functions. This top-down element ensures that potential new risks and opportunities are discussed at the management level and if relevant, are included in the subsequent reporting process. Reported risks and opportunities are analyzed regarding potential cumulative effects and aggregated in the OSRAM Risk/Opportunity register. Risks and opportunities are generally reported on a quarterly basis. This regular reporting process is complemented by an ad-hoc reporting process that aims to escalate critical issues in a timely manner.

The following chart illustrates the risk management process within the OSRAM Licht Group:

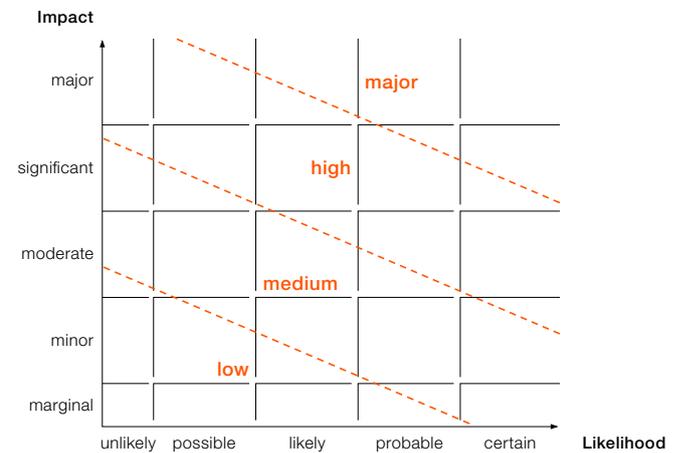


Assessment of Risks and Opportunities

In the following sections within their document the term “risk” instead of “opportunity and risk” is used. A distinction is made between risks and opportunities only where required. In order to determine which risks would appear to jeopardize the continuity of the OSRAM Licht Group’s business, the risks are assessed as part of the ERM process regarding their impact on our business objectives and their likelihood.

Based on a correlation of their likelihood and impact, risks are classified as “major,” “high,” “medium,” or “low”. Risks are generally not quantified in monetary terms, as the focus is more on the use of qualitative factors to classify their impact, including failure to achieve business objectives, reputational damage, and their ability to tie up management resources. Risks can be presented graphically using a heat map. The impact of the risks is plotted on the y-axis and their likelihood is plotted on the x-axis.

Heatmap: Risk Classification



Responsibilities are assigned for all relevant risks with the hierarchical level of responsibility depending on the significance of the respective risk. In a first step, assuming responsibility for a specific risk involves deciding upon one of our general response strategies, or a combination of them. Our general response strategies with respect to risk are avoidance, transfer, reduction, or acceptance of the relevant risk. Our general response strategies with respect to opportunities are complete, partial or no realization. In a second step, responsibility for a risk also involves the development, initiation, and monitoring of appropriate response measures corresponding to the chosen response strategy. These response measures have to be specifically tailored to allow for effective risk management. Accordingly, we have developed a variety of response measures for both risks and opportunities. We have taken out appropriate insurance levels against potential cases of damage and liability risks in order to reduce our exposure to such risks and to avoid or minimize possible losses. To oversee the ERM process and to further drive the integration and harmonization of existing control activities to align with legal and operational requirements, the Managing Board has established a corporate department that is headed by the Risk & Internal Control (RIC) Officer and is responsible for risk management and the internal control system, as well as the OSRAM Risk and Internal Control Committee (ORIC). The ORIC is composed of the RIC Officer as the chairman and the Managing Board as permanent members. The material consolidated risks and opportunities are reported to the Managing Board in the ORIC, which uses this information to evaluate the risk and opportunity situation across the Group.

Risks

Below, we describe the risks that could have material adverse effects on our business, financial position, and results of operations, and our reputation. The order in which the risks are presented within the categories reflects the currently estimated relative exposure for OSRAM and thus gives an indication of the current significance of these risks for OSRAM. The current estimation of the level of risk may change over time. We do not expect to incur any risks that in isolation or in combination would appear to jeopardize the continuity of our business.

If not explicitly stated that a risk relates to an individual segment, the risks described concern the OSRAM Licht Group.

Strategic risks

Market developments

The lighting industry is facing a far-reaching technological change towards solid state lighting (SSL). This change might be disruptive, which may have a material impact on our competitive position. The speed and extent of the transition to SSL is highly uncertain and depends on various framework conditions. This risk primarily affects the Lamps & Components segment.

Despite the advantages of SSL compared with traditional technology, SSL is only gradually penetrating the market; the extent and speed at which it will gain further market share is difficult to predict and opinions in this respect vary in the industry and among market researchers. Our planning is based on the market model developed by McKinsey (source: McKinsey Lighting Market Report 2012). However, there are other market studies which predict shorter or longer transition periods. Compared to traditional products, SSL products are still relatively expensive at the moment and their use depends in part on customer preferences that are difficult to predict. We also expect that the use of SSL products will rise to varying degrees in different areas of application and customer groups (professionals and consumers). Among others, factors that influence the acceptance or sales of SSL products are:

- the further development of the regulatory framework and government support measures in favor of energy-saving lighting technology;
- developments in energy prices;
- acceptance of SSL products in the consumer business and by our customers generally, in particular further education on total operating costs weighing the comparably high acquisition costs against durability and energy savings;

- developments in individual end markets, such as the automotive and construction industry;
- the development of other technologies that could potentially compete with LEDs, such as highly energy efficient traditional light sources or new light sources (e.g. organic light-emitting diodes (OLED));
- the development of production costs for various product categories.

Successful transition to higher quality SSL products will depend on the speed of the transition and, consequently, the length of the transition period. We must therefore be flexible in our business processes that vary greatly for different technologies to respond to the changes in technology that are difficult to predict. The same applies to marketing activities and our distribution structure. Our strategy is based on the assumption of a certain speed of transition, but that transition may be faster or slower than currently anticipated. If we fail to adapt our business with the required flexibility to the actual speed of transition, this could have a material adverse effect on our competitive position, our business, financial position and results of operations.

Economic situation

The cyclical nature of the lighting business and the changing general economic environment have resulted in significant volatility in demand for our products in the recent past and, therefore, the development of our revenues and results of operations, and these trends may continue in the future.

Demand for our products is cyclical and the majority of our business is exposed to changes in the general economic environment. Our products serve applications in various segments of the general lighting sector such as residential, office, hospitality, outdoor, architectural and industrial lighting, in the automotive sector, for displays as well as in the entertainment industry, most of which are affected by changes in the economic environment relatively early in the economic cycle, which in turn impacts our business, financial position and results of operations. The main exception to this is the luminaires business, which is more exposed to the construction industry, which is affected rather late in the economic cycle. Furthermore, as our main markets are in Europe, the United States and Asia, economic developments in these regions have the highest impact on our business activities.

A sovereign default or the exit of an EU member state from the eurozone may also have material adverse effects on the global economy and thus on OSRAM's business. In addition, exchange rate fluctuations can have material adverse effects

on our revenues and profits and may also affect our competitive position.

Declining demand in our major markets—and the price pressure resulting from such lower demand—and overcapacity, particularly of a temporary nature, in the area of LED manufacturing could have a material adverse effect on our operating activities and our net assets, financial position, and results of operations. In addition, a prolonged period of low prices and sales volumes, and depressed margins, could result in us being unable to cover our fixed costs, which could in turn have a material adverse effect on our business, financial position, and results of operations, and could make it necessary for us to adapt our business.

Due to our cyclical business environment, we aim to keep our fixed cost base as low as possible. We also closely monitor the economic situation to ensure that we are prepared for any change in demand at all times.

Price pressure

Prices for lighting products have historically been and continue to be subject to price erosion, both in traditional products, and in particular in relation to SSL products that must become cheaper to gain market share. We expect average customer price reductions of around 6% for OSRAM worldwide and around 10% for OS; the impact of structural changes, in particular the increasing penetration of SSL products, is also making itself felt. If these price declines cannot be fully compensated by rising volumes of sold products, we will need to achieve productivity improvements and keep our costs under control. In this context, an efficient supply chain management will, among other things, be of an increasing importance. We regularly review our structures, global and regional presence, and processes in order to identify potential cost savings and to adapt our global and regional reach accordingly. By doing so, we aim to achieve cost savings and operational improvements that will allow us to compensate for falling selling prices, rising raw materials and energy costs, and higher wages. For example, prices for raw materials in particular have fluctuated significantly in the past and may be subject to similar volatility in the future as well (e.g. xenon). In addition, there is no guarantee that our cost saving and efficiency improvement measures will continue to be successful going forward or result in anticipated savings. Overall, this could have a material adverse effect on our business, financial position, and results of operations. Furthermore, restructuring measures regularly initially have a material adverse effect on our results of operations and cash flow.

Adjustments to the business model

The transition towards SSL in the lighting industry has significant effects on our competitive position and business model for the reasons explained below; in this context, it is important to distinguish between light-generating SSL products (light sources, i.e. LEDs) and SSL products resulting from the forward integration of LEDs (integration of light sources in components and/or lighting systems), the latter also referred to as forward integrated SSL products.

The longevity of LED products is expected to convert a former stable replacement lighting business to a first installation business over the next several years. The trend towards more durable light sources will lead to lower replacement demand; the importance of forward integrated SSL products and complete lighting systems or supplying the manufacturer of such systems on a first installation basis instead of supplying replacement light bulbs is likely to increase, which requires us to adapt our research and development (R&D) to this development. Moreover, we need to adapt and educate our sales force to develop the necessary technical know-how to be responsive to a first installation business model that will require in particular networking with architects, lighting advisors and constructors. Since luminaires (with integrated light sources) are becoming a more important part of both the lighting market and our product portfolio (as compared to the delivery and replacement of lamps), we will need to develop the expertise required to meet this expected shift of demand. If the integration and restructuring of the Siteco and Traxon acquisitions takes longer than expected, this may also lead to delays in adapting the business model. We are responding to this challenge, which affects the Luminaires & Solutions segment in particular, by clearly focusing capital and human resources in targeted programs of measures. This could have a material adverse effect on our business, financial position, and results of operations.

Competitive environment

The lighting industry is characterized by intense competition. We face competition from other established large, global manufacturers as well as from new competitors mainly from the semiconductor industry who are expanding their activities. The market entry of new competitors and overcapacities result in increasing price pressure that may adversely affect our results of operations.

The main competitive factors include access to sales channels, technology leadership, innovation strength, an extensive patent portfolio, reliability, brand image, the product range, performance, energy efficiency, price, delivery speed,

quality, and design. With SSL penetration increasing and product life cycles becoming shorter, innovative strength, the ability to provide solutions, and the ability to quickly bring products to market will become more important than in the past. Competition is particularly intense at times of declining sales volumes or overcapacity in the market, as competitors are tempted to boost sales by lowering prices (or not adjusting prices to the increased cost of goods sold) so as to maintain or increase their capacity utilization. New competitors, in particular from Asia, are entering the SSL market, adding to the price pressure.

The growing share of SSL in the market is leading to a shift in the competitive landscape. As a result of the technologies used and due to the expected growth of the market, new competitors are entering the market for SSL. At the same time, traditional technologies are experiencing accelerated consolidation. Given the more diversified value chain in the SSL sector, a historically limited number of market players in the traditional lighting business are facing an increasing number of new competitors that already cover certain areas of the value chain and that could also extend their activities to other areas. Although we also cover large parts of the value chain for SSL, we do not always occupy the same market position in the individual stages of the value chain. We are aiming to improve the profitability of the SSL business as part of the OSRAM Push program by adapting the existing in-house business models toward a more design-, sourcing-, and distribution-driven approach. We have launched initiatives to further enhance our procurement and supply chain management functions to meet the requirements associated with SSL products' higher value and shorter product life cycles.

With competition becoming more diverse and new competitors entering the lighting market, competition is likely to intensify and may have a material adverse effect on our business, financial position, and results of operations.

Operational risks

Shortage of qualified employees

As a technology company, we need qualified employees; competition for such employees is intense. An inability to attract and retain skilled key personnel could materially adversely impact our business.

Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation, transition and expansion of our business could limit our ability to conduct research

activities successfully and to develop and sell marketable products. Competition for qualified personnel is particularly intense in the area of research and development, engineering and the project business (qualified SSL sales people). We may also lose senior managers who are important to our business.

In the course of our restructuring measures, we could in certain circumstances lose key personnel and be viewed as a less attractive employer. Succession planning and identifying and developing talent are therefore a global focus. Therefore, we have a concept for developing talent and have introduced our Open Mentoring program (see the section entitled “Employees and Social Responsibility”). We have also expanded our social media presence and are using this channel to recruit new employees.

If one or more of these risks materializes, this could have a material adverse effect on our competitive position, business, financial position, and results of operations.

Launch of new products

The lighting industry is facing rapid changes in technology, frequent new product introductions, increasingly shorter product life cycles and changes in customer preferences, as well as increasing price competition. Our future business success therefore largely depends on our ability to offer innovative products tailored to our customers’ needs. We need to continuously develop our product range in order to respond quickly to the latest technological developments. This requires, among other things, significant expertise, qualified employees, and considerable investment in research and development. The successful implementation and introduction of new products depends on various factors, such as:

- developing technical innovations and protecting them using patents to be able to manufacture commercially attractive products;
- correctly assessing market demand and the prevailing standards;
- the acceptance of new technologies in the markets in which we operate; and
- the sale of sufficient volumes to cover fixed costs.

We may devote research and development resources to and invest in production facilities for technologies or products that may turn out to be unsuccessful (e.g., on grounds of cost) or not adopted adequately by the market.

Furthermore, new developments and adjustments can involve technical problems; they may fail completely, may not be accepted by the market and are often more frequently sub-

ject to malfunctions compared with established products. A product that does not match customer expectations can have a negative effect on existing customer relationships and afford advantages to competitors. If our competitors succeed in developing their current products and technologies quicker or in greater numbers than ourselves, or if our competitors launch alternative products or technologies on the market that are more cost-effective, of higher quality, more functional or are more competitive for other reasons, this could have negative implications upon the demand for products offered by us. If one or more of these risks materialize, this could have a material adverse effect on our competitive position, and on our business, financial position and results of operations.

Adjustments to our industrial footprint

A significant part of our existing production facilities may become obsolete due to the transition to solid state lighting (SSL) or the shift in regional shares of sales since production processes for traditional lighting technologies on the one hand and solid state lighting on the other hand are fundamentally different. The resulting costs may have a significant adverse effect on our results of operations.

A significant part of our production facilities is used to manufacture traditional lighting technologies (such as fluorescent, halogen and high-pressure discharge lamps). The production process of these types of lamps is significantly different from the production process of other lighting technologies, in particular the manufacturing of forward integrated SSL products. Accordingly, due to the transition to SSL, over time, some of our production facilities can no longer be used. While we can address these risks by either transforming affected facilities to produce other lighting technologies (for example halogen lamps instead of incandescent lamps), selling or shutting down these production facilities, the transformation, sale or closing down of production facilities may result in additional costs, including depreciation and impairments on production facilities, costs of removal, potential restructuring costs, costs for the transfer or dismissal of employees and other costs.

Delays could occur in the case of a sale or closure, or this might not be possible. In addition, regional shifts in sales—particularly towards Asia—may necessitate additional adjustments in the affected regions in line with sales trends. Some capacity may no longer be needed as a result; this could entail significant costs in the future. Since it is difficult to predict the speed of the transition process to new technologies, such costs may be incurred earlier than expected. As part of the OSRAM Push program, we launched the

comprehensive “Future Industrial Footprint” project in fiscal 2012 to adapt global production capacities to future market demand largely by 2014.

Impairment losses and losses on the sale of items of property, plant, and equipment, expenses for personnel-related restructuring measures relating to the “Future Industrial Footprint” project, and other personnel-related restructuring measures significantly impacted OSRAM’s earnings in fiscal 2012 and fiscal 2013. We will continue to evaluate our production facilities and review any necessary adjustments to manufacturing structures on an ongoing basis; this may result in additional restructuring costs, particularly in fiscal 2014. Current and future restructuring measures may have a material adverse effect on our business, financial position, and results of operations in excess of our expectations.

Legal and compliance risks

Litigations

We are involved in legal disputes that bear significant risks. These legal disputes comprise, for example, product warranty claims, property damage and personal injury that were caused, or alleged to have been caused, by our products, alleged false or misleading information regarding product characteristics as well as alleged poisoning with mercury and patent disputes.

We are involved in several legal disputes that are largely part of the ordinary course of business but are in some instances significant. For example, we are and we have been the defendant in a product warranty claim brought by a car front-light set maker in connection with allegedly mal-functioning LEDs used in automotive head and tail lamps. Other legal proceedings relate for example to fires that were caused, or alleged to have been caused, by our products, to an alleged poisoning of former employees with mercury in connection with the production of fluorescent lamps as well as to asserted damage claims for alleged false or misleading information regarding product characteristics in the U.S. Damages claimed in these proceedings may ultimately be significant. In addition to claims for damages and warranty claims, litigation from the ordinary course of business especially includes patent litigation. Such patent litigation could lead to high compensation or license payments, or to an impediment to production, to necessary modifications or even termination of the distribution of certain products affected by third party patents. Subject to certain conditions, we recognize provisions for these risks. However, legal proceedings in which we are involved could also trigger claims for damages against us that exceed our provisions for litigation. Legal expenses in connection with warranty, product liability, or patent litigation

also tend to be significant in many instances. Third-party claims for damages are averted or kept to a minimum by our internal legal department and the lawyers engaged by us, who defend our position in all legal disputes. In addition, we enter into patent cross-licensing agreements and take out insurance before any such disputes arise. Negative developments with respect to legal proceedings, including product liability and patent litigation, could therefore have a material adverse effect on our operating activities from both a procurement and a sales perspective, and could negatively impact our business, financial position, and results of operations.

Financial market risks

The OSRAM Licht Group is exposed to a variety of financial market risks which are continuously monitored and managed, and a variety of strategies, particularly the use of derivative financial instruments, are employed to reduce these. For further information about the extent and management of financial risk, see Note 33 | Financial Risk Management in the Notes to the consolidated financial statements.

Opportunities

We also regularly identify, evaluate and respond to the opportunities arising for OSRAM using our comprehensive, interactive, and management-oriented ERM approach. The assessment methodology is the same as that applied to the assessment of risk. In the following, we describe our most significant opportunities. The order in which the opportunities are presented within the categories reflects the currently estimated relative exposure for OSRAM, and thus provides an indication of the opportunities' current importance for OSRAM.

Strategic opportunities

Producing for local markets

Most of our product portfolio meets high regional or supra-regional standards and is adapted to new statutory requirements on an ongoing basis. For example, the entire portfolio has been modified to meet the technical requirements, including warm-up times and switching cycle, set out in the EU's new ERP 5 standard. Compliance with these standards guarantees the excellent quality of our products for our demanding customers in the area of both professional and consumer applications. In addition to this premium market segment, there is another segment where price is the main purchase criterion. This segment is particularly significant in the area of consumer applications and in developing countries. We believe that adapting products to local standards, particularly in developing countries and emerging markets, offers opportunities to generate profitable business. By adapting product specifications to local standards, we aim to enhance our cost position in the low price segment, so that we can implement lower selling prices. This could possibly also be achieved in combination with local production or the purchase of local products. Since we still expect most product segments to continue to expand in the emerging markets, this could have a positive impact on our business, financial position, and results of operations.

Expertise along the entire value chain

We believe that our combined know-how of traditional and SSL technologies, together with a deep understanding of lighting applications, will be important success factors for our SSL transition. Based on our technological and innovation strength, we believe that we have a leading revenue position in most lighting technologies and applications. We offer a comprehensive product portfolio including efficient traditional products as part of the Environmental Portfolio and SSL products. This provides in our opinion an excellent platform for the shift to energy-efficient lighting products. Our global sales force supports our leading position and high

brand-awareness across all regions, as is demonstrated by our highly diversified customer portfolio across our balanced sales channel mix. In addition, we believe to have operational excellence and a well-established global sourcing and manufacturing footprint designed to ensure accelerated, market-driven product launch times for shorter innovation cycles.

The result of our combined core strengths is reflected in the success of our OSRAM brand, which is a global pure-play lighting brand. We plan to leverage the trust that is associated with our global lighting brand in order to strengthen our downstream business towards luminaires and complete lighting solutions.

In past years, OSRAM has expanded its business model to include professional lighting solutions. The implementation of customized, energy-efficient, and innovative lighting concepts will represent a growing business segment in the future as well.

Our systematic continuation of our forward-looking investments in basic research and innovative lighting technologies strengthens our market position and serves our goal of offering energy-efficient, sustainable products and applications. Our efforts also extend to optimizing our business processes. We want to structure our processes so as to accelerate product launch times and to leverage opportunities to use or generate potential cost savings. This could have a positive impact on our business, financial position, and results of operations.

Stable market for traditional products

We believe that the traditional market could remain stable for longer than expected, particularly in the case of halogen lamps in Europe and the U.S.A. Traditional halogen lamps could compensate the shrinking market for traditional incandescent lamps, a process that was partly accelerated by statutory energy-efficiency requirements. We therefore expect revenue from our profitable halogen products to remain stable. Declining demand for compact fluorescent lamps (CFL) in high-price markets such as Europe is being offset by faster market growth in price-sensitive regions, for example Latin America and Middle East/Africa. This could have a positive impact on our business, financial position, and results of operations.

Strategic acquisitions and partnerships

We believe that our present platform, including Siteco, Traxon and Encelium, positions us well to apply know-how and provide integrated solutions. To further exploit our

potential, we may consider selective value-adding acquisitions, joint ventures and partnerships in the future. Our long term targets include achieving the following positions:

- One of the leading SSL supplier in all three regions
- Supplier of lighting management systems in all three regions
- Entirely localized LED supplier in Asia, especially in China

With the decision to build a LED back-end production facility in China, we have already made a major step towards becoming a fully integrated LED player in Asia. Decisions in favor of further acquisitions, joint ventures, and partnerships, as well as measures to adjust our portfolio could have a positive impact on our business, financial position, and results of operations.

Other opportunities

Personnel opportunities

In order to maintain our leading position in the highly competitive, dynamic environment of the changing lighting market, we offer our employees a wide range of training programs, projects, and activities. These are designed to improve our attractiveness and our position on the employment market. “Life in Balance” should be aimed to strike a balance between work and family life, as well as personal interests.

›An overview of the programs and initiatives can be found in the section entitled “Employees and Social Responsibility” on pages 61 to 63. We are also aiming to recruit local experts and managers in some countries, gaining from their knowledge of local markets and their specific requirements, among other things. This could have a positive impact on our business, financial position, and results of operations.

Legal proceedings

Some of the legal proceedings we are involved in ›See the section entitled “Legal and compliance risks” on page 100. are also associated with opportunities. Positive developments in the legal proceedings, including product liability and patent litigation, could have a positive impact on our business, financial position, and results of operations.

Licensing of patents

Intellectual property, which includes patents, utility models, designs, copyrights and trademarks, as well as trade secrets and know-how, is particularly important in our business. Our standard practice is to seek patent protection for technical solutions relevant to our business. The OSRAM Licht Group regularly files patent applications in countries of major economic significance as well as in countries where competitors’ manufacturing sites are located. These countries include

Germany, the U.S.A. and China, but also other European and Asian countries and occasionally other countries.

Important patents of the OSRAM Licht Group relate especially to technical solutions for SSL products as well as to technical solutions for traditional light sources, related electronics and related components and pre-materials. With regard to SSL, we consider two of our own patent families particularly important to our business, WO1997/50132 and WO1998/12757, which we call the “conversion principle” and the “particle size” families. These patent families are the basis for manufacturing LEDs emitting homogenous white light generated by wavelength conversion due to the use of fluorescent substances.

The lighting industry and in particular the LED industry is characterized by a significant number of patents and patent cross-license agreements between manufacturers. In addition, OSRAM has granted to competitors or other third parties one-way licenses in certain fields for which we receive license fees. This could have a positive impact on our business, financial position, and results of operations.

Overall Assessment of Risks and Opportunities

The OSRAM Licht Group consolidates all risks and opportunities reported by several regions, business units, and corporate functions as part of the risk and opportunity assessment process, which is conducted on a quarterly basis. Risks result particularly from the technology shift to SSL, and the impact of the economic situation on our business, with its short cyclical nature. In particular we see opportunities in currently unoccupied local markets, in new products as well as along the value chain, but also in highly qualified personnel. Taking into account the respective likelihood and the potential impact of the risks described in this report, and given the sound balance sheet structure and the current business outlook, the Managing Board does not foresee any material jeopardy to the viability of the OSRAM Licht Group as a going concern. This assessment is supported in particular by our financing structure ›see also the section entitled “Financing and Liquidity Analysis” on pages 79 to 82.

The Managing Board remains confident that the Group’s earnings strength forms a solid basis for our future business development and provides the necessary resource to pursue the opportunities available to the OSRAM Licht Group. The Managing Board considers the risks described above to be manageable from today’s perspective, and we do not expect to incur any risks that either individually or in the

aggregate would appear to jeopardize the continuity of our business.

Key Features of the Accounting-related Internal Control and Risk Management System

The following information contains disclosures in accordance with sections 289(5) and 315(2) no. 5 of the Handelsgesetzbuch (HGB—German Commercial Code) and an explanatory report.

The overarching objective of our accounting-related internal control and risk management system is to ensure orderly financial reporting in the sense that the consolidated financial statements and Consolidated Management Report comply with all relevant requirements.

As described in the section entitled “Opportunity and Risk Management System,” our ERM approach is based on the globally accepted “Enterprise Risk Management—Integrated Framework,” which was developed by COSO. Since one of the objectives of this framework is to ensure the reliability of financial reporting, it also contains an accounting-related perspective. The accounting-related internal control system (“control system”) we introduced is based on the internationally recognized “Internal Control—Integrated Framework,” which was also developed by COSO. The two systems supplement each other. For example, identified risks can reveal gaps in the control system which could be closed by implementing and monitoring new controls. Conversely, monitoring the control system can lead to the discovery that certain risks are not being managed as effectively as originally thought.

OSRAM has a standardized procedure for monitoring the effectiveness of the control system at Group level. As part of this procedure, necessary controls are defined, documented according to uniform procedures, and regularly tested for their effectiveness.

OSRAM Licht AG’s management is responsible for establishing and effectively maintaining appropriate controls for financial reporting, and examines the appropriateness and effectiveness of the control system at the end of each fiscal year. Management established the effectiveness of the internal controls for financial reporting as of September 30, 2013. However, every control system has certain restrictions in terms of its effectiveness. No control system—even if it has been assessed as effective—can prevent or uncover every instance of inaccurate data.

The conceptual framework for preparing the consolidated financial statements largely consists of the uniform Group accounting policies and the chart of accounts, which are both issued by the Financial Accounting department and must be applied consistently by all units. New legislation, accounting standards, and other official pronouncements are continuously analyzed in terms of their relevance and their effects on the consolidated financial statements and the Consolidated Management Report. Where necessary, our accounting policies and chart of accounts are adjusted accordingly. The accounting departments at OSRAM Licht AG and its subsidiaries are informed about current topics affecting accounting and the process of preparing the financial statements, and about deadlines that must be adhered to, in quarterly closing letters. The conceptual and scheduling requirements, and the monitoring of compliance with them, aim to mitigate OSRAM’s risk of being unable to prepare or publish the consolidated financial statements appropriately and within the required deadlines.

The base data used in the preparation of the consolidated financial statements comprises the closing data reported by OSRAM Licht AG and its subsidiaries, which in turn is based on the accounting entries made in the units. Our internal Shared Services organizations offer services for the majority of the subsidiaries in Europe and Asia. In the area of book-keeping, these services relate, among other things, to the preparation of financial statements, the general ledger, and accounting for receivables, payables, and assets. In addition, we draw on support from external service providers for certain topics that require specialist knowledge, such as the valuation of pension obligations.

The consolidated financial statements are prepared in the consolidation system on the basis of the closing data reported. The responsible employees in the Group Consolidation department perform the consolidation processes and monitor compliance with the conceptual and scheduling requirements.

The steps to be performed in order to prepare the consolidated financial statements are subject to both manual and system controls at all levels. This involves automatically checking the closing information delivered for coherency and consistency from an accounting perspective. The causes of any validation or warning messages must be corrected by the Group unit delivering the data before the closing data is finally approved.

The employees involved in the accounting and reporting process are assessed for their professional aptitude during

the selection process and subsequently receive training as required. The basic principle at all levels is that of segregation of duties. Furthermore, the closing data must undergo certain approval processes at all levels. Other control mechanisms include variance analyses, and analyses of the composition of and changes in the individual items, for both the closing data reported by Group units and the consolidated financial statements.

Access authorizations are defined in the accounting-related IT systems in order to ensure that accounting-related data is protected against unauthorized access, use, and change. Every entity included in the consolidated financial statements is subject to the corporate guidelines on information security. This aims to ensure that the users of such IT systems only have access to the data and systems they need to perform their work.

The management of the subsidiaries included in the consolidated financial statements, of the business units, and of certain central corporate units confirm the correctness of the financial data reported to the Group headquarter and the effectiveness of the relevant control systems on a quarterly basis.

In addition, we have established a Disclosure Committee comprising selected heads of central corporate units, whose task it is to check specific financial and non-financial data before publication.

The Supervisory Board is also included in the control system via the Audit Committee. In particular, the latter monitors the accounting and reporting process, the effectiveness of the control system, risk management system, and internal audit system, and the audit of the financial statements. It also examines the documents relating to OSRAM Licht AG's single-entity financial statements and to the consolidated financial statements, and discusses OSRAM Licht AG's single-entity financial statements, the consolidated financial statements, and the Consolidated Management Report with the Managing Board and the auditor.

The activities of our Internal Audit function constitute another element of our control system. OSRAM's Internal Audit function performs continual, Group-wide audits to ensure that guidelines are being complied with, and that the reliability and proper functioning of our control system, as well as the appropriateness and effectiveness of our risk management system, are assured.

Additional Information Regarding OSRAM Licht AG's Single-entity Financial Statements (HGB)

As the parent company of the OSRAM Group, OSRAM Licht AG is included in the Group-wide accounting-related internal control system described above. The disclosures made above also apply in principle to OSRAM Licht AG's HGB single-entity financial statements.

The consolidated financial statements are prepared in accordance with IFRSs. If necessary (for example, for the single-entity financial statements in accordance with German commercial law, or for tax purposes), reconciliations are made to the relevant requirements at account level. Correctly calculated IFRS closing data therefore also represents an important basis for OSRAM Licht AG's single-entity financial statements. A HGB chart of accounts supplements the above-mentioned conceptual framework in the case of OSRAM Licht AG and other Group companies accounted for in accordance with the HGB.

The above-mentioned manual and system control measures generally also apply in principle to the reconciliation of IFRS closing data to the HGB single-entity financial statements. The disclosures on the systematic monitoring of the appropriateness and effectiveness of the accounting-related internal control system apply only to the consolidated financial statements under IFRS.

Takeover-related Disclosures, Remuneration Report, Corporate Governance Declaration and Concluding Declaration

Takeover-related Disclosures (in Accordance with Section 289(4) and Section 315(4) of the HGB) and Explanatory Report for Fiscal 2012/13

Structure of the common stock

As of September 30, 2013, the Company's common stock (capital stock) amounted to €104,689,400 (previous year: €50,000). In accordance with Article 4(2) of the Articles of Association, the capital stock is composed of 104,689,400 (previous year: 50,000) registered no-par value shares with a notional interest of €1.00 per share. The shares are fully paid in. In accordance with Article 4(3) sentence 1 of the Articles of Association, shareholders are not entitled to require certification of their shares provided that this is permitted by law and certification is not required under the rules applicable for a stock exchange on which the shares are admitted for trading. Individual certificates or global certificates for shares can be issued. In accordance with section 67(2) of the Aktiengesetz (AktG—German Stock Corporation Act), only shareholders who are entered as such in the share register are deemed to be shareholders in relation to the Company. Shareholders who are natural persons must provide the Company with their name, address, and date of birth for entry in the share register, while shareholders who are legal persons must supply the company's name, business address, and registered office; both types of shareholder must communicate the number of shares held by them.

The same rights and obligations attach to all shares. Each share entitles the holder to one vote at the General Meeting and serves as the basis for determining the shareholder's share in the Company's profits. This does not apply to treasury shares held by the Company, which do not give rise to any rights for the Company. Details of the rights and obligations of the shareholders are contained in the provisions of the AktG, in particular in sections 12, 53a et seq., 118 et seq., and 186 of the AktG.

Restrictions affecting the voting rights or the transfer of shares

Restrictions of the voting rights attached to shares can result in particular from the provisions of stock corporation law, such as section 136 of the AktG. Furthermore, the Company is not entitled to any voting rights in respect of treasury shares in accordance with section 71b of the AktG. Breaches of the notification requirements within the meaning of section 21(1)

and (1a) of the Wertpapierhandelsgesetz (WpHG—German Securities Trading Act) could lead to rights attached to shares and also the right to vote being invalid at least temporarily in accordance with section 28 of the WpHG. We are not aware of any contractual restrictions on voting rights.

Shares that were issued in Germany to employees of participating "OSRAM Group" companies (comprising OSRAM Licht AG and its direct and indirect subsidiaries) when OSRAM Licht AG's shares were initially listed are subject to a six-month lock-up period ending as of the end of January 8, 2014.

In connection with the initial listing of OSRAM Licht AG shares, members of the Managing Board of OSRAM Licht AG and other senior executives of the OSRAM Group were granted a transaction bonus in the form of OSRAM shares, which will be transferred to the beneficiaries four years after the listing. Each beneficiary may require transfer prior to this date in four equal annual tranches; it became possible to require the transfer of the first tranche as of October 2013. If such an advance transfer of shares is made, a mandatory holding period for these shares applies for four years from the date of listing on the stock exchange.

Interests in the capital exceeding 10% of the voting rights

Siemens Aktiengesellschaft, with registered offices in Berlin and Munich, holds 17,797,198 shares as of the reporting date, representing 17% of OSRAM Licht AG's voting rights. We have not been notified of other direct or indirect interests in the Company's capital that reach or exceed 10% of the voting rights, and we are not otherwise aware of any such interests.

Shares conveying special control rights

There are no shares conveying special control rights.

System of control of voting rights if employees are shareholders and do not exercise their control rights directly

To the extent that OSRAM Licht AG issues or has issued shares to employees in connection with its initial listing, these are transferred directly to the employees. The eligible employees can exercise the control rights arising out of the employee shares directly, like other shareholders, in accordance with the statutory provisions and the provisions of the Articles of Association.

Statutory provisions and provisions of the Articles of Association governing the appointment and dismissal of members of the Managing Board and amendments to the Articles of Association

The appointment and the dismissal of members of the Managing Board are governed by sections 84 and 85 of the AktG and by section 31 of the Mitbestimmungsgesetz (MitbestG—German Co-determination Act). In accordance with section 84(1) sentence 1 of the AktG, members of the Managing Board are appointed by the Supervisory Board for a maximum of five years. Reappointment or extension of the term of office is permitted for a maximum of five years in each case. In accordance with section 31(2) of the MitbestG, a majority of at least two-thirds of the members of the Supervisory Board is required to appoint members of the Managing Board. If no appointment can be made in line with this, the Supervisory Board's Mediation Committee must issue a recommendation to the Supervisory Board regarding the appointment within one month of the vote. The Supervisory Board will then appoint the members of the Managing Board by way of a majority of its members' votes. If no appointment can be made even after this, a new round of voting shall be held in which the Chairman of the Supervisory Board has the casting vote.

Article 5(1) of the Articles of Association specifies that the Managing Board shall consist of several persons; the number of members of the Managing Board is determined by the Supervisory Board. The Supervisory Board can appoint a Chairman and a Deputy Chairman of the Managing Board, in accordance with section 84(2) of the AktG and Article 5(2) of the Articles of Association. If the Managing Board is lacking a necessary member, the member shall be appointed by the court in urgent cases at the request of a party concerned, in accordance with section 85 of the AktG. In accordance with section 84(3) of the AktG, the Supervisory Board can revoke the appointment of a member of the Managing Board and the appointment as Chairman of the Managing Board for good cause.

In accordance with sections 119(1) no. 5 and 179 of the AktG, a resolution of the General Meeting is required to amend the Articles of Association. Article 9(4) of the Articles of Association gives the Supervisory Board the power to make amendments to the Articles of Association that affect the wording only. In addition, the Supervisory Board was authorized by resolutions of the OSRAM Licht AG General Meeting on June 14, 2013, to amend the Articles of Association to reflect any utilization of Authorized Capital 2013 and Contingent Capital 2013, and following expiration of the relevant authorization periods.

Resolutions of the General Meeting require a simple majority of votes or, if a capital majority is required, the simple majority of the capital stock represented at the time of the resolution, to the extent that the law does not prescribe a larger majority (Article 17(2) of the Articles of Association). This means that General Meeting resolutions amending the Articles of Association require a majority of the capital stock represented at the time of the resolution, as well as a simple majority of the votes, to the extent that the law does not prescribe a larger majority.

Powers of the Managing Board to issue or repurchase shares

By way of a resolution of the General Meeting on June 14, 2013, the Managing Board was authorized to increase the Company's capital stock, with the approval of the Supervisory Board, by up to €52,344,700 by issuing up to 52,344,700 registered no-par value shares against cash and/or non-cash contributions in the period until February 28, 2018 (Authorized Capital 2013). The Managing Board is authorized, with the approval of the Supervisory Board, to disapply preemptive rights in full or in part in the case of capital increases against non-cash contributions. In the case of cash capital increases, preemptive rights can be disappplied

- 1 to settle any fractional amounts,
- 2 to issue shares to Company employees, and to employees and members of the executive boards of subordinate affiliated companies, to the extent permitted by law also in a way that the contribution to be made for them is covered by that portion of the annual net income that the Managing Board and Supervisory Board could transfer to other revenue reserves in accordance with section 58(2) of the AktG,
- 3 to grant holders of conversion rights or options that were or will be issued by the Company or its Group companies preemptive rights to new shares if this is necessary to service acquisition obligations or acquisition rights, or to prevent dilution, and
- 4 if the issue price of the new shares is not significantly lower than the quoted market price, and the shares issued in accordance with section 186(3) sentence 4 of the AktG (disapplying preemptive rights, against cash contributions, and at an issue price not significantly lower than quoted market price), together with other shares issued or sold during the effective period of this authorization until the time this authorization is utilized in accordance with or in line with this statutory requirement, do not in total exceed 10% of the capital stock, either when the authorization takes effect or when it is exercised. Further details are contained in Article 4(5) of the Articles of Association.

By way of a resolution of the General Meeting on June 14, 2013, the Managing Board was authorized to issue, in the period until February 28, 2018, bonds in an aggregate principal amount of up to €300,000,000 with conversion rights, or options evidenced by warrants, or a combination of these instruments, for up to a total of 10,207,216 registered no-par value shares in OSRAM Licht AG with a total share in the capital stock of up to €10,207,216. The bonds under this authorization are to be issued against cash payment. Further details are contained in the authorizing resolution. In particular, under this authorization, bonds must generally be offered to the shareholders for subscription; they can also be issued to banks with the condition that they offer them to shareholders for subscription. However, the Managing Board is authorized, with the approval of the Supervisory Board, to disapply preemptive rights

- 1 if the issue price for a bond is not significantly lower than its theoretical fair value calculated using accepted valuation techniques,
- 2 if this is required to settle fractional amounts arising as a result of the subscription ratio, and
- 3 to grant preemptive rights to the holders or creditors of conversion rights/options for the Company's shares or equivalent conversion/option obligations, so as to compensate for dilution.

To provide shares to the holders or creditors of convertible bonds or bonds with warrants that are issued on the basis of the Managing Board's authorization, the capital stock was contingently increased by up to €10,207,216 by issuing up to 10,207,216 registered no-par value shares (Contingent Capital 2013). Further details are contained in Article 4(6) of the Articles of Association.

In accordance with section 186(3) sentence 4 of the AktG, the total amount of shares that can be issued on the basis of bonds under this authorization may not, together with other shares issued or sold in accordance with or in line with this statutory provision during the effective period of these authorizations, exceed 10% of the capital stock, either when the authorization takes effect or when it is exercised. Shares that were issued until these points in time on the basis of the Authorized Capital 2013, any other authorized capital, or through sales of treasury shares for which the preemptive rights of the shareholders are disappplied, must also be counted towards this limit.

The Company's Managing Board is authorized to repurchase treasury shares and to sell repurchased shares in the cases laid down by law in section 71 of the AktG. On June 14, 2013, the General Meeting authorized the Managing Board of the

Company, in accordance with section 71(1) no. 8 of the AktG, to acquire treasury shares totaling up to 10% of the capital stock existing since July 5, 2013, in the amount of €104,689,400, or—if this amount is lower—the capital stock existing in each case in which the authorization is exercised in the period until February 28, 2018. The shares purchased on the basis of this authorization may not, together with other Company shares that the Company has already purchased and still holds, or that are attributable to it in accordance with sections 71d and 71e of the AktG, account for more than 10% of the capital stock at any point. The acquisition of OSRAM shares can be made at the Managing Board's discretion

- 1 as a purchase via the stock exchange,
- 2 by way of a public purchase offer,
- 3 by way of a public invitation to all shareholders to submit an offer to sell, or
- 4 by granting shareholders put options.

In addition to selling treasury shares acquired on the basis of these or earlier authorizations via the stock exchange or via an offer to all shareholders, the Managing Board was also authorized by way of a resolution of the General Meeting of June 14, 2013, to do the following:

- 1 to redeem them,
- 2 with the approval of the Supervisory Board, to offer and transfer them to third parties against non-cash consideration, particularly in the course of mergers or when companies, parts of a company, or equity interests are acquired,
- 3 with the approval of the Supervisory Board, to sell them to third parties against cash payment, if the price at which the OSRAM shares are sold is not significantly lower than the quoted market price of an OSRAM share at the time of sale,
- 4 to use them to fulfill acquisition obligations or acquisition rights to OSRAM shares arising from or in connection with convertible bonds or bonds with warrants issued by the Company or one of its Group companies, or
- 5 to offer them for purchase to persons who are or were employed by the Company or by one of its affiliated companies, and to members of executive or supervisory bodies of the Company's affiliated companies, or to grant or transfer them subject to a lock-up period of not less than two years, in which case the condition of employment or membership of an executive or supervisory body must be met at the time of the offer or pledge.

In the case of (5), the shares can also be offered, granted, or transferred to beneficiaries in connection with the admission of the Company's shares to trading on the stock exchange, on the condition that the shares in question must be held until the end of a holding or lock-up period of at least six months following the listing or transfer. The shares utilized in accor-

dance with section 186(3) sentence 4 of the AktG on the basis of the authorization in line with (3) and (4) may not, together with other shares issued or sold during the effective period of this authorization until their utilization in accordance with or in line with this statutory provision, altogether exceed 10% of the capital stock at this time.

In addition, the Supervisory Board was authorized by way of a resolution of the General Meeting on June 14, 2013, to use the acquired treasury shares, to the extent that they do not have to be used for another specific purpose, to service acquisition obligations or acquisition rights to OSRAM shares that were or are agreed with members of the Managing Board of OSRAM Licht AG as part of the arrangements for Managing Board remuneration. They can also be granted or transferred to the members of the Managing Board or future members of the Managing Board, as part of the arrangements for Managing Board remuneration, for purchase or with a holding or lock-up period, which shall end at the earliest at the end of the second day following the publication of the business results in the fourth calendar year after the year of the grant or transfer (whichever is earlier). The shares can also be offered, granted, or transferred to the beneficiaries in connection with the admission of the Company's shares to trading on the stock exchange, on the condition that the shares in question must be held until the end of a holding or lock-up period of at least six months.

In July 2013, OSRAM Licht AG announced a share buyback in the amount of €8,534,745.81. €5,175,000 of the buyback was to be made by utilizing the authorization granted by the General Meeting on June 14, 2013; the remainder was to be on the basis of section 71(1) no. 2 of the AktG. The share buyback serves to issue shares to employees, members of the executive and supervisory boards of affiliated companies, and members of the Managing Board, and was concluded on August 2, 2013. As of September 30, 2013, the Company holds 198,104 treasury shares (previous year: 0).

›Further information on the Authorized Capital and Contingent Capital and on the Company's treasury shares as of September 30, 2013, can be found under www.osram-licht.ag

Material agreements of the Company that are subject to a change of control upon a takeover bid, together with the resulting effects

OSRAM GmbH and OSRAM Licht AG are parties to a loan agreement with a banking syndicate for credit facilities including a revolving facility with a maximum total volume of €1.25 billion. This provides for the right of each creditor to require early repayment in the event that a person or group

of persons acting together (with the exception of Siemens AG and its subsidiaries) acquires 50% or more of the voting rights of OSRAM Licht AG or OSRAM GmbH. If this termination right were to be exercised, this could result in the funding for the OSRAM Group's ongoing business operations potentially being unsecured, at least temporarily.

Compensation arrangements agreed by the Company with the members of the Managing Board or employees in the event of a takeover bid

In the event of a change of control—that is, if one or several shareholders acting together acquire the majority of OSRAM Licht AG's voting rights and exercise a controlling influence, or if OSRAM Licht AG becomes a dependent company by entering into an intercompany agreement within the meaning of section 291 of the AktG, or if OSRAM Licht AG is merged into another company—each member of the Managing Board has the right to resign their position, resulting in the simultaneous termination of their employment contract, if the change of control results in a significant change in their role (for example, as a result of changes to the Company's strategy or to the area of activity of the Managing Board member concerned). Members of the Managing Board are entitled to a severance payment amounting to a maximum of two years' remuneration on termination of their employment contracts. In addition to the basic remuneration and the target amount for the bonus, the calculation of the severance payment includes the target amount for the stock awards, based on the last fiscal year ended prior to the termination of the contract in each case. The severance payment is reduced by 15% of the portion of the compensation payment that was calculated without taking into account the first six months of the remaining contract term to reflect a flat-rate discount and to offset earnings from other sources. In addition, non-cash benefits are compensated for by a payment in the amount of 5% of the severance payment. Share-based remuneration components granted in the past and claims to the transfer of outstanding OSRAM shares from the transaction bonus granted at the time of the initial listing remain unaffected and will be transferred on the scheduled date in each case. The member of the Managing Board is not entitled to a severance payment to the extent that they receive payments from third parties on the occasion of or in connection with the change of control. No termination right exists if the change of control takes place within less than twelve months before the member of the Managing Board retires. ›Further details are contained in the "Remuneration Report" starting on page 28.

OSRAM Licht AG does not have any employees of its own. Equally, it has not agreed any compensation arrangements with members of the managing boards or managing direc-

tors, or with employees of direct or indirect subsidiaries in the event of a takeover bid (excluding the aforementioned arrangements with members of the Managing Board of OSRAM Licht AG who are simultaneously managing directors of the subsidiary OSRAM GmbH).

Remuneration Report

The remuneration report summarizes the principles used to determine the total remuneration of the members of the Managing Board of OSRAM Licht AG and explains the structure and amount of the remuneration paid to the members of the Managing Board. It also describes the principles and amount of the remuneration paid to the members of the Supervisory Board. › These disclosures in accordance with section 315(2) no. 4 of the Handelsgesetzbuch (HGB—German Commercial Code) and sections of the “German Corporate Governance Code” are contained in the “Remuneration Report” on page 28ff. of the section entitled “Corporate Governance”; the “Remuneration Report” is a component of the combined management report.

Corporate Governance Declaration in Accordance with Section 289a of the HGB

The corporate governance declaration in accordance with section 289a of the HGB is a component of the combined management report and is published on our web site under www.osram-licht.ag/en/corporate_governance/german_corporate_governance_code/ › The corporate governance declaration can also be found in the section entitled “Corporate Governance” on pages 38 and 39.

Concluding Declaration in Accordance with Section 312(3) of the AktG

In accordance with section 312(3) of the Aktiengesetz (AktG—German Stock Corporation Act), the Managing Board of OSRAM Licht AG has issued a dependency report on all relationships with affiliated companies for the period from October 1, 2012, to July 5, 2013.

The report contains the following concluding declaration by the Managing Board: “We declare that, based on the circumstances known to us at the time the transactions were executed or the measures were implemented or not implemented, OSRAM Licht AG received appropriate consideration for every transaction listed in the report on relationships with affiliated companies, and was not disadvantaged by the implementation or non-implementation of any measure listed in that report.”

OSRAM Licht AG

Disclosures in Accordance with the HGB

In contrast to the consolidated financial statements, OSRAM Licht AG's annual financial statements are prepared in accordance with the provisions of the Handelsgesetzbuch ("HGB"—German Commercial Code), rather than International Financial Reporting Standards as adopted by the European Union ("IFRSs").

Business and Operating Environment

OSRAM Licht AG is the parent company of the OSRAM Licht Group. OSRAM Licht AG is not an operating company; it performs a holding function as the ultimate Group parent. OSRAM Licht AG was formed as Kyros A AG on June 1, 2012, by Siemens AG, which at that time was the sole shareholder, and the Articles of Association were notarized on July 4, 2012, and entered in the Commercial Register on July 6, 2012. At the Extraordinary General Meeting on November 8, 2012, Siemens AG resolved to change the name of Kyros A AG to OSRAM Licht AG, and the Company's Articles of Association were adopted. The new name and the revised version of the Articles of Association took effect as of their entry in the Commercial Register on November 14, 2012.

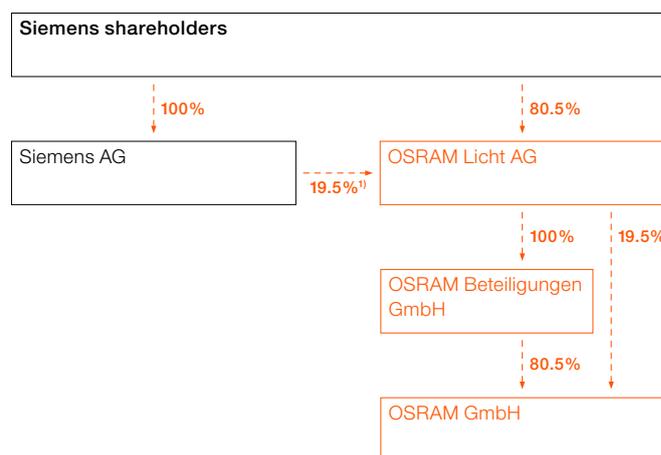
OSRAM Licht AG was spun-off from Siemens AG on July 5, 2013. The spin-off, which was performed on the basis of a Spin-off and Transfer Agreement dated November 28, 2012, was resolved by the General Meeting of Siemens AG on January 23, 2013, and by the Extraordinary General Meeting of OSRAM Licht AG on January 21, 2013.

With economic effect from October 1, 2012, Siemens AG, by way of a contribution agreement dated November 28, 2012, contributed its 19.5% interest in OSRAM GmbH's capital stock—corresponding to 109,773,300 shares in OSRAM GmbH with a notional interest of €1.00 each—to OSRAM Licht AG as a mixed non-cash contribution as part of a capital increase against the issue of new shares in OSRAM Licht AG plus payment of the available free cash to Siemens AG. The resolution on the capital increase took effect as of its entry in the Commercial Register on February 11, 2013.

In the course of the spin-off, Siemens AG—effective October 1, 2012, and in accordance with the Spin-off and Transfer Agreement dated November 28, 2012—transferred all of the shares in OSRAM Beteiligungen GmbH to OSRAM Licht AG as the receiving legal entity in a spin-off by way of absorption in accordance with the Umwandlungsgesetz (UmwG—German Reorganization and Transformation Act). Before the spin-off, OSRAM Beteiligungen GmbH, Munich ("OSRAM Beteiligungen GmbH") was a wholly owned subsidiary of Siemens

AG. As consideration for the spin-off of all of the shares in OSRAM Beteiligungen GmbH, the Siemens AG shareholders received newly issued shares in OSRAM Licht AG in proportion to their interest in Siemens AG. The OSRAM Licht AG shares originate from a non-cash capital increase (contribution of all of the shares of OSRAM Beteiligungen GmbH to OSRAM Licht AG). OSRAM Beteiligungen GmbH holds an 80.5% interest in OSRAM GmbH. The remaining 19.5% interest in OSRAM GmbH is held by OSRAM Licht AG.

Spin-off and Transfer Agreement



¹⁾ of which 2.5% transferred to Siemens Pension Trust e.V.

As of the entry into effect of the spin-off on July 5, 2013, OSRAM Licht AG holds 100% of the shares of OSRAM GmbH directly and indirectly (via OSRAM Beteiligungen GmbH). Siemens AG held 19.5% of the capital stock of OSRAM Licht AG at the time of the spin-off, and the Siemens shareholders held the remaining 80.5%. After the spin-off took effect on entry in the Commercial Register on July 5, 2013, Siemens AG transferred 2.5% of the shares in OSRAM Licht AG to Siemens Pension Trust e.V., Munich, and has since held a 17% interest.

OSRAM Licht AG holds shares in 103 companies, including minority interests.

¹⁾ The business environment for OSRAM Licht AG largely corresponds to that for the OSRAM Licht Group and is described in section "Macroeconomic and Sector-specific Developments" on pages 64 and 65.

Results of Operations

Income Statement of OSRAM Licht AG in Accordance with German Commercial Code (Condensed)

in k €	Fiscal ¹⁾	
	2013	2012
General administrative expenses	(15,882)	(2,683)
Other operating income	5,755	0
Other operating expense	(1,288)	–
Operating profit (loss)	(11,415)	(2,683)
Income (loss) from investments, net	35,000	–
Other financial income	(24)	–
Income (loss) from ordinary activities	23,561	(2,683)
Net income/loss	23,561	(2,683)
Loss carried forward	(2,683)	–
Allocation to other retained earnings	(10,439)	–
Unappropriated profit/(loss)	10,439	(2,683)

¹⁾ Fiscal year of OSRAM Licht AG started on October 1, 2012 and ended on September 30, 2013. Fiscal year 2012 started on July 4, 2012 and ended on September 30, 2012.

The *General administrative expenses* line item of €15,882 thousand in fiscal 2013 mainly contains personnel expenses for the members of the Managing Board (including a bonus commitment and share-based compensation), the one-off bonus commitment granted to selected first-tier management staff in the OSRAM Licht Group, and audit expenses for the auditors of the annual financial statements and consolidated financial statements and for the review of the interim financial statements. The €2,683 thousand in the previous year mainly comprised the costs of audit and audit-related services.

The *Other operating income* line item of €5,755 thousand (previous year: €0 thousand) mainly includes income from the reimbursement of costs for the acquisition of treasury shares in connection with the transaction bonus commitment by Siemens AG.

Net investment income includes two distributions in the amount of €35,000 thousand (previous year: €0 thousand) made by OSRAM Beteiligungen GmbH.

Net Assets and Financial Position

Statement of Financial Position of OSRAM Licht AG in Accordance with German Commercial Code (Condensed)

in k €	September 30,	
	2013	2012
Assets		
Noncurrent assets		
Financial assets	2,236,070	–
Current assets		
Receivables and other current assets	48,837	2,683
Cash and cash equivalents	–	50
Total assets	2,284,907	2,733
Liabilities and Equity		
Equity	2,267,540	50
Accruals and provisions		
Pensions and similar commitments	2,841	–
Other provisions	10,158	2,683
Liabilities		
Other liabilities	4,368	0
Total liabilities and equity	2,284,907	2,733

The addition to the noncurrent financial assets line item is the result on the one hand of the decision of November 28, 2012, to increase the capital stock. Following this decision, Siemens AG transferred 19.5% of the shares of OSRAM GmbH as a non-cash contribution against the issue of new OSRAM Licht shares in the amount of €436,034 thousand. On the other hand, the increase was due to the spin-off from Siemens AG taking effect on July 5, 2013, and the resulting transfer by Siemens AG of all of the shares of OSRAM Beteiligungen GmbH, at their carrying amount of €1,800,036 thousand.

The increase in the *Receivables and other current assets* line item from €2,683 thousand to €48,837 thousand as of September 30, 2013, is mainly attributable to receivables from participation in OSRAM's cash management system and to tax receivables.

Equity rose by €2,267,490 thousand, from €50 thousand to €2,267,540 thousand. On the one hand, the increase is due to the capital contribution measures described, and, on the other, to the net income for the fiscal year of €23,561 thousand. An offsetting effect resulted from the purchase of treasury shares in the amount of €9,129 thousand, €3,330 thousand of which was issued to participating employees of Group companies in connection with the servicing of an employee share based payments program.

The Managing Board and Supervisory Board propose that the net retained profits of €10,439 thousand (previous year: net accumulated losses of €2,683 thousand) be carried forward to new account.

The provisions for *Pensions and similar commitments* line item includes pension commitments to the Managing Board. The *Other provisions* line item increased by €7,475 thousand to €10,158 thousand, and mainly contains obligations under the one-off bonus commitment for members of the Managing Board and selected first-tier management staff in the OSRAM Licht Group and under share-based remuneration for the Managing Board. In addition, this line item includes the fees for auditors' services, as in the previous year.

The *Other liabilities* line item mainly comprises payroll liabilities and liabilities for auditors' services.

Opportunities and Risks

OSRAM Licht AG's business development is largely subject to the same opportunities and risks as that of the OSRAM Licht Group. In principle, OSRAM Licht AG's exposure to the risks of its subsidiaries and investments corresponds directly or indirectly to its equity interest in each case. »For additional information, see section "Report on Opportunities and Risks" on page 94 to 95.

As the parent company of the OSRAM Licht Group, OSRAM Licht AG is included in the Group-wide risk management system. »The description of the OSRAM Licht AG internal control system required in accordance with section 289(5) of the HGB can be found in section "Key Features of the Accounting-related Internal Control and Risk Management System" on pages 103 and 104.

Outlook

Due to its interrelationships with the companies in the Group, the expectations for OSRAM Licht AG are reflected in the forecast for the Group. OSRAM Licht AG's net assets, financial position, and results of operations are dependent on the distributions made by Group companies. It is expected that, in future, net income will be sufficient to allow 30—50% of the net income under IFRS to be distributed from the net retained profits to OSRAM Licht AG shareholders, in line with the dividend policy. »For additional information, see section "Report on Expected Developments" on pages 91 to 93.

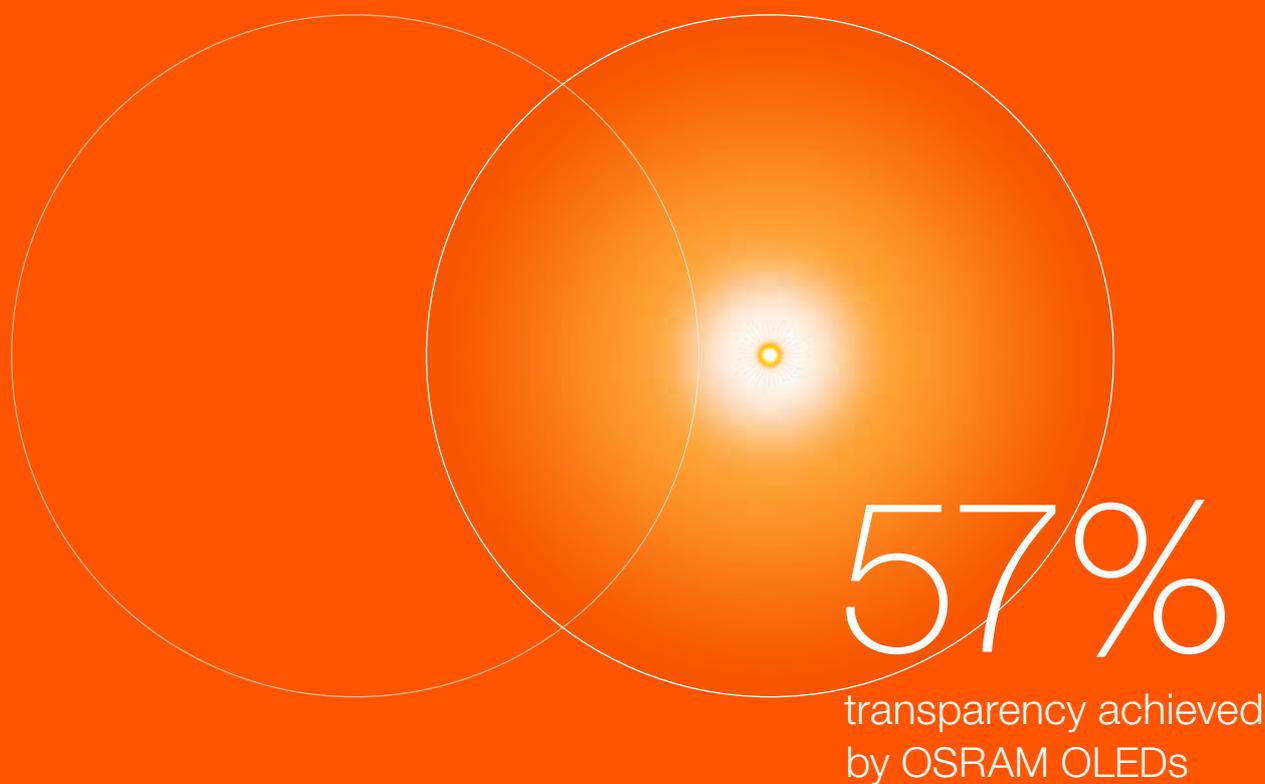
Notes and Forward-looking Statements

This Annual Report contains supplementary financial measures that are or may be what are known as non-GAAP financial measures. Such non-GAAP financial measures are or may be revenue figures adjusted for currency translation and portfolio effects, the return on capital employed (ROCE), free cash flow (FCF), EBITA, EBITDA, net debt/net liquidity, and adjusted net debt. Alternatively, these may be used for the calculation of additional performance indicators. These additional financial measures should not be used exclusively as an alternative to the financial measures presented in the consolidated financial statements and calculated in accordance with IFRSs, as adopted by the EU, for the purpose of analyzing the financial position and results of operations of OSRAM or for analyzing its cash flows. Other companies that present or report similarly named financial measures may calculate these differently. › For definitions of these additional financial measures see the glossary in the section of this Financial Report entitled "Further Information."

This document contains statements regarding the future course of our business and future financial performance as well as future events or developments relating to OSRAM that could constitute forward-looking statements. These statements are identifiable by their use of wording such as "expect," "want," "anticipate," "intend," "plan," "believe," "aim," "estimate," "will," "forecast," or similar wording. If necessary, we will also make forward-looking statements in other reports, presentations, in documents sent to shareholders, and in press releases. Furthermore, our representatives may make forward-looking statements orally from time to time. Such statements are based on current expectations and certain assumptions made by OSRAM's management. They are therefore subject to a number of risks and uncertainties. Numerous factors, many of which are outside of OSRAM's sphere of influence, affect the business activities, profits, business strategy, and results of OSRAM. As a result of these factors, the actual results, profits, and performance of OSRAM could differ materially from the statements about future results, profits, or performance that are contained expressly or implicitly in the forward-looking statements or expected due to earlier trends. In particular, these factors include circumstances described in the "Opportunity and Risk Report" section in this Annual Report, but are not limited to such. If one or more of these risks or uncertainties were to materialize, or if it should prove that the underlying assumptions were not correct, the actual results, performance, and profits of OSRAM could deviate materially from the results described in the forward-looking statements as expected, anticipated, intended, planned, believed, aimed for, estimated, or projected results, performance, and profits. OSRAM does not assume any obligation to update these forward-looking statements or to correct them if developments are not as expected.

Light is Transparency

Transparency of organic light-emitting diodes (OLEDs)



An OLED (organic light-emitting diode) is a light-emitting semiconductor that has an electroluminescent zone made of organic compounds. OLEDs are typically surface area light sources.

For more about the ongoing development of organic light-emitting diodes at OSRAM, see the milestones for fiscal 2013 on pages 08|09 of OSRAM's 2013 Yearbook.

Consolidated Financial Statements

of OSRAM Licht AG

for Fiscal 2013 According to IFRSs

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Financial Statements

Consolidated Statement of Income

OSRAM Licht Group
Consolidated Statement of Income
For the fiscal years ending September 30, 2013 and 2012

in € million	Note	2013	2012 ¹⁾
Revenue		5,288.7	5,399.8
Cost of goods sold and services rendered		(3,797.2)	(3,998.7)
Gross profit		1,491.5	1,401.1
Research and development expenses		(341.2)	(339.5)
Marketing, selling and general administrative expenses		(1,102.8)	(1,055.8)
Other operating income	6	65.6	44.8
Other operating expense	7	(40.6)	(312.9)
Income (loss) from investments accounted for using the equity method, net	8	13.6	(49.3)
Interest income	9	5.9	4.7
Interest expense	9	(32.0)	(48.8)
Other financial income (expense), net	9	(9.9)	(11.5)
Income (loss) before income taxes		50.1	(367.2)
Income taxes	10	(16.5)	(24.1)
Net income (loss)		33.6	(391.3)
Attributable to:			
Non-controlling interests		6.0	0.9
Shareholders of OSRAM Licht AG		27.6	(392.2)
Undiluted earnings per share (in €)	36	0.26	–
Diluted earnings per share (in €)	36	0.26	–

¹⁾ Adjusted due to the effects of the initial application of IAS 19R. ▶ See Note 1 | Basis of Preparation in the accompanying Notes.

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

OSRAM Licht Group
Consolidated Statement of Comprehensive Income
For the fiscal years ending September 30, 2013 and 2012

in € million	Note	2013	2012 ¹⁾
Net income (loss)		33.6	(391.3)
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	25, 28	75.9	(106.6)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	28	(71.5)	52.3
Available-for-sale financial assets	28	–	(0.2)
Derivative financial instruments		0.2	1.2
		(71.3)	53.3
Other comprehensive income (loss), net of tax²⁾		4.6	(53.3)
Total comprehensive income (loss)		38.2	(444.6)
Attributable to:			
Non-controlling interests		5.8	6.0
Shareholders of OSRAM Licht AG		32.4	(450.6)

¹⁾ Adjusted due to the effects of the initial application of IAS 19R. ▶ See Note 1 | Basis of Preparation in the accompanying Notes.

²⁾ Other comprehensive income (loss), net of tax includes losses of €2.5 million from investments accounted for using the equity method (losses of €7.5 million in fiscal 2012), of which losses of €4.2 million (losses of €7.9 million in fiscal 2012) are attributable to items that will not be reclassified to profit or loss.

The accompanying Notes are an integral part of these consolidated financial statements.

	Note	September 30, 2013	September 30, 2012 ¹⁾	October 1, 2011 ¹⁾
Liabilities and equity				
Current liabilities				
Short-term debt and current maturities of long-term debt	24	55.9	47.2	22.4
Trade payables		675.5	609.2	586.0
Other current financial liabilities	22	37.9	52.9	40.5
Payables to Siemens Group	39	3.0	1,209.5	1,498.0
Current provisions	26	93.9	97.0	81.3
Income tax payables		66.8	66.5	43.9
Other current liabilities	23	530.6	376.8	377.0
Total current liabilities		1,463.6	2,459.1	2,649.1
Long-term debt	24	295.0	1.3	3.9
Pension plans and similar commitments	25	358.5	488.7	832.5
Deferred tax liabilities	10	1.3	1.1	34.3
Provisions	26	16.2	19.1	16.0
Other financial liabilities		0.4	0.4	5.8
Other liabilities	27	121.0	147.6	124.4
Total liabilities		2,256.0	3,117.3	3,666.0
Equity				
Common stock, no par value		104.7	–	–
Additional paid-in capital		2,022.9	–	–
Retained earnings		31.5	–	–
Net assets attributable to Siemens Group		–	1,866.9	1,375.8
Other components of equity		(4.9)	66.2	16.1
Treasury shares, at cost		(5.6)	–	–
Total equity attributable to shareholders of OSRAM Licht AG		2,148.6	1,933.1	1,391.9
Non-controlling interests		20.7	16.5	68.9
Total equity	28	2,169.3	1,949.6	1,460.8
Total liabilities and equity		4,425.3	5,066.9	5,126.8

¹⁾ Adjusted due to the effects of the initial application of IAS 19R. ▶ See Note 1 | Basis of Preparation in the accompanying Notes.

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

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OSRAM Licht Group
Consolidated Statement of Cash Flows
For the fiscal years ending September 30, 2013 and 2012

in € million	Note	2013	2012 ¹⁾
Cash flows from operating activities			
Net income (loss)		33.6	(391.3)
Adjustments to reconcile net income (loss) to cash provided			
Amortization, depreciation, and impairments		341.1	655.2
Income taxes		16.5	24.1
Interest (income) expense, net		26.1	44.1
(Gains) losses on sales of investments, net		–	0.1
(Gains) losses on sales and disposals of businesses, intangible assets, and property, plant and equipment, net		0.4	4.7
(Income) loss from investments		(13.7)	55.1
Other non-cash (income) expenses		36.5	(2.8)
Change in current assets and liabilities			
(Increase) decrease in inventories		13.3	95.3
(Increase) decrease in trade receivables		(77.7)	37.2
(Increase) decrease in other current assets		(10.4)	(11.6)
Increase (decrease) in trade payables		74.1	17.8
Increase (decrease) in current provisions		8.2	20.8
Increase (decrease) in other current liabilities		154.8	0.2
Change in other assets and liabilities		(41.5)	(0.6)
Change in pension plans from contribution of plan assets		–	(499.5)
Income taxes paid		(77.1)	(91.8)
Dividends received		6.3	4.2
Interest received		1.2	3.4
Net cash provided by (used in) operating activities		491.7	(35.4)
Cash flows from investing activities			
Additions to intangible assets and property, plant, and equipment	17, 18	(207.4)	(187.2)
Acquisitions, net of cash acquired	4	0.5	(40.3)
Purchases of financial investments	4	(38.9)	(23.6)
Proceeds and payments from sales of investments, intangible assets, and property, plant, and equipment		17.3	11.1
Proceeds and payments from the sale of business activities	4	23.4	36.9
Net cash provided by (used in) investing activities		(205.1)	(203.1)
Cash flows from financing activities			
Purchase of treasury stock	28	(9.2)	–
Proceeds from re-issuance of treasury stock	28	3.3	–
Proceeds from issuance of long-term debt	24	300.0	–
Transaction costs for long-term debt	24	(21.1)	–
Change in short-term debt and other financing activities	24	18.7	24.8
Interest paid		(8.2)	(5.5)
Payments for acquisition of shares	1, 4	–	(53.7)
Profit and loss transfer with Siemens Group	28	336.6	(143.8)
Dividends paid to non-controlling interest shareholders		(5.6)	(1.3)
Interest paid to Siemens Group		(3.8)	(19.8)
Other transactions/financing with Siemens Group		(397.2)	(75.8)
Funding of pension plans by Siemens Group		–	499.5
Net cash provided by (used in) financing activities		213.5	224.4

in € million	Note	2013	2012 ¹⁾
Effect of exchange rates on cash and cash equivalents		(9.2)	1.6
Net increase (decrease) in cash and cash equivalents		490.9	(12.5)
Cash and cash equivalents at beginning of period		31.2	43.7
Cash and cash equivalents at end of period		522.1	31.2
Cash and cash equivalents at end of period (consolidated statement of financial position)		522.1	31.2

¹⁾ Adjusted due to the effects of the initial application of IAS 19R. ▶ See Note 1 | Basis of Preparation in the accompanying Notes.

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

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OSRAM Licht Group Consolidated Statement of Changes in Equity For the fiscal years ending September 30, 2013 and 2012

in € million	Common stock	Additional paid-in capital	Retained earnings	Net assets attributable to Siemens Group ¹⁾
Balance at October 1, 2011 (as previously reported)	-	-	-	1,371.7
Effects of retrospectively applying IAS 19R	-	-	-	4.1
Balance at October 1, 2011⁵⁾	-	-	-	1,375.8
Net income (loss) ⁵⁾	-	-	-	(392.2)
Other comprehensive income (loss), net of tax ⁵⁾	-	-	-	(108.5) ²⁾
Total comprehensive income (loss), net of tax	-	-	-	(500.7)
Loss transfer to Siemens Group	-	-	-	336.6
Dividends	-	-	-	-
Capital increase by Siemens Group	-	-	-	702.1 ⁴⁾
Sale of subsidiaries	-	-	-	-
Payments for acquisition of shares (without change of control)	-	-	-	(45.9)
Transfer-in of U.S. pension assets (net of tax)	-	-	-	4.7
Other changes in equity	-	-	-	(5.7)
Balance at September 30, 2012	-	-	-	1,866.9
Balance at October 1, 2012 (as previously reported)	-	-	-	1,863.4
Effects of retrospectively applying IAS 19R	-	-	-	3.5
Allocation of net assets according legal structure	104.7	1,833.4	(71.2)	(1,866.9)
Balance at October 1, 2012⁵⁾	104.7	1,833.4	(71.2)	-
Net income (loss)	-	-	27.6	-
Other comprehensive income (loss), net of tax	-	-	75.9 ²⁾	-
Total comprehensive income (loss), net of tax	-	-	103.5	-
Purchase of treasury stock	-	-	-	-
Re-issuance of treasury stock	-	-	-	-
Dividends	-	-	-	-
Capital increase by Siemens Group ⁶⁾	-	183.8	-	-
Other changes in equity	-	5.7	(0.8)	-
Balance at September 30, 2013	104.7	2,022.9	31.5	-

¹⁾ As of September 30, 2012, OSRAM Licht Group was not a legal group for consolidated financial statements reporting purposes in accordance with IAS 27. Therefore, as of September 30, 2012 combined financial statements were prepared by aggregating the net assets. ▶ See Note 1 | Basis of Preparation in the accompanying Notes.

²⁾ Other comprehensive income (loss), net of tax attributable to OSRAM Licht AG includes remeasurement gains (losses) on defined benefit plans of €75.9 million and €-106.6 million, respectively, for the fiscals ended September 30, 2013 and 2012.

³⁾ Other comprehensive income (loss), net of tax attributable to non-controlling interests includes currency translation differences, consisting of gains of €-0.2 million and €3.2 million, respectively, for the fiscals ended September 30, 2013 and 2012. In the fiscal ended September 30, 2012, non-controlling interests include actuarial gains of €1.9 million.

⁴⁾ The capital increase by Siemens Group consists of a cash contribution of €499.5 million for the funding of pension plans and with €200 million for a claims waiver. ▶ See Note 28 | Equity in the accompanying Notes. The capital increase by Siemens Group furthermore includes €2.7 million equity of OSRAM Licht AG as of September 30, 2012.

⁵⁾ Adjusted due to the effects of the initial application of IAS 19R. ▶ See Note 1 | Basis of Preparation in the accompanying Notes.

⁶⁾ The capital increase by Siemens Group totaling €183.8 million includes a waiver of part of Siemens Cash Management receivables amounting to €163.0 million. ▶ See Note 28 | Equity in the accompanying Notes.

The accompanying Notes are an integral part of these consolidated financial statements.

	Currency translation differences	Available-for-sale financial assets	Derivative financial instruments	Treasury shares at cost	Total equity attributable to shareholders of OSRAM Licht AG ⁹⁾	Non-controlling interests	Total equity
	16.7	0.1	(0.7)	–	1,387.8	68.9	1,456.7
	–	–	–	–	4.1	–	4.1
	16.7	0.1	(0.7)	–	1,391.9	68.9	1,460.8
	–	–	–	–	(392.2)	0.9	(391.3)
	49.1	(0.2)	1.2	–	(58.4)	5.1 ⁹⁾	(53.3)
	49.1	(0.2)	1.2	–	(450.6)	6.0	(444.6)
	–	–	–	–	336.6	–	336.6
	–	–	–	–	–	(4.3)	(4.3)
	–	–	–	–	702.1	–	702.1
	–	–	–	–	–	(46.5)	(46.5)
	–	–	–	–	(45.9)	(7.6)	(53.5)
	–	–	–	–	4.7	–	4.7
	–	–	–	–	(5.7)	–	(5.7)
	65.8	(0.1)	0.5	–	1,933.1	16.5	1,949.6
	65.9	(0.1)	0.5	–	1,929.7	16.5	1,946.2
	(0.1)	–	–	–	3.4	–	3.4
	–	–	–	–	–	–	–
	65.8	(0.1)	0.5	–	1,933.1	16.5	1,949.6
	–	–	–	–	27.6	6.0	33.6
	(71.3)	–	0.2	–	4.8	(0.2) ⁹⁾	4.6
	(71.3)	–	0.2	–	32.4	5.8	38.2
	–	–	–	(9.2)	(9.2)	–	(9.2)
	–	–	–	3.6	3.6	–	3.6
	–	–	–	–	–	(1.6)	(1.6)
	–	–	–	–	183.8	–	183.8
	–	–	–	–	4.9	–	4.9
	(5.5)	(0.1)	0.7	(5.6)	2,148.6	20.7	2,169.3

Notes to the Consolidated Financial Statements

Segment Information

OSRAM Licht Group

Notes to the Consolidated Financial Statements – Segment Information For the fiscal years ending September 30, 2013 and 2012

in € million	External revenue		Intersegment revenue		Total revenue		EBITA ¹⁾	
	2013	2012	2013	2012	2013	2012	2013	2012 ⁶⁾
Segments⁷⁾								
Lamps & Components	2,599.9	2,785.7	–	–	2,599.9	2,785.7	(52.6)	(75.7)
Luminaires & Solutions	561.3	602.1	–	–	561.3	602.1	(128.3)	(81.6)
Specialty Lighting	1,455.8	1,404.5	–	–	1,455.8	1,404.5	218.8	226.1
Opto Semiconductors	653.9	584.7	364.2	314.4	1,018.0	899.1	123.8	76.3
Total segments	5,270.9	5,377.0	364.2	314.4	5,635.0	5,691.4	161.7	145.1
Reconciliation to consolidated financial statements								
Corporate items and pensions	17.8	22.8	–	–	17.8	22.8	(61.5)	(93.7)
Eliminations, corporate treasury, and other reconciling items	–	–	(364.2)	(314.4)	(364.2)	(314.4)	(0.7)	(0.6)
OSRAM Licht Group	5,288.7	5,399.8	–	–	5,288.7	5,399.8	99.5	50.8

¹⁾ EBITA is earnings before financial results (Income (loss) from investments accounted for using the equity method, net; Interest income; Interest expense and Other financial income (expense), net), Income taxes and Amortization and impairments as defined below.

²⁾ Assets of the segments and corporate items and pensions are based on the Total assets, primarily excluding financing receivables and tax related assets including deferred taxes as well as non-interest-bearing provisions and liabilities and other than tax liabilities (e.g. trade payables).

³⁾ Free cash flow constitutes net cash provided by (used in) operating activities less additions to intangible assets and property, plant, and equipment. For the Segments, it primarily excludes income tax related and financing interest payments and proceeds.

⁴⁾ Amortization represents amortization and impairments of goodwill and intangible assets, net of reversals of impairments.

⁵⁾ Depreciation represents depreciation and impairments of property, plant, and equipment, net of reversals of impairments.

⁶⁾ Adjusted due to the effects of the initial application of IAS 19R. ▶ See Note 1 | Basis of Preparation.

⁷⁾ The line items of the Segment information have been adjusted due to the reorganization of the segments for the previous period.

▶ See Note 37 | Segment Information.

	Assets ²⁾		Free cash flow ³⁾		Additions to intangible assets and property, plant, and equipment		Amortization ⁴⁾		Depreciation ⁵⁾	
	September 30,		2013	2012 ⁶⁾	2013	2012	2013	2012	2013	2012
	2013	2012								
	822.1	1,005.4	41.1	139.3	86.9	59.5	7.9	61.7	129.7	135.0
	134.6	207.9	(75.7)	(51.4)	10.5	14.3	11.5	245.4	13.6	15.1
	401.9	404.3	241.5	210.9	37.8	43.0	2.7	1.0	47.5	40.7
	413.5	551.4	238.9	139.5	62.8	62.4	0.8	0.6	100.5	104.3
	1,772.1	2,169.0	445.7	438.3	197.9	179.2	22.8	308.7	291.3	295.1
	(171.6)	(339.1)	(161.7)	(657.6)	9.4	8.0	4.2	4.4	22.9	47.0
	2,825.0	3,237.0	0.2	(3.4)	–	–	–	–	–	–
	4,425.3	5,066.9	284.3	(222.6)	207.4	187.2	27.0	313.1	314.1	342.1

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1 | Basis of Preparation

Background

On March 28, 2011, Siemens AG (“Siemens”) announced its plan to publicly list OSRAM’s operating business. In view of market conditions, Siemens decided in June 2012 to prepare, in parallel and alternatively to the plan for an initial public offering, an offering in the form of a spin-off, by issuing OSRAM shares to the shareholders of Siemens AG and subsequently listing these shares. In November 2012, Siemens decided to conduct a spin-off and canceled its former plan for an initial public offering. The spin-off took effect as of its last entry in the Commercial Register on July 5, 2013. OSRAM shares were listed for the first time on July 8, 2013.

OSRAM Licht AG (until November 14, 2012: Kyros A AG) Munich, Germany, is the issuer of the shares and the parent company of the OSRAM Group that was formed by the spin-off. As of September 30, 2013, OSRAM Licht AG has prepared consolidated financial statements in accordance with IAS 27, consisting of the financial statements of OSRAM Licht AG, OSRAM Beteiligungen GmbH (until August 22, 2012: Blitz 12-464 GmbH), Munich, Germany, and OSRAM GmbH (until October 25, 2012: OSRAM AG), Munich, Germany, together with the latter’s direct and indirect subsidiaries (hereafter referred to as the “OSRAM Licht Group” or “OSRAM”). Prior to the spin-off, the three companies were all direct or indirect subsidiaries of Siemens and were not a legal group for consolidated financial reporting purposes in accordance with IAS 27. The prior-period information is based on a combination of these companies (the “combined OSRAM Licht Group”).

OSRAM Licht AG and OSRAM Beteiligungen GmbH were incorporated in fiscal 2012 and did not have any significant operating activities during the reporting period. Following the completion of the spin-off, OSRAM Licht AG is the parent company of the OSRAM Group and directly holds 100% of the shares of OSRAM Beteiligungen GmbH and 19.5% of the shares of OSRAM GmbH, while OSRAM Beteiligungen GmbH holds 80.5% of the shares of OSRAM GmbH. With economic effect from October 1, 2012, Siemens AG contributed this 80.5% of its interest in OSRAM GmbH (which at this date was still OSRAM AG) to OSRAM Beteiligungen GmbH by way of a capital contribution against the issue of new shares in OSRAM Beteiligungen GmbH plus a payment of €25 thousand to Siemens.

At the Extraordinary General Meeting of OSRAM Licht AG held on November 28, 2012, Siemens, as the sole share-

holder of OSRAM Licht AG, resolved, with retrospective economic effect from October 1, 2012, to contribute its 19.5% interest in OSRAM GmbH to OSRAM Licht AG by way of a capital contribution against the issue of new shares in OSRAM Licht AG plus a payment of €50 thousand to Siemens. The resolution took effect as of its entry in the Commercial Register on February 11, 2013.

According to the Spin-off and Transfer Agreement dated November 28, 2012, Siemens undertook—subject to the contract taking effect—to transfer in the form of a spin-off by way of absorption in accordance with section 123(2) no. 1 of the Umwandlungsgesetz (UmwG—“German Reorganization and Transformation Act”) its entire interest in OSRAM Beteiligungen GmbH, including all rights and duties, to OSRAM Licht AG in return for the issue of shares in OSRAM Licht AG to the Siemens shareholders. The General Meeting of Siemens and the General Meeting of OSRAM Licht AG approved the Spin-off and Transfer Agreement on January 23, 2013, and January 21, 2013, respectively. An action for avoidance and rescission was brought against this resolution of the General Meeting of Siemens, which initially prevented its entry in the Commercial Register. At the beginning of March 2013, eight shareholders filed actions for avoidance and rescission of the resolution by the General Meeting of Siemens AG at the Munich Local Court I. On April 10, 2013, the Higher Regional Court in Munich established in clearance proceedings in accordance with sections 16(3) and 125 of the UmwG that these actions were not sufficient to prevent entry of the spin-off in the Commercial Register. The spin-off took effect as of its last entry in the Commercial Register on July 5, 2013.

Change of legal form to OSRAM GmbH

The Extraordinary General Meeting on October 5, 2012, resolved to change the legal form of OSRAM AG into a limited liability company, OSRAM GmbH. The change in the legal form from OSRAM AG to OSRAM GmbH, Munich, became legally effective on its entry in the Commercial Register on October 25, 2012. The previously issued capital stock of OSRAM AG in the amount of €562,940,000 was converted into the capital stock of OSRAM GmbH. 562,940,000 shares with a notional value of €1.00 each were issued.

Appointment of the Managing Directors and Managing Board

On October 9, 2012, the Supervisory Board of the former OSRAM AG, now OSRAM GmbH, appointed Mr. Wolfgang Dehen and Dr. Klaus Patzak as managing directors of OSRAM GmbH, effective as of the entry of the change in the legal form in the Commercial Register. On November 29,

2012, the Supervisory Board appointed Dr. Peter Laier as a managing director of OSRAM GmbH with effect from January 1, 2013.

The Extraordinary General Meeting on November 8, 2012, appointed Mr. Wolfgang Dehen and Dr. Klaus Patzak as members of the Managing Board of OSRAM Licht AG. On December 21, 2012, the Supervisory Board of OSRAM Licht AG appointed Dr. Peter Laier as a member of the Managing Board of OSRAM Licht AG with effect from January 1, 2013.

OSRAM is a leading global provider of lighting products and solutions and operates worldwide via a number of legal entities. ▶ See Note 37 | Segment Information. Prior to the formal appointment of the managing directors of OSRAM GmbH to the Managing Board of OSRAM Licht AG on November 8, 2012, the OSRAM Licht Group was managed centrally by the managing directors of OSRAM GmbH.

Consolidated financial statements

The consolidated financial statements and the Group management report as of September 30, 2013, were prepared in accordance with section 315a(1) of the Handelsgesetzbuch (HGB—German Commercial Code). They are filed with and published in the electronic Bundesanzeiger (Federal Gazette). OSRAM prepared these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union (“IFRSs”).

The contribution of Siemens’ interest in OSRAM GmbH to OSRAM Licht AG and OSRAM Beteiligungen GmbH and the spin-off by way of absorption of Siemens’ interest in OSRAM Beteiligungen GmbH to OSRAM Licht AG constitute “transactions under common control” by Siemens AG. Since transactions under common control are explicitly excluded from the scope of IFRS 3 and IFRSs do not provide any guidance on accounting for such transactions, the “pooling of interests” method has been applied on the basis of IAS 8.12, i.e. after consideration of the pronouncements of other standard-setting bodies, other accounting literature, and accepted industry practices. Under this method, the carrying amounts of the companies included in the consolidated financial statements and in the prior-year combined financial statements continue to be recognized unchanged in the consolidated financial statements. The Group’s statements of income for the reporting period include the results for the entire fiscal year of each consolidated company.

Prior-period amounts shown are based on combined financial statements that include all Group companies. Also on the basis of IAS 8.12, the net assets of OSRAM Licht AG, OSRAM Beteiligungen GmbH, OSRAM GmbH, and the latter’s direct and indirect subsidiaries were aggregated for the combined OSRAM Licht Group. All intragroup balances, income, expenses, and unrealized gains and losses arising from transactions between companies belonging to the combined OSRAM Licht Group were eliminated when preparing the combined financial statements. In addition, the investments of the parent companies in the combined OSRAM Licht Group were eliminated against the equity of the respective subsidiaries. Prior to the spin-off, transactions with Siemens and with Siemens Group companies that did not belong to the combined OSRAM Licht Group were disclosed as transactions with related parties.

The accompanying consolidated financial statements consist of a consolidated statement of income and consolidated statement of comprehensive income for the fiscal year ended September 30, 2013, a consolidated statement of financial position as of September 30, 2013, a consolidated statement of cash flows and a consolidated statement of changes in equity for the fiscal year ended September 30, 2013, as well as notes to the consolidated financial statements for fiscal 2013 (hereinafter the “consolidated financial statements”).

The consolidated financial statements have been prepared in millions of euros (€m). Rounding differences may arise when individual amounts or percentages are added together.

The consolidated financial statements were authorized for issue by the Managing Board of OSRAM Licht AG, Marcel-Breuer-Strasse 6, 80807 Munich, Germany, on November 18, 2013.

2 | Summary of Significant Accounting Policies

Unless stated otherwise, the accounting principles set out below have been applied consistently for all periods presented in these consolidated financial statements.

Basis of consolidation

OSRAM’s consolidated financial statements include OSRAM Licht AG and its direct and indirect subsidiaries. The combined financial statements as of September 30, 2012, included OSRAM Licht AG, OSRAM Beteiligungen GmbH, OSRAM GmbH, and its direct and indirect subsidiaries. Subsidiaries are companies whose operating and financial policies OSRAM can control. Control is generally conveyed

by ownership of the majority of voting rights. Associates are included using the equity method of accounting. Companies in which OSRAM has joint control are also included using the equity method.

Business combination

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 (2008). Cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed, as well as contingent consideration, at the date of exchange. Subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability are recognized either in the statement of income or as a change to *Other comprehensive income (loss), net of tax*, in accordance with IAS 39. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Acquisition-related costs are expensed in the period incurred. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. A positive difference between the acquisition cost including the fair value of the non-controlling interests and the assets and liabilities acquired is accounted for as goodwill. A negative difference is immediately accounted for as income. Non-controlling interests may be measured at their fair value (full goodwill method) or at the proportionate fair value of assets acquired and liabilities assumed (partial goodwill method). After initial recognition, non-controlling interests may show a deficit balance since both profits and losses are to the shareholders based on their equity interests. In business combinations achieved in stages, any equity interest previously held in the acquiree is remeasured at its acquisition date fair value. If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions outside profit or loss. Where there was an existing business relationship between OSRAM and the business acquired prior to the acquisition date and this relationship was settled as a result of the acquisition, any profit or loss is included in the statement of income. At the date control is lost, any retained equity interests are remeasured to fair value through the statement of income.

Associates and jointly controlled entities

Companies in which OSRAM has the ability to exercise significant influence over their operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights) and jointly controlled entities are recorded in the consolidated financial statements using the equity method of accounting and are initially recognized at cost. The

following policies equally apply to associates and jointly controlled entities. Goodwill relating to the acquisition of associates is included in the carrying amount of the investment and is not amortized, but is tested for impairment as part of the overall investment in the associate. OSRAM's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in equity that have not been recognized in the associate's profit or loss is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associate. When OSRAM's share of losses in an associate equals or exceeds its interest in the associate, OSRAM does not recognize further losses unless it incurs obligations or makes payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interests that, in substance, form part of OSRAM's net investment in the associate. Intercompany profits or losses arising from transactions between OSRAM and its associates are eliminated to the extent of OSRAM's interest in the associate. OSRAM determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, OSRAM calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount. Upon loss of significant influence over the associate, OSRAM measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Foreign currency translation

The assets, including goodwill, and liabilities of foreign subsidiaries whose functional currency is other than the euro are translated using the middle spot exchange rate at the end of the reporting period, while the consolidated statement of income is translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized. The consolidated statements of cash flows of foreign subsidiaries is translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

The exchange rates of the significant currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Spot Exchange Rate

€1 quoted into currencies specified as of		September 30,		October 1,
		2013	2012	2011
U.S. dollar	USD	1.351	1.293	1.350
Chinese renminbi	CNY	8.265	8.189	8.633
Hong Kong dollar	HKD	10.472	10.026	10.521
Japanese yen	JPY	131.780	100.370	103.370

Annual Average Exchange Rate

€1 quoted into currencies specified as of		Fiscal year		
		2013	2012	2011
U.S. dollar	USD	1.313	1.303	1.399
Chinese renminbi	CNY	8.176	8.225	9.148
Hong Kong dollar	HKD	10.181	10.120	10.882
Japanese yen	JPY	120.968	102.460	113.116

Measurement of foreign currency transactions

Transactions that are denominated in a currency other than the functional currency of an entity are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of the reporting period, foreign-currency-denominated monetary assets and liabilities are remeasured in the functional currency applying the spot rate prevailing at that date. Gains and losses arising from these foreign currency remeasurements are recognized in net income. Those foreign-currency-denominated transactions that are classified as nonmonetary are remeasured using the historical spot exchange rate.

Revenue recognition

Provided there is persuasive evidence that an arrangement exists, delivery has occurred, or services have been rendered, revenue is recognized to the extent that it is probable that the economic benefits will flow to OSRAM and revenue can be reliably measured, regardless of when the payment will be made. In cases where the inflow of economic benefits is not probable because of customer-related credit risks, revenue is recognized depending on customer payments irrevocably received. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates, and excluding taxes or duty. OSRAM assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

If sales of goods and services or software arrangements involve the provision of multiple elements, OSRAM determines whether the contract or arrangement contains more than one unit of account. The following specific recognition criteria must also be met before revenue is recognized:

– Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. If product sales are subject to customer acceptance, revenue is not recognized until customer acceptance occurs.

– Rendering of services

Revenues from service transactions are recognized as services are performed. For long-term service contracts, revenues are recognized on a straight-line basis over the term of the contract or, if the performance pattern is other than straight-line, as the services are provided, i.e. generally under the percentage of completion method.

– Interest

Interest income and expense are recognized using the effective interest method.

– Royalties

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

– Dividends

Dividends are recognized when the right to receive payment is established.

Function costs

In general, operating expenses are assigned to the individual function types on the basis of the function of the corresponding profit and cost centers, if necessary based on an appropriate allocation principle.

† For additional information on amortization, see Note 17 | Other Intangible Assets and Note 18 | Property, Plant, and Equipment.

† For information on expenses for employee benefits, see Note 35 | Personnel Expenses.

Government grants

Government grants are recognized when there is reasonable assurance that the conditions attached to the grants will be complied with and the grants will be received. Grants awarded for the purchase or the production of noncurrent assets (grants related to assets) are generally offset against the acquisition or production costs of the respective assets and reduce future depreciation charges accordingly. Grants awarded other than for noncurrent assets (grants related to income) are reported in the consolidated statement of income under the same function as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Government grants for future expenses are recorded as deferred income.

Product-related expenses and losses from onerous contracts

Provisions for estimated costs related to product warranties are recorded in the line item *Cost of goods sold and services rendered* at the time the related sale is recognized, and are mainly determined on an individual basis. The estimates reflect historic trends of warranty costs, as well as information regarding product failure experienced during construction, installation, or testing of products. Expected losses from onerous contracts are recognized in the period when the unavoidable costs under these contracts exceed the economic benefit arising from them.

Research and development costs

Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred. Costs for development activities in which research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if **1** development costs can be measured reliably, the product or process is **2** technically and **3** commercially feasible, **4** future economic benefits are probable, and OSRAM **5** intends, and **6** has sufficient resources, to complete development and to use or sell the asset. The costs capitalized include the cost of materials, direct labor, and other directly attributable expenditure that serves to prepare the asset for use. Such capitalized costs are included in the line item *Other intangible assets*.

↳ See Note 17 | Other Intangible Assets.

Other development costs are expensed as incurred. Capitalized development costs are carried at cost less accumulated amortization and impairment losses with an amortization period of generally three to five years.

Government grants for research and development activities are offset against research and development costs. They are recognized as income over the periods in which the research and development costs incur that are to be compensated. Government grants for future research and development costs are recorded as deferred income.

Earnings per share

Basic earnings per share are calculated by dividing profit from continuing operations, profit from discontinued operations (if applicable), and profit after tax, in each case attributable to the ordinary shareholders of OSRAM Licht AG, by the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share are calculated on the basis of the assumption that all potentially dilutive securi-

ties and share-based payment programs are converted or exercised, as applicable. ↳ For further information, in particular about the specific details of the creation of the consolidated Group structure in the course of fiscal 2013, see Note 36 | Earnings per Share.

Goodwill

Goodwill is not amortized, but instead tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses.

The goodwill impairment test is performed at the level of a cash-generating unit or a group of cash-generating units, which is the lowest level at which goodwill is monitored by management. In fiscal 2013 these were the Light Engines & Controls ("LE") and Specialty Lighting ("SP") Business Units and in fiscal 2012 the General Lighting ("GL") and SP Business Units, as well as the Professional Luminaires ("PLUM") and Light Management Solutions ("LMS") Business Segments. ↳ See Note 16 | Goodwill for further information.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit exceeds its recoverable amount, an impairment loss is recognized on the goodwill allocated to this cash-generating unit. The recoverable amount is the higher of the cash-generating unit's fair value less costs to sell and its value in use. If either of these amounts exceeds the carrying amount, it is not necessary to determine both amounts. These values are generally determined based on discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods if the recoverable amount exceeds the carrying amount of the cash-generating unit to which the goodwill is allocated. ↳ See Note 16 | Goodwill for further information.

Other intangible assets

Other intangible assets consist of software and other internally generated intangible assets, patents, licenses, and similar rights. The Company amortizes intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives to their estimated residual values. The estimated useful lives for software, patents, licenses, and other similar rights range generally from three to five years, except for intangible assets with finite useful lives acquired in business combinations.

Intangible assets acquired in business combinations primarily consist of patented and unpatented technology and customer relationships. Useful lives in specific acquisitions were up to 17 years for patented and unpatented technology and range from two to 16 years for customer relationships. Intangible assets which are determined to have indefinite useful lives, as well as intangible assets not yet available for use, are not amortized, but instead tested for impairment at least annually. » For additional information, see Note 17 | Other Intangible Assets.

Property, plant, and equipment

Property, plant, and equipment is measured at cost less accumulated depreciation and impairment losses. If the costs of certain components of an item of property, plant, and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized using the straight-line method. Residual values and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly. The following useful lives are assumed:

Useful Lives

Buildings	20 to 50 years
Technical machinery and equipment	5 to 15 years
Furniture and office equipment	5 to 6 years

Impairment of property, plant, and equipment and other intangible assets

OSRAM reviews property, plant, and equipment, and other intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets that are determined to have indefinite useful lives, as well as intangible assets not yet available for use, are subject to an annual impairment test. Recoverability of assets is measured by comparing the carrying amount of the asset with its recoverable amount, which is the higher of the asset's value in use and its fair value less costs to sell. The assets' value in use is measured by discounting their estimated future cash flows. If assets do not generate cash inflows that are largely independent of those from other assets or groups of assets, the impairment test is not performed at an individual asset level, instead it is performed at the level of the cash-generating unit the asset belongs to. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. If there is an indication that the reasons which

caused the impairment no longer apply, OSRAM assesses the need to reverse all or a portion of the impairment loss.

The Company's property, plant, and equipment and other intangible assets to be disposed of are recorded at the lower of carrying amount or fair value less costs to sell. Depreciation or amortization is discontinued.

Income taxes

Tax expense includes current and deferred taxes. These are recognized in profit or loss unless they are related to a business combination or to items that are recognized directly in equity or in other comprehensive income.

Current tax assets and liabilities for both the current and the prior-year period are measured at the amount expected to be refunded by or payable to the tax authority. Measurement of the amount is based on the tax rates and laws that apply at the end of the relevant reporting period in those countries in which the Group operates.

Deferred tax assets and liabilities are recognized using the balance sheet liability method for existing temporary differences between the carrying amount of assets or liabilities in the statement of financial position and their tax base at the end of the reporting period. Deferred tax assets and liabilities are measured using the tax rates expected to apply at the end of the reporting period in which an asset will be realized or a liability will be settled. The expectation is based on the tax rates being in effect as of the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which deductible temporary differences, unused tax losses, and unused tax credits can be utilized.

Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value, with cost being generally determined on the basis of the average cost method or first-in, first-out method. Production cost comprises direct material and labor costs and applicable manufacturing overheads, including depreciation charges. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Noncurrent assets held for sale

OSRAM classifies a noncurrent asset (or a disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale or distribution in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), and its sale must be highly probable. Noncurrent assets classified as held for sale and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell, unless those items presented in the disposal group are not part of the scope of measurement as defined in IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations. If an investment accounted for using the equity method is classified as held for sale, recognition of further shares of the profits or losses of that investment is discontinued.

Defined benefit plans

OSRAM measures the entitlements of the defined benefit plans by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (defined benefit obligation (DBO)), OSRAM considers future compensation and benefit increases to the extent that the employee's final benefit entitlement at regular retirement age depends on future compensation or benefit increases. For post-employment healthcare benefits, OSRAM considers trends in healthcare costs in the actuarial valuation. For unfunded plans, OSRAM recognizes a pension liability equal to the DBO. For funded plans, OSRAM offsets the fair value of the plan assets against the benefit obligations. Taking into account any effects relating to the asset ceiling, a deficit is recognized in the line item *Pension plans and similar commitments* or a surplus is recognized in the line item *Other assets*.

Remeasurements of the net defined benefit liability (asset) are recognized in *Other comprehensive income (loss), net of tax* in the year in which they arise. Those effects are recorded in full directly in equity, net of tax.

Countries with principal pension plans and principal other post-employment benefit plans are the U.S.A., Germany, Canada, the UK (until January 2012), Switzerland, and Italy.

Provisions

A provision is recognized in the statement of financial position when OSRAM has a present legal or constructive obligation as a result of a past event, it is probable that

an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are recognized at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract, to the extent that they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognized in the consolidated statement of income.

Termination benefits

Termination benefits are recognized in the period incurred and when the amount can be reasonably estimated. Termination benefits in accordance with IAS 19R are recognized as an expense and a liability when the entity has demonstrably committed itself, through a formal termination plan or otherwise creating a valid expectation, to either provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or terminate employment before the normal retirement date.

Leasing

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to OSRAM as lessee, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of income. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that OSRAM will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the term of the lease. Since these consolidated financial state-

ments present the combined OSRAM Licht Group as an independent business, leasing arrangements with Siemens were accounted for—other than in the reporting to Siemens AG as operating leases—as either finance or operating leases in accordance with the aforementioned accounting policies.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. OSRAM's financial assets mainly include cash and cash equivalents, available-for-sale financial assets, trade receivables, loans receivable, and derivative financial instruments with a positive fair value. Cash and cash equivalents are not included within the available-for-sale financial assets category as these financial instruments are not subject to fluctuations in value. OSRAM does not make use of the held to maturity category. OSRAM's financial liabilities mainly comprise loans from banks, trade payables, finance lease payables, and derivative financial instruments with a negative fair value. OSRAM does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (fair value option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost, and financial assets and financial liabilities measured at fair value. ▶ See Note 32 | Financial Instruments and Hedging Activities for further information.

Financial instruments are recognized in the consolidated statement of financial position when OSRAM becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Financial instruments are initially recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial assets and liabilities are measured according to the category—cash and cash equivalents, available-for-sale financial assets (AfS), loans and receivables (LaR), financial liabilities measured at amortized cost (FLaC), or financial assets and liabilities classified as held for trading (FAHfT and FLHfT)—to which they are assigned.

Financial instruments are derecognized when they have been repaid by the debtor. Repayment usually takes place in the form of a payment from the debtor to the creditor. However, repayment can also occur in cases where the debtor is legally released from the debtor's original obligation or the obligation has extinguished. The obligation is also derecognized by the creditor if the creditor transfers the financial asset to another party and has not retained any significant risks and rewards from that financial asset.

Cash and cash equivalents

All highly liquid investments with less than three months maturity from the date of acquisition are considered to be cash equivalents. Cash and cash equivalents are measured at cost.

Available-for-sale financial assets

Investments in equity instruments, debt instruments, and fund shares are classified as available-for-sale financial assets and are measured at fair value if they can be reliably measured. Unrealized gains and losses, net of applicable deferred income taxes, are recognized in *Other comprehensive income (loss), net of tax*. If fair value cannot be reliably determined, OSRAM measures available-for-sale financial instruments at cost. This applies to equity instruments that do not have a quoted market price in an active market, and key inputs used to estimate fair value using valuation models cannot be determined reliably. If the fair value of available-for-sale financial assets declines below their cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in equity is removed from equity and recognized in the consolidated statement of income. OSRAM considers all available evidence such as market conditions and prices, investee-specific factors, and the duration as well as the extent to which fair value is less than cost in evaluating the potential impairment of its available-for-sale financial assets. OSRAM considers a decline in fair value as objective evidence of impairment if the decline exceeds 20% of cost or continues for more than six months.

Impairment losses recognized on debt instruments are reversed in subsequent periods if the reasons for impairment no longer apply.

Loans and receivables

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade receivables are recognized using separate allowance accounts. ▶ See Note 3 | Management Estimates and Judgments for further information regarding the determination of valuation allowances.

Loans and receivables bearing no or lower-than-market interest rates with a maturity of more than one year are discounted.

Financial liabilities

OSRAM measures financial liabilities other than derivative financial instruments at amortized cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments to which hedge accounting is applied. Changes in the fair value of derivative financial instruments held for trading are recognized in net income for the period. The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges is recognized in *Other comprehensive income (loss), net of tax* (meaning applicable deferred income taxes). The ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified into the consolidated statement of income in the same periods in which the hedged item affects the consolidated statement of income or the underlying hedged item is no longer expected to occur. ▶ See Note 32 | Financial Instruments and Hedging Activities for further information.

Share-based payment

Until the spin-off from Siemens, employees of OSRAM were able to participate in the share-based payment programs of the Siemens Group. The share-based payment awards with the rights to receive shares of Siemens stock, were granted by the legal OSRAM entities in which the employees were employed at the grant date, and OSRAM recognized the expenses for those employees over the term of the vesting period until settlement. These rights to receive Siemens shares were recognized as cash-settled share-based payments in OSRAM's consolidated financial statements.

For the Siemens share-based payment programs, the fair value was recognized as compensation expense over the vesting period during which the employees became unconditionally entitled to the awards granted. Cash-settled awards were remeasured at fair value at the end of each reporting period and upon settlement. The fair value of other share-based awards, such as stock awards, matching shares, and shares granted under the Jubilee Share Program (to the extent that these relate to shares of Siemens), was determined at the market price of Siemens shares, considering dividends during the vesting period the grantees are not en-

titled to and, to the extent necessary, to certain market and non-vesting conditions. When the spin-off became effective on July 5, 2013, the existing programs were settled by means of cash payments to the OSRAM employees in accordance with the relevant terms and conditions of the programs.

OSRAM launched its own share-based payment programs in fiscal 2013. These are equity-settled share-based payment programs. In accordance with IFRS 2, the fair value calculated for equity-settled share-based payments at the grant date is recognized as compensation expense over the vesting period. ▶ Additional information on the settlement of the Siemens programs and on OSRAM's share-based payment programs can be found in Note 34 | Share-based Payment.

Accounting pronouncements adopted in fiscal 2013

As of October 1, 2012, OSRAM early adopted IAS 19, Employee Benefits (revised 2011; IAS 19R), which was issued by the International Accounting Standards Board in June 2011. The standard is effective for annual periods beginning on or after January 1, 2013; early application is permitted. The standard must be applied retrospectively. The revised standard was endorsed by the European Union in June 2012.

With regard to the accounting treatment for post-employment benefits, IAS 19R eliminates the previous accounting policy option of recognizing actuarial gains and losses immediately as profit or loss, recognizing them in *Other comprehensive income (loss), net of tax*, or recognizing only a portion of the gains and losses in accordance with the corridor method. These changes do not affect OSRAM, since it already recognizes the actuarial gains and losses as they arise in *Other comprehensive income (loss), net of tax*.

The following changes affect OSRAM's consolidated financial statements: IAS 19R replaces the expected return on plan assets and interest cost on the defined benefit obligation with a single net interest component. IAS 19R now requires the return on pension plan assets to be calculated based on the discount rate, as opposed to the expected return on plan assets. This gives rise to a uniform return on the pension obligations and plan assets, which is disclosed as net interest. The difference between the interest income on plan assets resulting from application of the discount rate and the actual return on the plan assets of defined benefit plans is recognized in *Other comprehensive income (loss), net of tax*.

Additionally, adjustments to the past service cost/income under IAS 19R are required to be included in full in the period in which the plan was amended instead of being amortized over the vesting period. Other administrative expenses that are

unrelated to the management of plan assets are recognized as function costs when the administrative services are provided. The revision of IAS 19R also changes the definition of termination benefits, establishing the consistent principle that termination benefits are recognized when the service is rendered by the employee. There are no significant effects on OSRAM's consolidated financial statements resulting from these changes.

IAS 19R must be applied retrospectively. Accordingly, the opening balance as of October 1, 2011, and the prior-year figures have been adjusted. Taking deferred taxes into consideration, this led overall to an increase in equity reported in *Net assets attributable to Siemens Group* of €4.1 million as of October 1, 2011. As of October 1, 2011, application of IAS 19R reduced actuarial losses by €17.0 million (after taxes) on a cumulative basis. This effect represents a reclassification within equity and thus had no impact on equity as of October 1, 2011. As of September 30, 2012, equity increased by €3.4 million in total (after taxes) due to the adjustments and is presented under *Net assets attributable to Siemens Group*. As of September 30, 2012, application of IAS 19R reduced actuarial losses by €29.4 million (after taxes) on a cumulative basis. The corresponding adjustment of the consolidated statement of income for fiscal 2012 essentially resulted in a decrease in interest income reported in the prior year. Total net interest for fiscal 2012 decreased by €18.4 million. The net interest component resulting from the uniform return on the pension obligations and plan assets required to be reported under IAS 19R is presented in *Interest expense*. The *Pension plans and similar commitments* line item decreased by €1.1 million as of September 30, 2012.

Had the Company not applied IAS 19R as of October 1, 2012, the expected return on plan assets in the consolidated statement of income for fiscal 2013 would have exceeded interest income according to IAS 19R. Correspondingly, the actuarial gains recognized in the *Remeasurements of defined benefit plans* line item of the consolidated statement of comprehensive income would have decreased. Based on the expected return on plan assets as of September 30, 2012, the effect in fiscal 2013 would have been €37.4 million (pre-tax) for the principal pension and principal other post-employment benefit plans.

In June 2011, the IASB issued Amendments to IAS 1, Presentation of Items of Other Comprehensive Income. The amendments require that an entity presents separately the items of other comprehensive income that will be reclassified subsequently to profit or loss from those that will not be reclassified. The amendments are effective for periods beginning on

or after July 1, 2013. OSRAM therefore applied the amendments in these consolidated financial statements.

Recent accounting pronouncements, not yet adopted

The following pronouncements issued by the IASB have not yet been adopted by OSRAM.

In November 2009, the IASB issued IFRS 9, Financial Instruments. This standard is the first phase of the IASB's three-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 amends the classification and measurement requirements for financial assets, including some hybrid contracts. It uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, replacing the different requirements in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the different impairment methods in IAS 39. This new standard is effective for annual reporting periods beginning on or after January 1, 2015; early application is permitted. The European Financial Reporting Advisory Group postponed its endorsement advice in order to take more time to consider the outcome of the IASB project to improve accounting for financial instruments. OSRAM is currently assessing the impacts of adopting IFRS 9 on the consolidated financial statements.

In May 2011, the IASB published its improvements to the accounting and disclosure requirements for consolidation, off-balance-sheet activities, and joint arrangements by issuing IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, and consequential amendments to IAS 27, Separate Financial Statements (amended 2011) and IAS 28, Investments in Associates and Joint Ventures (amended 2011).

IFRS 10 builds on the existing principles to define a comprehensive concept of control as the determining factor in whether an entity should be included in a set of consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11 provides guidance for the accounting for joint arrangements by focusing on the rights and obligations of the arrangements, rather than their legal form.

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, in-

cluding joint arrangements, associates, structured entities, and off-balance-sheet vehicles.

IFRS 10, 11, 12, and the consequential amendments to IAS 27 and IAS 28, are effective in the EU for annual periods beginning on or after January 1, 2014. OSRAM is currently assessing the effect on the consolidated financial statements.

In June 2012, the IASB issued an amendment to IFRS 10, 11, and 12 relating to transition guidance. The amendments provide clarification and additional relief for the transition to IFRS 10, IFRS 11, and IFRS 12. For example, adjusted comparative information is only required for the period immediately preceding the reporting period. Additionally, the disclosure of comparative information for periods before the date of initial application of IFRS 12 is no longer required for unconsolidated structured entities. The amendments to IFRS 10, IFRS 11, and IFRS 12 are effective for annual periods beginning on or after January 1, 2014.

In May 2011, the IASB issued IFRS 13, Fair Value Measurement. The new standard defines fair value and standardizes disclosures on the fair value measurement of both financial and nonfinancial instrument items. The new standard is applicable for annual periods beginning on or after January 1, 2013. The majority of changes required by IFRS 13 relating to financial instruments have already been introduced, mainly by amendments to IFRS 7, Financial Instruments: Disclosures. Consequently, OSRAM expects the adoption of IFRS 13 to have no more than insignificant effects on its financial assets and liabilities.

In December 2011, the IASB issued amendments to IAS 32, Financial Instruments: Presentation and IFRS 7, Financial Instruments: Disclosures regarding offsetting of financial assets and financial liabilities. The amendment to IAS 32 clarifies the existing offsetting rules and is effective for reporting periods beginning on or after January 1, 2014. Early application is permitted; however, it requires the application of the amendments to IFRS 7. These amendments to IFRS 7 expand the disclosure requirements for financial assets and financial liabilities offset in the statements of financial position including netting agreements where netting is subject to certain future events. This amendment is effective for reporting periods beginning on or after January 1, 2013. OSRAM does not expect application of these amendments to have any effects.

In May 2013, the IASB issued an amendment to IAS 36, Recoverable Amount Disclosures for Nonfinancial Assets. This amendment clarifies the disclosure of recoverable

amount by requiring it to be disclosed for all assets, including goodwill or a cash-generating unit, for which a significant impairment loss has been recognized. Additionally, the level of the fair value hierarchy must be disclosed if recoverable amount is based on fair value less costs of disposal. If Level 2 or 3 present value techniques have been used to measure fair value, the key assumptions and the discount rate must be disclosed. Subject to its endorsement by the EU, this amendment to IAS 36 is effective for annual periods beginning on or after January 1, 2014.

In May 2013, the IFRS Interpretations Committee of the IASB issued IFRIC 21, Levies. IFRIC 21 offers guidance when applying IAS 37, Provisions, Contingent Liabilities, and Contingent Assets, on accounting for levies other than taxes that are imposed by governments. In particular, it specifies the timing of recognition of the liability. IAS 37 defines the criteria for recognizing a liability, one of which is that there must be a present obligation resulting from a past event. IFRIC 21 states that the liability must be recognized when the activity that triggers the levy occurs. Subject to its endorsement by the EU, IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. OSRAM is currently assessing its effect on the consolidated financial statements.

The IASB has issued a range of other pronouncements. These recently adopted pronouncements, as well as pronouncements that have not yet been adopted, do not have any material effect on OSRAM's consolidated financial statements.

3 | Management Estimates and Judgments

Judgements and critical accounting estimates

OSRAM's consolidated financial statements are prepared in accordance with IFRSs, as adopted by the EU. OSRAM's significant accounting policies are essential for an understanding of OSRAM's results of operations, financial position, and cash flows. ▶ See Note 2 | Summary of Significant Accounting Policies.

Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the Group's results of operations, financial positions, and cash flows. Critical accounting estimates could also involve estimates where management reasonably could have used a different estimate in the current accounting period. Management cautions that

future events often vary from forecasts and that estimates routinely require adjustment.

Trade and other receivables

The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends, and analysis of historical bad debts on a portfolio basis. For the determination of the country-specific component of the individual allowance, country credit ratings are also considered, which are determined based on information from external rating agencies. Where the valuation allowance is derived from a portfolio-based analysis of historical bad debts, a decline in the volume of receivables results in a corresponding reduction in such provisions and vice versa. As of September 30, 2013, OSRAM recorded a total valuation allowance for current accounts receivable of €25.8 million (September 30, 2012: €26.1 million).

Impairment/reversal of impairment

OSRAM tests its goodwill and intangible assets with indefinite useful lives for impairment at least once a year, in accordance with its accounting policies. Other intangible assets, items of property, plant, and equipment, and investments accounted for using the equity method are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Determining the recoverable amount of an asset or a cash-generating unit in connection with which the asset generates cash inflows that are largely independent of the cash inflows from other assets involves the use of estimates by management. The outcome predicted by these estimates is influenced by certain factors, for example expected economic growth trends, the successful integration of acquired entities, capital market volatility, interest rate movements, and foreign exchange rate fluctuations.

The recoverable amount is the higher of fair value less costs to sell and value in use. OSRAM generally uses discounted cash flow methods to determine these values. These discounted cash flow calculations generally use five-year projections that are based on business plans. Cash flow projections take into account past experience, current operating results, and market assumptions, and represent management's best estimate about future economic developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions on which management has based its determination of the recoverable amount include estimated growth rates and the weighted average cost of capital. These estimates, including the methodology used, can have a material impact on the respective

values and ultimately on the amount of the impairment loss on any asset that is tested for impairment. The estimate of growth rates considers expectations as to inflation and market growth, as well as macroeconomic data and industry-specific trends. The weighted average cost of capital reflects specific risks, adjusted for the current market assessment.

The impairment tests performed in fiscal 2013 confirmed the carrying amounts of *Goodwill* and intangible assets.

↳ See Note 16 | Goodwill and Note 17 | Other Intangible Assets.

Certain items of property, plant, and equipment related to the production of pre-materials, traditional products, and compact fluorescent lamps were written down for impairment in fiscal 2013 in the amount of €52.0 million due to triggering events. ↳ See Note 18 | Property, Plant, and Equipment. In addition, the joint ventures Valeo Sylvania LLC, Seymour, U.S.A. ("Valeo Sylvania"), which is allocated to the Specialty Lighting segment, and OSRAM (China) Fluorescent Materials Co. Ltd., Yi Xing City, China ("OCFM"), which is allocated to *Corporate items and pensions* in the segment reporting, were tested for impairment in fiscal 2013 due to triggering events. The triggering events were the signing of a put and call option agreement ("Call/Put Agreement") in the case of Valeo Sylvania and the signing of a sale agreement in the case of OCFM. This resulted in fiscal 2013 in reversals of impairment losses previously recognized on the net investment in Valeo Sylvania in the amount of €27.8 million (net). The investment in OCFM was written down for impairment by €1.7 million (net) in fiscal 2013. ↳ See Note 4 | Acquisitions and Disposals, Note 8 | Income (Loss) from Investments Accounted for Using the Equity Method, Net, and Note 19 | Investments Accounted for Using the Equity Method.

Employee benefits accounting—pension plans and similar commitments

Obligations for pension and other post-employment benefits and related net periodic benefit costs are determined in accordance with actuarial valuations. These valuations rely on financial and demographic assumptions including the discount rate, assumptions regarding trends in salaries, pensions, and healthcare costs, and mortality tables. The discount rate assumptions are determined by reference to yields on high-quality corporate bonds at the end of the reporting period. As a general rule, an AA rating is assumed. In countries where there is no deep market in such corporate bonds, market yields on government bonds are used. Both the currency and the maturity of the underlying corporate or government bonds are matched to the currency and estimated maturity of the benefit payments. Due to changing market and economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in pension and other post-employment benefit obligations. Such differences are recognized

in full in *Other comprehensive income (loss), net of tax* in the period in which they occur. The recognized liabilities for pension plans and similar commitments as of September 30, 2013, amounted to €358.5 million (September 30, 2012: €488.7 million, October 1, 2011: €832.5 million).

› See Note 25 | Pension Plans and Similar Commitments for further details on principal pension and principal other post-employment benefits.

Termination benefits

OSRAM is implementing restructuring programs and individual measures to terminate employment contracts. Expenses in conjunction with terminating employment contracts and other exit costs are subject to estimates and assumptions to a significant extent. These include, for example, the number of acceptances in respect of an offer to terminate employment contracts and the nature of the measures.

› See Note 5 | Personnel-related Restructuring Expenses for further information.

Legal proceedings

OSRAM is subject to legal and regulatory proceedings and government investigations in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties, disgorgements, and legal costs against the Company. If it is more likely than not that the Company has an obligation that will result in an outflow of resources, a provision is recognized if the amount of the obligation can be reliably estimated. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is more likely than not that such a proceeding will result in an outflow of resources, and whether the amount of the obligation can be reliably estimated.

OSRAM periodically reviews the status of these proceedings with both internal and external counsel. These judgments are subject to change as new information becomes available. The required amount of a provision may change in the future due to new developments in the particular matter. Revisions to estimates may significantly impact future net income. Upon resolution, OSRAM may incur charges in excess of the recognized provisions for such matters. It cannot be ruled out that OSRAM's financial position or results of operations of OSRAM might be materially adversely affected by an unfavorable outcome of legal or regulatory proceedings or government investigations. › See Note 31 | Legal Proceedings for further information.

Income taxes

OSRAM operates in various tax jurisdictions and is thus subject to a wide variety of tax laws and regulations. The tax positions presented in the financial statements are determined in accordance with the applicable local tax laws and tax authorities' directives, which can be complex and subject to different interpretations by taxpayers and local tax authorities.

When measuring current and deferred tax items, OSRAM takes into account the effects of uncertain tax items and whether additional taxes and interest, including any possible penalties, might be payable. It assesses these items on the basis of estimates and assumptions, which may involve the exercise of management judgment in respect of a range of future events. New information may become available that causes OSRAM to modify its assessment of the appropriateness of existing tax items. Any such changes in tax items will affect tax expense in the period in which they are reassessed. It cannot be ruled out that the tax authorities, as a result of current or future tax investigations and audits, and/or the courts will rule that OSRAM has additional liabilities (because some of the transfer prices that have been applied to intragroup sales of goods and services are not accepted, for example, or as a result of the audit of items that may trigger indirect taxes), or that the provisions recognized for this will not be sufficient.

Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings and established tax planning strategies. As of the end of each reporting period, management evaluates the recoverability of deferred tax assets, based on projected future taxable profits. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will be recoverable. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, a corresponding valuation allowance is recognized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will be available to allow the deferred tax asset to be realized. The amount of any tax loss carryforwards and temporary differences, as well as of the deferred taxes recognized in respect of such items, could be adversely affected by tax audits in the future.

Future changes in tax laws and regulations, as well as their interpretation, and other changes in tax systems could materially affect our existing tax assets and liabilities, as well as our deferred tax assets and liabilities, and thus result in a higher tax expense and higher tax payments. Additionally, uncertainties affecting the tax environment in some regions could impair our ability to assert our rights.

4 | Acquisitions and Disposals

Acquisitions

Fiscal 2013

No acquisitions were made in fiscal 2013.

Fiscal 2012

Acquisition of Encelium

As of October 14, 2011, OSRAM acquired an additional 83.13% interest in Encelium Holdings, Inc., Teaneck, U.S.A. ("Encelium"). The main rationale for the acquisition was to enhance the Company's position in particular in the global growth market for light management systems and to complement its Lamps & Components ("LC") segment's portfolio of energy-efficient lighting products and solutions. OSRAM's interest in Encelium increased from 16.87% to 100% as a result of the transaction.

The aggregate consideration amounted to €37.6 million—€37.4 million paid in cash and €0.2 million in the form of an assumed liability. Cash acquired amounted to €0.6 million. Acquisition-related costs amounted to €1.1 million and were expensed under *Marketing, selling, and general administrative expenses*.

The fair value of OSRAM's existing 16.87% equity interest in Encelium on the date of the acquisition was €5.2 million and the remeasurement to fair value resulted in a gain of €0.2 million, which was recognized in *Other operating income* in the statement of income.

Based on the fair value assessment performed in the course of a purchase price allocation, €11.8 million was allocated to intangible assets and €34.5 million to goodwill; the latter was allocated to the Light Engines & Controls Business Unit ("LE"). » See Note 16 | Goodwill.

Of the €11.8 million in intangible assets, €5.4 million related to customer relationships with useful lives of eight years, €5.3 million to patented and unpatented technology with useful lives of five to seven years, and €1.1 million to the Encelium trademark. The latter is considered to have an indefinite useful life, as OSRAM intends to continue to use it

in the foreseeable future and the trademark is not limited in its usage. Goodwill comprises non-separable intangible assets such as employee know-how and expected synergy effects. €0.5 million of the recognized goodwill is deductible for tax purposes. In fiscal 2012, the acquisition of Encelium led to additional revenue of €4.5 million and a net loss of €8.0 million, including expenses related to purchase price allocation. If Encelium had been included in the financial statements with effect from October 1, 2011, the effect in fiscal 2012 would have been additional revenue of €4.5 million and a net profit of €8.4 million, including expenses related to purchase price allocation.

Acquisition of Traxon

As of November 8, 2011, OSRAM acquired additional shares of its subsidiary Traxon Technologies Ltd (formerly Perfect Tact Ltd.), Hong Kong, China ("Traxon"), thereby increasing its ownership from 51% to 100%. The aggregate consideration amounted to €53.5 million, and consisted of €48.0 million in cash and contingent consideration of €5.5 million (USD 7.5 million). The contingent consideration was measured at fair value at the acquisition date and depended on certain revenue targets for the calendar year ended December 31, 2011, being reached. The outstanding consideration of €5.7 million (USD 7.5 million) was paid in April 2012. The difference of €45.9 million between the non-controlling interests of €7.6 million and the fair value of the consideration paid of €53.5 million was recognized in equity in accordance with IAS 27. Traxon is reported in the Luminaires & Solutions ("LS") segment.

Disposals

Fiscal 2013

On June 13, 2013, OSRAM entered into a Call/Put Agreement with its partner in the joint venture Valeo Sylvania for the sale of its 50% equity interest in the joint venture and the loans extended by OSRAM to Valeo Sylvania. The equity interest and the loans are allocated to the Specialty Lighting ("SP") segment. In particular, the company's business activities comprise the development, production, and marketing of lighting systems for the automotive sector in North America. The exercise periods for the otherwise mirror-image options run from January 1 to 10, 2014 (put), and from February 1 to 10, 2014 (call). As of June 30, 2013, the assets related to this transaction were classified as held for sale in accordance with IFRS 5 and tested for impairment. Due to the reversal in full of the previous impairment on the net investment in Valeo Sylvania to amortized cost, this had a positive impact on net income of €35.1 million in fiscal 2013, which was recognized in *Income (loss) from investments accounted for using the equity method, net* in the statement of income. In this context,

a provision for a credit guarantee of €10.2 million decreased to zero. Following the extension of further loans, the net investment in Valeo Sylvania is recognized in the amount of €45.6 million. As of September 30, 2013, the recognized value of the two options was zero. The accumulated items related to this disposal group and recognized in *Other comprehensive income* amounted to €13.0 million as of September 30, 2013. Of these, items amounting to €12.9 million will not be reclassified to profit or loss. After the reversal of the impairment, the assets related to this transaction and presented as held for sale were as follows:

Carrying Amounts of the Disposal Group

in € million	September 30, 2013
Investments accounted for using the equity method ¹⁾	–
Other financial assets	45.6
Total assets	45.6

¹⁾ In accordance with IFRS 5, use of the equity method is discontinued when an investment is classified as held for sale.

The Call/Put Agreement provides for OSRAM to continue financing until the closing of the transaction. It further provides that OSRAM shall indemnify the buyer from the date on which the transaction closes on a pro rata basis in respect of any damages arising out of, among other things, tax matters, environmental issues, product liability claims, and damages arising out of a violation of certain defined laws, in each case provided that the cause of the damage occurred in a defined period prior to the date of the Call/Put Agreement. This indemnity is limited to specified amounts that vary between the individual defined claims. Furthermore, the Call/Put Agreement provides for a covenant not to compete pursuant to which OSRAM shall not engage for a limited period of time in the development, engineering, application, production, sale, or marketing of automotive lighting system products (e.g. head, rear, and interior lighting assemblies) in North America. In connection with the Call/Put Agreement, Valeo S.A. and OSRAM GmbH entered into a strategic supply agreement to strengthen their cooperation in the automotive lighting business. The sale resulted in a positive tax effect.

In fiscal 2013, OSRAM also sold its subsidiaries Sunny World (Shaoxing) Green Lighting Co. Ltd., Shaoxing, China (“Sunny World”) and OSRAM Hong Kong Ltd., Hong Kong, China (“OHK”), which were allocated to the LC segment. The production of compact fluorescent lamps was organized in these companies. The sale by way of a share deal is related to the transformation of the lighting market and is part of the “Future Industrial Footprint” project. The sale was con-

cluded together with a sourcing contract on March 6, 2013, and became effective as of the disposal as of April 1, 2013. The consideration paid is linked to the sourcing contract and amounted to €23.4 million as of September 30, 2013. The remeasurement of this disposal group at the lower of its carrying amount and fair value less costs to sell on classification as held for sale in accordance with IFRS 5 resulted in an impairment loss of €13.8 million, which was already recognized in *Cost of goods sold and services rendered* in the statement of income for the six months ended March 31, 2013. The accumulated currency translation gains related to this disposal group and recognized in *Other operating income* in the statement of income on disposal of the companies on April 1, 2013, amounted to €7.1 million. The carrying amounts of the principal groups of assets and liabilities that were derecognized on completion of the disposal described above are presented in the following table:

Carrying Amounts of the Disposal Group

in € million	April 1, 2013
Cash and cash equivalents	0.2
Trade receivables	0.2
Inventories	8.8
Other current assets	1.6
Property, plant, and equipment	21.8
Other noncurrent assets	5.8
Total assets	38.4
Trade payables	12.1
Provisions	4.7
Other liabilities	4.0
Total liabilities	20.8

In fiscal 2013, OSRAM also signed a sale agreement for a further company that was not significant. See Note 8 | Income (Loss) from Investments Accounted for Using the Equity Method, Net.

Fiscal 2012

Effective September 30, 2012, OSRAM sold its 51% interest in OSRAM MELCO Ltd., Yokohama, Japan (“OML”), and its 49% interest in Mitsubishi Electric OSRAM Ltd., Yokohama, Japan (“MOL”), to Mitsubishi Electric Corporation, Tokyo, Japan (“MELCO”). Both equity interests were allocated to the LC segment. To hedge against the foreign currency risk arising from the selling price payable in Japanese yen, OSRAM entered into a currency price forward transaction. The hedged selling price for OML and MOL amounted to €45.1 million (before deduction of cash and cash equivalents of €6.8 million disposed).

Effective September 26, 2012, OSRAM and MELCO, as shareholders of OML, closed the sale of OML's equity interests in OSRAM MELCO Toshiba Lighting Ltd., Yokusuka, Japan ("OMTL"), and TLT OSRAM-Melco Lighting Ltd., Yokusuka, Japan ("TOML"), to Toshiba Lighting & Technology Corporation, Yokusuka, Japan ("TLT"). In accordance with the purchase agreement, OML paid consideration of €3.0 million to dissolve the joint venture, of which OSRAM bore €1.5 million.

Ahead of the sale, OSRAM classified the assets and liabilities of its subsidiary OML, including the equity interest held by OML in OGASA Sanroku Kaihatsu KK, Kakegawa City, Japan, its equity interest in MOL and in its Japanese subsidiary OMTL, and its equity interest in TOML, as held for sale in accordance with IFRS 5.

In fiscal 2012, an impairment loss of €5.6 million was recognized in *Cost of goods sold and services rendered* in the statement of income in accordance with IFRS 5.

The sale of OML and MOL and of OMTL and TOML led to a disposal gain of €8.4 million (before income taxes). The gain is included in *Other operating income* for fiscal 2012. Of this, an amount of €9.2 million, comprising realized exchange rate differences and the net income from the currency forward transaction used to hedge the selling price, was reclassified from *Other components of equity* to the statement of income.

The sale of the companies described above is part of OSRAM's global "Future Industrial Footprint" project. ▶ See Note 5 | Personnel-related Restructuring Expenses and Note 37 | Segment Information.

The business activities of the companies that were disposed of primarily comprised the manufacture and distribution of lamps, lamp materials, and components such as ballasts and starters for the Japanese market. The companies in question were managed in the LC segment. The carrying amounts of the principal groups of assets and liabilities that were derecognized on completion of the disposals described above are presented in the following table:

Carrying Amounts of the Disposal Group

in € million	September 30, 2012
Cash and cash equivalents	6.8
Receivables and other financial assets	33.6
Inventories	19.8
Property, plant, and equipment	57.1
Investments accounted for using the equity method	1.3
Other	2.0
Total assets	120.6
Liabilities	25.4
Pension plans and similar commitments	2.5
Total liabilities	27.9

Non-controlling interests in the net assets of the deconsolidated subsidiaries OML and OMTL amounted to €44.4 million.

5 | Personnel-related Restructuring Expenses

In fiscal 2013 and 2012, personnel-related restructuring expenses primarily affected *Cost of goods sold and services rendered, Marketing, selling, and general administrative expenses*, but also *Research and development expenses*.

Personnel-related restructuring expenses were as follows:

in € million	Fiscal year	
	2013	2012
Personnel-related Restructuring Expenses		
Lamps & Components	(125.3)	(53.8)
Luminaires & Solutions	(50.4)	(5.4)
Specialty Lighting	(16.5)	(8.5)
Opto Semiconductors	(0.7)	(0.3)
Corporate items	(3.1)	(1.3)
OSRAM Licht Group	(196.1)	(69.3)

The technology shift and the consequent fundamental changes in the business environment are driving the strategic realignment of the OSRAM Licht Group. Part of this comprehensive, global transformation program is the "Future Industrial Footprint" project, which was announced in fiscal 2012, and which aims to adapt global production capacity to the changes in market demand. Further capacity-related measures were announced in fiscal 2013. The measures to be taken as a result of the program include the closure and relocation of production facilities and a reduction in the headcount in the following years. Simultaneously, OSRAM is aiming to increase the earnings power of its business by ensuring more efficient structures in the research and development, production, and sales and distribution func-

tions, as well as in corporate functions. The personnel-related restructuring expenses incurred in fiscal 2013 and 2012 essentially arose in connection with the measures outlined.

› See also Note 37 | Segment Information. In this context, effects on *Net income* also arose from pension commitments to employees. › See Note 25 | Pension Plans and Similar Commitments.

6 | Other Operating Income

Other Operating Income

in € million	Fiscal year	
	2013	2012
Gain on sales of property, plant, and equipment, and intangibles	12.3	3.2
Gain on disposals of businesses	7.1	8.4
Miscellaneous other income	46.2	33.2
Other operating income	65.6	44.8

Fiscal 2013

The *Gain on sales of property, plant, and equipment, and intangibles* primarily includes the sale of land and buildings belonging to the now-closed Sonepat production site in India in the amount of €8.7 million.

In fiscal 2013, accumulated currency translation gains of €7.1 million related to the disposal of the Sunny World and OHK subsidiaries were reclassified from *Other comprehensive income* to *Other operating income* and recognized in the *Gain on disposals of businesses* line item. For further information on Company disposals. › See Note 4 | Acquisitions and Disposals.

Additionally, in fiscal 2013, the main income items recognized related to the settlement of patent infringement disputes, which escalated following the announcement that the OSRAM Licht Group was to go public, including the reversal of corresponding and further provisions included in the *Miscellaneous other income* line item. For further information about patent infringement disputes. › See Note 31 | Legal Proceedings.

Fiscal 2012

In fiscal 2012, the *Gain on sales of property, plant, and equipment, and intangibles* includes income of €2.2 million from the sale of assets belonging to Chung Tak Lighting Control Systems (Guangzhou) Ltd., Guangzhou, China. This sale was recorded in the LC segment.

The *Gain on disposals of businesses* of €8.4 million in fiscal 2012 relates to the gain generated from the sale of OML and MOL and of OMTL and TOML. › For additional information see Note 4 | Acquisitions and Disposals.

In fiscal 2012, *Miscellaneous other income* was impacted in particular by income from the settlement of patent infringement disputes and from the reversal of corresponding provisions.

7 | Other Operating Expense

Other Operating Expense

in € million	Fiscal year	
	2013	2012
Impairment of goodwill	–	(237.4)
Losses on sales and disposals of property, plant, and equipment, and intangibles	(19.0)	(14.4)
Losses on disposals of businesses	(0.9)	(1.9)
Miscellaneous other expense	(20.7)	(59.2)
Other operating expense	(40.6)	(312.9)

Fiscal 2013

In fiscal 2013, *Losses on sales and disposals of property, plant, and equipment, and intangibles* relate primarily to the “Future Industrial Footprint” restructuring project.

In fiscal 2013, *Miscellaneous other expenses* include costs for legal proceedings and obligations relating to historical regulatory risks in one country, which is being addressed as part of the “Future Industrial Footprint” project and which OSRAM regards as being in connection with the strategic realignment in that country.

Fiscal 2012

In fiscal 2012, *Impairment of goodwill* related to the LC and LS segments. › See Note 16 | Goodwill.

In fiscal 2012, *Losses on sales and disposals of property, plant, and equipment, and intangibles* comprise expenses related to the “Future Industrial Footprint” project. In that fiscal year, the disposal of property, plant, and equipment in the course of the project led to a loss of €11.0 million. › See Note 37 | Segment Information.

Miscellaneous other expenses include costs of €45.8 million related to patent infringement disputes that escalated as soon as the OSRAM Licht Group’s plan to go public was announced.

8 | Income (Loss) from Investments Accounted for Using the Equity Method, Net

Income (Loss) from Investments Accounted for Using the Equity Method, Net

in € million	Fiscal year	
	2013	2012
Share of profit (loss), net	(10.1)	(7.6)
Reversals of impairments/Impairments, net	23.7	(41.7)
Income (loss) from investments accounted for using the equity method, net	13.6	(49.3)

Fiscal 2013

In fiscal 2013, an impairment loss of €7.3 million was charged on noncurrent receivables that are part of the net investment in the joint venture Valeo Sylvania, which is allocated to the SP reportable segment. The main triggering event for the impairment loss was the company's negative business performance, which led to the investment's business plan being updated. The impairment loss was based on the fair value less costs to sell, which was calculated using the discounted cash flow method assuming a post-tax discount rate of 7.9% and a terminal value growth rate of 1.3%.

In fiscal 2013, a Call/Put Agreement was subsequently signed for the sale of OSRAM's equity interest in Valeo Sylvania and the loans extended to the joint venture. The resulting income of €35.1 million was recognized in *Reversals of Impairments/Impairments, net*. ▶ See Note 4 | Acquisitions and Disposals. The share of the losses accumulated since then and not recognized in *Income (loss) from investments accounted for using the equity method, net* amounts to €3.6 million.

Furthermore, in fiscal 2013, the equity interest in OSRAM (China) Fluorescent Materials Co., Ltd., Yi Xing City, China ("OCFM"), was fully impaired by €3.1 million. This was reported in *Corporate items and pensions* in the segment reporting. ▶ See Note 37 | Segment Information for further information.

The main triggering event for the impairment loss was the decrease in previously expected sales to Sunny World, which has now been sold. ▶ See Note 4 | Acquisitions and Disposals. This relates to the transformation of the lighting market and led to the business plan being updated. The impairment loss was based on the value in use, which was calculated using the discounted cash flow method assuming a pre-tax discount rate of 14.6% and a terminal value growth rate of 3.1%. This impairment loss is not offset by a corresponding effect in deferred taxes.

During the fiscal year, an equity sale and transfer agreement was signed for the sale of the 50% interest in OCFM held by OSRAM to the joint venture partner. The income of €1.4 million resulting from the reversal of the equity interest's impairment in full was recognized in *Reversals of Impairments/Impairments, net*. The equity interest is presented in the statement of financial position as *Noncurrent assets held for sale*.

The equity interest in the joint venture Siteco Prosperity Lighting (Lang Fang) Co., Ltd., Lang Fang, China ("Siteco Prosperity"), which is allocated to the LS segment, was partially impaired by €2.2 million in fiscal 2013. The main triggering event for the impairment loss was the updating of the business plan, which showed a decline in revenue and profitability. The impairment loss was based on the fair value less costs to sell, which was calculated using the discounted cash flow method assuming a post-tax average discount rate of 9.8% and a terminal value growth rate of 2.0%. This impairment loss is not offset by a corresponding effect in deferred taxes.

In fiscal 2013, the *Share of profit (loss), net* primarily comprises a loss contributed by Valeo Sylvania in the amount of €16.9 million, which was incurred prior to the classification of the net investment in Valeo Sylvania as held for sale, and a profit recorded by Foshan Electrical and Lighting Co., Ltd, Foshan, China ("FELCO"), in the amount of €6.9 million.

Fiscal 2012

In fiscal 2012, an impairment loss of €27.6 million was charged on the net investment in Valeo Sylvania (including €14.7 million on noncurrent receivables). The main triggering event for the impairment loss was the reassessment of the investment's business plan, which resulted in a clear decrease in the expected future cash flows. The impairment loss was based on the fair value less costs to sell, which was calculated using the discounted cash flow method assuming a post-tax interest rate of 10.0% and a terminal value growth rate of 1.5%. Valeo Sylvania contributed a loss of €7.6 million to the *Share of profit (loss), net*.

In fiscal 2012, an impairment loss of €2.4 million was recognized on the net investment in OSRAM's joint venture OCFM. This was reported in *Corporate items and pensions* in the segment reporting. ▶ See Note 37 | Segment Information for further information. The main triggering event for the impairment loss was the adjustment to the business plan, which indicated a clear decline in expected future cash flows. This impairment loss was recognized in *Reversals of Impairments/Impairments, net*.

In fiscal 2012, a provision of €8.8 million was recognized in the *Reversals of Impairments/Impairments, net* line item for obligations related to the capitalization of the joint venture EMGO N.V., Lommel, Belgium (“EMGO”), within the LC segment. The capitalization obligation results from the plan to close EMGO as part of the OSRAM Licht Group’s transformation process and the “Future Industrial Footprint” project.

For further information on the transformation process, see Note 37 | Segment Information.

In fiscal 2012, CVL Componentes de Vidro Ltda., Caçapava, Brazil (“CVL”), a joint venture allocated to the LC segment, recognized a provision for litigation costs of €10.3 million. The expenses of €5.4 million to be borne by OSRAM were recognized in the financial statements by way of a reduction in the carrying amount of the investment of €2.5 million in the *Share of profit (loss), net* and a provision for agreed payment guarantees in favor of CVL of €2.9 million in *Reversals of Impairments/Impairments, net*.

In fiscal 2012, the *Share of profit (loss), net* comprises a profit of €5.2 million contributed by FELCO.

9 | Interest Income, Interest Expense, and Other Financial Income (Expense), Net

Interest Income, Interest Expense, and Other Financial Income (Expense), Net

in € million	Fiscal year	
	2013	2012
Interest income	5.9	4.7
Interest expense	(32.0)	(48.8)
Other financial income (expense), net	(9.9)	(11.5)

As OSRAM was included in Siemens’ group-wide cash pooling and cash management system until the end of the third quarter of fiscal 2013, *Interest income* and *Interest expense* in fiscal 2013 and 2012 primarily included interest relating to transactions with Siemens (“Siemens Treasury”).

The components of *Interest expense* were as follows:

Interest Expense

in € million	Fiscal year	
	2013	2012
Interest expense, other than pension-related	(15.3)	(26.7)
Pension-related interest expense, net	(16.8)	(22.1)
Interest expense	(32.0)	(48.8)

The application of IAS 19R results in a uniform return on the pension obligations and plan assets, which is disclosed as net interest. This led to OSRAM recognizing a net pension-related interest expense. For further information on the “Pension-related interest expense, net” relating to OSRAM’s principal pension and similar other post-employment benefits, see Note 25 | Pension Plans and Similar Commitments.

The *Interest income and Interest expense* line items include the following results from financial assets and financial liabilities not measured at fair value through profit or loss. The decline in interest expense from financial liabilities from €26.6 million in fiscal 2012 to €15.3 million in fiscal 2013 was due both to lower average liabilities to the Siemens Group from financing activities and to lower interest rates during fiscal 2013 compared to fiscal 2012.

Results from Financial Assets and Liabilities

in € million	Fiscal year	
	2013	2012
Total interest income on financial assets	5.9	4.6
Total interest expense on financial liabilities	(15.3)	(26.6)

The components of *Other financial income (expense), net* were as follows:

Other Financial Income (Expense), Net

in € million	Fiscal year	
	2013	2012
Income (expense) from available-for-sale financial assets, net	–	(5.8)
Miscellaneous financial income (expense), net	(9.9)	(5.7)
Other financial income (expense), net	(9.9)	(11.5)

Income (expense) from available-for-sale financial assets, net in fiscal 2012 is the result of impairment losses incurred as a result of the liquidation of Ritos GmbH, Mömbris, Germany (“Ritos”).

Miscellaneous financial income (expense), net includes the effects of the remeasurement of certain monetary assets and liabilities at their respective closing exchange rates.

10 | Income Taxes

The components of *Income tax (expense) benefit* were as follows:

Income Tax (Expense) Benefit, Net

in € million	Fiscal year	
	2013	2012
Current tax (expense) benefit, net	(70.1)	(93.7)
Deferred tax (expense) benefit, net	53.6	69.6
Income tax (expense) benefit, net	(16.5)	(24.1)

Current taxes in fiscal 2013 include expense of €1.3 million (2012: expense of €11.6 million) for current taxes related to prior fiscal years.

Deferred taxes in fiscal 2013 comprise deferred tax income of €16.4 million (2012: income of €11.1 million) related to the recognition and reversal of temporary differences.

In Germany, current taxes are calculated on distributed and retained profits based on a uniform corporate income tax rate of 15% and a solidarity surcharge applicable to those profits of 5.5%. In addition to corporate income tax, trade tax is also levied on profits generated in Germany. Trade tax is calculated using an average tax rate of 14.6%, resulting in an aggregate tax rate for Germany of 30.4%. In fiscal 2013, German deferred taxes were measured using a tax rate of 30.08%, as the average trade tax rate is expected to be lower in future.

Profit generated by foreign subsidiaries is calculated on the basis of national tax laws and taxes paid on that profit at the tax rate applicable in their respective country of domicile.

Expected income tax expense is calculated using the aggregate German tax rate of 30.4%.

Reconciliation to Reported Income Tax Expense

in € million	Fiscal year	
	2013	2012
Expected income tax benefit (expense)	(15.2)	111.6
Increase/decrease in income taxes resulting from:		
Non-deductible losses and expenses	(15.1)	(115.4)
Tax-free income	7.9	10.5
Taxes for prior years	(0.9)	(15.8)
Change in realizability of deferred tax assets and tax credits	10.7	(3.9)
Foreign tax rate differential	4.7	6.3
Change in tax rates	(1.0)	0.4
Other, net	(7.6)	(17.8)
Actual income tax benefit (expense)	(16.5)	(24.1)

In fiscal years 2013 and 2012, *Other, net* primarily comprises nondeductible withholding taxes on dividend payments.

Deferred tax assets and liabilities (gross) are attributable to the following items in the statement of financial position:

Deferred Tax Assets and Liabilities

in € million	September 30,		October 1,
	2013	2012	2011
Assets			
Financial assets	8.6	0.5	2.4
Other intangible assets	8.9	40.1	80.3
Property, plant, and equipment	31.2	15.8	13.3
Inventories	33.8	42.1	37.6
Receivables	15.2	15.6	17.4
Pension plans and similar commitments	150.0	193.4	165.5
Provisions	57.9	44.9	31.1
Liabilities	60.3	82.3	41.8
Tax loss and credit carryforwards	109.0	79.7	21.2
Other	0.9	7.4	2.6
Deferred tax assets	475.8	521.8	413.2
Liabilities			
Financial assets	(1.0)	(1.7)	(5.6)
Other intangible assets	(10.9)	(19.1)	(30.2)
Property, plant, and equipment	(32.2)	(51.6)	(69.8)
Inventories	(0.5)	(2.6)	(0.8)
Receivables	(7.5)	(6.9)	(13.3)
Pension plans and similar commitments	(5.0)	(6.6)	(8.3)
Provisions	(1.8)	(15.0)	(0.5)
Liabilities	(1.2)	(11.1)	(4.0)
Other	(19.9)	(12.1)	(1.1)
Deferred tax liabilities	(80.0)	(126.7)	(133.6)
Total deferred tax asset (liability), net	395.8	395.1	279.6

Due to the effects of the initial application of IAS 19R, deferred taxes were adjusted by €–1.2 million for 2012 and €–1.5 million for 2011. ▶ See Note 1 | Basis of Preparation.

Deferred tax assets and deferred tax liabilities are offset if the Group has an enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes of the same taxable entity that are levied by the same tax authority.

The decisive factor in assessing the recoverability of deferred tax assets is the extent to which management believes the deferred tax assets will be realized. The assessment is made taking into account budgeted results from operating activities and possible tax strategies. Based on past experience and expected taxable income, it is generally assumed that the benefits of deferred tax assets can be realized and that the legal reorganization undertaken for the separation of OSRAM will not have a significant impact on the recognized amount of deferred taxes.

Tax loss carryforwards amounted to €436.0 million as of September 30, 2013 (2012: €304.4 million). In fiscal 2013, OSRAM GmbH recognized deferred tax assets of €79.2 million (2012: €55.4 million) in respect of tax loss carryforwards. OSRAM assumes that there will be sufficient positive taxable income available from future business activities to realize those deferred tax assets.

No deferred tax assets were recognized for the following items (gross amounts):

**Items for Which No
Deferred Tax Assets
Have Been Recognized**

in € million	September 30,		October 1,
	2013	2012	2011
Deductible temporary differences	27.8	28.2	21.7
Tax loss carryforwards	119.8	64.4	19.7

Of the tax loss carryforwards for which no deferred tax assets were recognized as of September 30, 2013, €4.0 million (2012: €19.2 million) will expire in the periods until 2021. The total amount of tax credits for which no deferred tax assets were recognized declined by €3.6 million to €30.8 million in the reporting period.

The OSRAM Licht Group has several years for which a tax audit has not yet been completed in a number of countries. OSRAM recognizes appropriate provisions for those outstanding assessment periods bearing in mind numerous factors, including interpretations of tax law and past experience.

For profits distributable by subsidiaries, income taxes and withholding taxes to be incurred in connection with the distribution are recognized as deferred taxes if either those profits are expected to be subject to such taxation or it is not intended to reinvest them for the long term.

As of September 30, 2013, no deferred tax liabilities were recognized for the subsidiaries' accumulated earnings of €610.5 million (2012: €439.9 million), as those profits are to be reinvested for an indefinite period.

Including items recognized directly in equity, income tax benefit (expense) breaks down as follows:

in € million	Income Tax Benefit (Expense)	
	Fiscal year	
	2013	2012
Income tax expense	(16.5)	(24.1)
Income and expense recognized directly in equity	(34.3)	50.3

11 | Available-for-sale Financial Assets

The current portion of the OSRAM Licht Group's *Available-for-sale financial assets* mainly comprises fund units.

Noncurrent available-for-sale financial assets are presented as *Other financial assets*. See Note 20 | Other Financial Assets for additional information, see also Note 32 | Financial Instruments and Hedging Activities.

12 | Trade Receivables

Current trade receivables are as follows:

in € million	Trade Receivables	
	September 30,	
	2013	2012
Trade receivables before valuation allowance	875.4	849.3
Valuation allowance	(25.8)	(26.1)
Trade receivables after valuation allowance	849.6	823.2

The valuation allowances on the OSRAM Licht Group's trade receivables changed as follows:

Valuation Allowance

in € million	September 30,	
	2013	2012
Valuation allowance as of beginning of fiscal year	(26.1)	(24.9)
Increase in valuation allowances recorded in the income statement in the current period	(4.2)	(2.7)
Write-offs charged against the allowance	0.9	0.6
Release of valuation allowance	2.2	1.9
Foreign exchange translation differences	1.4	(1.0)
Valuation allowance as of fiscal year end	(25.8)	(26.1)

13 | Other Current Financial Assets

Other Current Financial Assets

in € million	September 30,	
	2013	2012
Derivative financial instruments	5.6	3.3
Debit balances of trade accounts payable	3.5	5.5
Receivables from employees	2.3	2.3
Other	30.5	43.6
Other current financial assets	41.9	54.7

Derivative financial instruments comprise currency and commodity derivatives. »For additional information see Note 32 | Financial Instruments and Hedging Activities. As of September 30, 2013, and September 30, 2012, the *Other* line item included receivables related to the settlement of patent infringement disputes.

14 | Inventories

Inventories

in € million	September 30,	
	2013	2012
Raw materials and supplies	193.0	242.3
Work in process	211.7	231.1
Finished goods and merchandise	560.2	571.8
Advances to suppliers	8.7	4.1
Advance payments received	(5.3)	(5.6)
Inventories	968.3	1,043.7

Raw materials and supplies, Work in process, and Finished goods and merchandise are measured at the lower of cost and net realizable value. The decline in raw materials and supplies in fiscal 2013 is primarily attributable to a lower volume of rare earths purchased and the sale of the Sunny World subsidiary. »See Note 4 | Acquisitions and Disposals.

Valuation allowances declined by a total of €19.8 million in fiscal 2013 (previous year: increase of €32.0 million). The decline is due in particular to changes to the product portfolio. In the previous year, measures to reduce product complexity and the related discontinuation of products resulted in valuation allowances of €23.1 million. »See Note 37 | Segment Information.

Cost of goods sold and services rendered primarily comprises the cost of inventories sold during the fiscal year.

15 | Other Current Assets

Other Current Assets

in € million	September 30,	
	2013	2012
Miscellaneous tax receivables	67.0	55.9
Prepaid expenses	11.6	6.1
Other	15.0	17.7
Other current assets	93.6	79.7

In fiscal 2013, *Prepaid expenses* include the current portion of the transaction costs arising from the entering into the revolving credit facility in the amount of €3.5 million. »See also Note 21 | Other Assets.

The *Other* line item comprises receivables due from the Federal Ministry of Education and Research in Bonn, Germany, ("BMBF") for research and project development activities.

16 | Goodwill

With effect from October 1, 2012, the management of OSRAM resolved to split the former General Lighting Business Unit ("GL") into the four new Business Units Lamps ("LP"), Light Engines & Controls ("LE"), Luminaires ("LUM"), and Solutions ("SOL"), as well as two centrally managed units. »See Note 37 | Segment Information. Since then, goodwill allocated to the related operations has been monitored at the level of the new Business Units, meaning that the Business Units are the relevant level for the purpose of goodwill impairment testing. In fiscal 2012, the cash-generating units were the GL and SP

Business Units and the Professional Luminaires (“PLUM”) and Light Management Solutions (“LMS”) Business Segments, which were allocated to the former GL Business Unit.

Goodwill resulting from the acquisition of Encelium, which was previously allocated to the LMS Business Segment, is now allocated to the newly formed LE Business Unit because the acquired business of Encelium was allocated to LE in its entirety. No other goodwill had to be reallocated. The LE goodwill was tested for impairment on the date of reorganization. The impairment test was triggered by the fact that the annual impairment test as of September 30, 2012, for the former LMS Business Segment revealed that there was little in the way of headroom and the composition of operations had changed due to the reorganization; as a result, an impairment loss on this goodwill could not be ruled out. The recoverable amount was determined on the basis of the fair value less costs to sell. The key assumptions underlying the impairment test were the growth rate for the period beyond the five-year planning horizon and the post-tax discount rate. The growth rate was set at 2.0% and the post-tax discount rate at 8.2%. The impairment test confirmed the recoverability of the carrying amount of the goodwill on the date of reorganization.

Goodwill changed as follows:

Goodwill

in € million	September 30,	
	2013	2012
Cost		
Balance at the beginning of the year	285.0	238.2
Translation differences and others	(10.3)	12.3
Acquisitions and measurement period adjustments	–	34.5
Divestment and reclassifications to assets held for disposal	(17.5)	–
Balance at the end of the year	257.2	285.0
Accumulated impairment losses and other changes		
Balance at the beginning of the year	(248.3)	–
Translation differences and others ¹⁾	8.7	(10.9)
Impairment charges during the period	–	(237.4)
Divestment and reclassifications to assets held for disposal	17.5	–
Balance at the end of the year	(222.1)	(248.3)
Net book value		
Balance at the beginning of the year	36.7	238.2
Balance at the end of the year	35.1	36.7

¹⁾ This amount includes currency translation differences relating to goodwill impairment in fiscal 2012.

Goodwill

in € million	Net book value as of October 1, 2012	Translation differences and other	Acquisitions and measurement period adjustments	Impairment charges during the period	Net book value as of September 30, 2013
LMS	33.0	(33.0)	–	–	–
Light Engines & Controls	–	31.5	–	–	31.5
Specialty Lighting	3.7	(0.1)	–	–	3.6
OSRAM	36.7	(1.6)	–	–	35.1

in € million	Net book value as of October 1, 2011	Translation differences and other	Acquisitions and measurement period adjustments	Impairment charges during the period	Net book value as of September 30, 2012
General Lighting	64.3	2.6	–	(66.9)	–
PLUM	170.4	0.1	–	(170.5)	–
LMS	–	(1.5)	34.5	–	33.0
Specialty Lighting	3.5	0.2	–	–	3.7
Opto Semiconductors	–	–	–	–	–
OSRAM	238.2	1.4	34.5	(237.4)	36.7

Fiscal 2013

The annual impairment test in fiscal 2013 was based on the current business plans. The recoverable amount of the cash-generating units was determined on the basis of their fair value less costs to sell. The key assumptions used in impairment testing cash-generating units to which goodwill has been allocated are the terminal value growth rates and the discount rates. Growth rates of 2.3% and post-tax discount rates of between 7.5% and 8.0% were assumed in the annual impairment test in fiscal 2013. The impairment tests performed confirmed the recoverability of the carrying amount of all goodwill items. Changes of 5% in the growth rate and of 3% in the discount rate do not result in an impairment loss.

Fiscal 2012

In fiscal 2012, goodwill declined by €237.4 million (excluding currency effects) due to the reduced recoverability of the GL and PLUM cash-generating units. The acquisition of Enceium had an offsetting effect amounting to €34.5 million.

↳ See Note 4 | Acquisitions and Disposals.

In the second quarter of fiscal 2012, the PLUM and LMS Business Segments belonging to the GL Business Unit were monitored separately for the first time and the goodwill allocated to those cash-generating units was tested for impairment at that level. This change to the depth of monitoring was made because of a downward revision of the business prospects for the acquired groups Siteco Lighting GmbH, Traunreut, Germany, as well as its direct and indirect subsidiaries ("Siteco"), Traxon, and Encelium due to the techno-

logical changes in the market, the additional sales activities necessary, the as yet unrealized sales synergies, and the reorganization of the lighting business within OSRAM. This also led to the need for an impairment test. The recoverable amount was measured by calculating the value in use, which is the fair value less costs to sell. As early as the second quarter of fiscal 2012, an impairment loss of €101.1 million was consequently recognized for the goodwill of the PLUM cash-generating unit and reported in *Other operating expenses*. ↳ See Note 7 | Other Operating Expenses. The business plan was changed to reflect the lower growth forecasts. The cash flows were extrapolated using a constant growth rate of 2.0% beyond the five-year planning horizon and discounted using a pre-tax discount rate of 11.5% (PLUM) and 14.2% (LMS), respectively.

The annual impairment test in the fourth quarter of fiscal 2012 was based on the revised business plans. With regard to PLUM, this was due in particular to the loss of sales staff, delayed product launches, and increased price pressures. In the case of GL, the technology shift had a particular impact. In addition, the cost of capital required to be applied in the impairment test increased as a result of taking into account higher forecasts for market risk. The recoverable amount of the cash-generating units was determined on the basis of their fair value less costs to sell. This led to an impairment loss on goodwill of €69.4 million for PLUM and €66.9 million for GL (in each case excluding currency effects). The key assumptions used in impairment testing cash-generating units to which goodwill has been allocated are the growth rate for the period beyond the five-year planning horizon and the

discount rates. The annual impairment test in fiscal 2012 was based on growth rates of 1.8% for GL and 2.0% for PLUM and LMS. It assumed post-tax discount rates of 8.3% for GL, 8.9% for PLUM, and 11.1% for LMS. A 0.5% reduction in the growth rate would have resulted in an impairment loss of €1.6 million for LMS and a 0.5% increase in the discount rate would have resulted in an impairment loss of €4.0 million.

• See also Note 17|Other Intangible Assets.

17|Other Intangible Assets

Other Intangible Assets

in € million	Gross carrying amount as of October 1, 2012	Translation differences	Additions through business combinations	Additions	Retirements	Reclassifications	Gross carrying amount as of September 30, 2013	Accumulated amortization and impairment	Net book value as of September 30, 2013	Amortization and impairment during fiscal 2013
Capitalized software development costs	106.8	(0.8)	–	0.8	(0.7)	–	106.0	(102.1)	3.9	(2.4)
Capitalized development costs for other projects	46.5	(0.3)	–	0.3	1.0	–	47.5	(35.4)	12.0	(3.6)
Patents, licenses, and other rights	360.8	(9.5)	–	37.6	(4.5)	–	384.4	(280.9)	103.5	(19.2)
Other intangible assets	514.1	(10.6)	–	38.7	(4.3)	–	537.9	(418.4)	119.5	(25.3)

in € million	Gross carrying amount as of October 1, 2011	Translation differences	Additions through business combinations	Additions	Retirements	Reclassifications	Gross carrying amount as of September 30, 2012	Accumulated amortization and impairment	Net book value as of September 30, 2012	Amortization and impairment during fiscal 2012
Capitalized software development costs	124.1	(8.6)	–	1.6	(16.3)	6.0	106.8	(101.2)	5.6	(3.3)
Capitalized development costs for other projects	45.2	4.2	–	1.1	(0.2)	(3.8)	46.5	(31.2)	15.3	(8.5)
Patents, licenses, and other rights	332.8	15.5	11.8	4.2	(1.3)	(2.2)	360.8	(274.9)	85.9	(63.9)
Other intangible assets	502.1	11.1	11.8	6.9	(17.8)	–	514.1	(407.3)	106.8	(75.7)

As of September 30, 2013 intangible assets primarily comprised rights from a cross licensing agreement with Koninklijke Philips Electronics N.V., Eindhoven, the Netherlands (“Philips”), of €34.0 million (September 30, 2012: €37.2 million). Those rights were recognized as of September 30, 2008, with an assumed useful life of 16 years. In addition, in fiscal 2013, Microsoft licenses were recognized at cost in the amount of €22.5 million, Oracle licenses in the amount of €5.5 million, and various software licenses from Siemens in connection with the spin-off in the amount of €4.6 million. As a rule, these are amortized over three to six years.

Amortization charges on intangible assets are recognized in either *Cost of goods sold and services rendered*, *Research and development expenses*, or *Marketing, selling, and general administrative expenses*, depending on the asset's use.

There were no significant obligations to purchase other intangible assets in fiscal 2013 or 2012.

In fiscal 2012, when testing the then cash-generating unit PLUM for impairment, OSRAM allocated a further €45.5 million pro rata to other intangible assets in addition to recog-

nizing the impairment loss on goodwill. ▶ See Note 16 | Goodwill. This led to impairment losses of €15.2 million on customer relationships, €11.4 million on product technology, €8.3 million on trademarks, €7.0 million on basic technology, and €3.6 million on capitalized, product-related development projects. The impairment losses on product technology and capitalized, product-related development projects were recognized in *Cost of goods sold and services rendered*, the impairment losses on customer relationships and trademarks in *Marketing, selling, and general administrative expenses*, and the impairment losses on basic technology in *Research and development costs*.

18 | Property, Plant, and Equipment

Property, Plant, and Equipment

in € million	Gross carrying amount as of October 1, 2012	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirement	Gross carrying amount as of September 30, 2013	Accumulated depreciation and impairment	Net book value as of September 30, 2013	Depreciation and impairment during fiscal 2013
Land and buildings	641.5	(15.6)	–	10.0	15.4	(26.0)	625.3	(340.3)	285.0	(28.1)
Technical machinery and equipment	3,346.5	(89.8)	–	56.8	84.0	(129.1)	3,268.5	(2,628.4)	640.1	(231.2)
Furniture and office equipment	605.9	(15.0)	–	31.5	19.1	(23.4)	618.0	(510.9)	107.1	(54.7)
Advances to suppliers and construction in progress	130.1	(3.3)	–	94.3	(118.5)	(1.7)	100.7	(0.2)	100.5	(0.1)
Property, plant, and equipment	4,724.0	(123.7)	–	192.6	–	(180.2)	4,612.5	(3,479.8)	1,132.7	(314.1)

in € million	Gross carrying amount as of October 1, 2011	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirement	Gross carrying amount as of September 30, 2012	Accumulated depreciation and impairment	Net book value as of September 30, 2012	Depreciation and impairment during fiscal 2012
Land and buildings	678.0	15.6	–	4.5	11.7	(68.3)	641.5	(331.2)	310.3	(30.3)
Technical machinery and equipment	3,281.0	74.5	0.2	50.5	120.0	(179.7)	3,346.5	(2,564.1)	782.4	(256.2)
Furniture and office equipment	572.7	12.2	–	29.1	17.4	(25.5)	605.9	(490.2)	115.7	(55.6)
Advances to suppliers and construction in progress	179.9	4.9	–	96.2	(149.1)	(1.8)	130.1	(2.2)	127.9	–
Property, plant, and equipment	4,711.6	107.2	0.2	180.3	–	(275.3)	4,724.0	(3,387.7)	1,336.3	(342.1)

Fiscal 2013

In fiscal 2013, property, plant, and equipment used for the production of traditional products was impaired by €16.6 million. The impairment losses affect the LC segment and are mainly reported in *Cost of goods sold and services rendered*. The main triggering event for the impairment losses was a reassessment of the strategic business outlook for these product groups and relates to the trend in the lighting market away from traditional light sources and towards SSL products as well as to the OSRAM transformation project "Future Industrial Footprint." The impairment loss was based on the fair value less costs to sell, which was calculated using the discounted cash flow method on the basis of the current business plans and assuming a post-tax discount rate of 7.7%.

In fiscal 2013, property, plant, and equipment used for the production of pre-materials was fully impaired by €28.0 million. The impairment loss is recognized in *Cost of goods sold and services rendered* and affects corporate items and pensions as well as the LC and SP segments. The main triggering event for the impairment loss was a reassessment of the strategic business outlook for these pre-materials, in particular because of the trends expected in the traditional general lighting business, which led to the business plan being updated. The impairment loss was based on the value in use, which was calculated using the discounted cash flow method assuming a pre-tax discount rate of 9.75%.

Additionally, in fiscal 2013, an impairment loss of €7.4 million was recognized on property, plant, and equipment used for the production of CFLi products (CFL lamps with integrated ballast) in India. The impairment loss is recognized in *Cost of goods sold and services rendered* and affects the LC segment. The main triggering event for the impairment loss was the strategic realignment regarding these products, which led to the business plan being updated. The impairment loss was based on the value in use, which was calculated using the discounted cash flow method assuming a pre-tax discount rate of 11.4%.

Property, plant, and equipment also declined as a result of the sale of the Sunny World and OHK subsidiaries. [†]For additional information, see Note 4 | Acquisitions and Disposals. Also in fiscal 2013, losses were recognized on the disposal of items of property, plant, and equipment. [†]See Note 7 | Other Operating Expenses.

Fiscal 2012

In fiscal 2012, OSRAM reviewed its future strategy as regards metal halide lamps incorporating ceramic technology. This review indicated a significant reduction in the expected future cash flows. In turn, this required the recoverable amount of the cash-generating unit to be measured. The recoverable amount of the cash-generating unit in question was estimated based on its value in use. Because the cash-generating unit's carrying amount was €36.7 million higher than its recoverable amount, a corresponding impairment loss was recognized in *Cost of goods sold and services rendered* for items of property, plant, and equipment. Value in use was estimated based on a pre-tax discount rate of 7.7%. The cash-generating unit was allocated to the former GL Business Unit.

The evaluation by the former GL Business Unit of external market studies about the timing of the start of mass production for OLED technology resulted in a change in the purpose of the production facilities and thus in a change in the business plans. The recoverable amount of the cash-generating unit was estimated based on its value in use. The cash-generating unit's carrying amount was €21.5 million higher than its recoverable amount, so an impairment loss was recognized in *Cost of goods sold and services rendered* for the production facilities in fiscal 2012. Value in use was estimated based on a pre-tax discount rate of 11.4%.

Additionally, in the period to September 30, 2012, measures for the "Future Industrial Footprint" project led to impairment losses of €16.1 million and losses on the disposal of property, plant, and equipment of €11.0 million. [†]See Note 5 | Personnel-related Restructuring Expenses. For information on the disposal of Japanese subsidiaries, see Note 4 | Acquisitions and Disposals.

These effects in fiscal 2013 and 2012 are the result of the Company's transformation process. [†]See Note 37 | Segment Information.

As of September 30, 2013, contractual obligations to purchase property, plant, and equipment amounted to €30.1 million (September 30, 2012: €35.3 million).

Government grants received in fiscal 2013 for the purchase or production of property, plant, and equipment amounted to €0.7 million (2012: €1.5 million). As a rule, government grants reduce the items' cost. Further government grants awarded amounted to €16.0 million in fiscal 2013 (2012: €11.1 million). These relate to incurred and future costs and are recognized as a reduction in expenses within *Research and development expenses*. Of these, government grants of €12.7 million (2012: €8.3 million) were awarded to OSRAM Opto Semiconductors GmbH, Regensburg, Germany, ("OSRAM OS") in fiscal 2013 for research projects in the fields of SSL and OLED.

As of September 30, 2013, noncurrent assets contained no assets under finance leases. On September 30, 2012, the carrying amount of this technical equipment and machinery was €1.8 million.

Depreciation charges, impairment losses, and reversals of impairment losses on property, plant, and equipment are recognized either in *Cost of goods sold and services rendered*, *Research and development expenses*, or *Marketing, selling, and general administrative expenses*, depending on the asset's use.

19 | Investments Accounted for Using the Equity Method

As of September 30, 2013 and 2012, the following main investments held by OSRAM were accounted for using the equity method (in alphabetical order):

Investments Accounted for Using the Equity Method

Percentage (%) of ownership	September 30,	
	2013	2012
Foshan Electrical and Lighting Co., Ltd., Foshan, China ¹⁾	13.47%	13.47%
Valeo Sylvania LLC, Seymour, US ²⁾	50.00%	50.00%

¹⁾ OSRAM has significant influence due to composition of Board of Directors.

²⁾ Reported as held for sale in the OSRAM Licht Group's statement of financial position as of September 30, 2013.

Valeo Sylvania is an entity under common control and was accounted for using the equity method until June 2013. Following the signing of the Put/Call Agreement for the sale of the shares OSRAM holds in Valeo Sylvania, the net investment has been reported in the statement of financial position under *Assets held for sale*. For additional information on the sale of the investment in Valeo Sylvania, see Note 4 | Acquisitions and Disposals.

The information provided in the statement of income for Valeo Sylvania is presented without adjustments to the percentage of ownership held by OSRAM as of June 30, 2013 and 2012.

Information on the Statement of Income for Valeo Sylvania

in € million	Fiscal year	
	2013	2012
Revenue ¹⁾	347.5	253.9
Net income (loss) ¹⁾	(39.5)	(13.7)

¹⁾ Twelve-month statement of income data.

The following information provided in the statement of financial position of Valeo Sylvania is presented without adjustments to the percentage of ownership held by OSRAM as of June 30, 2013 and 2012, and corresponds to the data on which the equity adjustments as of September 30, 2013 and 2012, were based.

Information on the Statement of Financial Position for Valeo Sylvania

in € million	September 30,	
	2013	2012
Current assets	151.8	74.0
Noncurrent assets	137.7	132.4
Current liabilities	192.5	121.2
Noncurrent liabilities	139.0	74.1

Summary information relating to the statement of income for the significant investment in FELCO, which is accounted for as an associate, is presented below. The table contains the latest available information relating to the statement of income, without adjustments to the percentage of ownership held by OSRAM.

Information on the Statement of Income for FELCO

in € million	Fiscal year	
	2013	2012
Revenue ¹⁾	286.7	435.2
Net income (loss) ¹⁾	51.2	35.3

¹⁾ Twelve-month statement of income data.

The following table contains the latest available information relating to the statement of financial position of FELCO without adjustments to the percentage of ownership held by OSRAM.

Information on the Statement of Financial Position for FELCO

in € million	September 30,	
	2013	2012
Total assets	425.5	432.3
Total liabilities and provisions	81.5	54.8

For additional information about the impairment losses and reversals of impairment losses on the net investment in Valeo Sylvania and OCFM in fiscal years 2013 and 2012, as well as in CVL in fiscal 2012, see Note 8 | Income (Loss) from Investments Accounted for Using the Equity Method, Net.

FELCO is listed on the Shenzhen Stock Exchange in China. The table below shows the number of shares held by OSRAM and the fair value of the investment in FELCO.

Additional Information on OSRAM's Investment in FELCO

	September 30,	
	2013	2012
Percentage (%) of ownership	13.47%	13.47%
Number of shares held by OSRAM	131,815,685	131,815,685
Fair value of investment in FELCO in € million	99.2	109.9

20 | Other Financial Assets

Other Financial Assets

in € million	September 30,	
	2013	2012
Receivables	13.4	4.8
Available-for-sale financial assets	1.4	1.4
Receivables from employees	0.1	0.2
Other	3.9	2.3
Other financial assets	18.8	8.7

As of September 30, 2013, the *Receivables* line item related primarily to a noncurrent receivable in connection with the settlement of patent infringement disputes. As of September 30, 2012, the *Receivables* line item had primarily included a loan receivable from Valeo Sylvania.

21 | Other Assets

Other Assets

in € million	September 30,	
	2013	2012
Prepaid assets	20.7	0.5
Deferred compensation assets	7.5	45.4
Chinese land usage	7.2	16.7
Other	35.6	35.4
Other assets	71.0	98.0

Prepaid assets contain the noncurrent portion of the transaction costs from entering into the revolving credit facility of €11.5 million, which are amortized over the term of the loan agreement, see also Note 24 | Debt. *Deferred compensation assets* relate to a deferred compensation plan in the U.S.A. The spin-off from Siemens AG led to an immediate entitlement of employees for payment, which resulted in a corresponding reduction in the assets and obligations to beneficiaries recognized in the statement of financial position. For additional information see Note 27 | Other Liabilities. The *Other* line item primarily includes advance payments made.

22 | Other Current Financial Liabilities

Other Current Financial Liabilities

in € million	September 30,	
	2013	2012
Derivative financial instruments	3.9	8.2
Credit balances of trade accounts receivable	6.1	7.5
Accrued liabilities	5.7	7.8
Dividends	–	3.9
Other	22.2	25.5
Other current financial liabilities	37.9	52.9

23 | Other Current Liabilities

Other Current Liabilities

in € million	September 30,	
	2013	2012
Employee-related accruals	178.5	100.6
Bonus obligations	97.0	83.6
Payroll obligations and social security taxes	132.4	97.0
Sales and other taxes	53.2	46.3
Other	69.5	49.3
Other current liabilities	530.6	376.8

Employee-related accruals include primarily vacation pay, overtime, service anniversary awards, and provisions for severance payments in connection with personnel reduction or early retirement plans.

The increase in employee-related accruals, payroll obligations, and social security taxes in fiscal 2013 is primarily attributable to severance payments and early retirement plans as part of the restructuring measures taken in connection with the transformation process. »For detailed information, see Note 5 | Personnel-related Restructuring Expenses.

24 | Debt

Debt

in € million	September 30,	
	2013	2012
Short-term (within 1 year)		
Loans from banks	55.9	46.1
Obligations under finance leases	–	1.1
Short-term debt and current maturities of long-term debt	55.9	47.2
Long-term (between 1 and 5 years)		
Syndicated loans from banks	295.0	–
Other loans from banks	–	0.6
Obligations under finance leases	–	0.7
Long-term debt	295.0	1.3
	350.9	48.5

Under a syndicated loan facility, OSRAM has access to variable-rate credit lines of €1.25 billion. They comprise a bullet term loan of €300 million and a revolving credit line of €950 million, which may also be drawn down in U.S. dollars or,

upon approval by the banks, in other currencies. The loan agreement was signed on February 1, 2013, and matures on February 1, 2018.

As of the end of the reporting period, an amount of €300 million had been drawn down in several tranches as a bullet term loan under the loan facility. The interest rates of the respective tranches, which are based on EURIBOR plus a credit margin, ranged between 1.923% and 1.928% as of the end of the reporting period. The difference between the amount drawn down under the credit facility and the carrying amount is due to transaction costs not yet amortized using the effective interest method. OSRAM was reimbursed most of the transaction costs in the form of capital contributions by Siemens AG. »See Note 28 | Equity. The revolving credit facility had not been drawn down as of the end of the reporting period.

The clause in the syndicated loan agreement relating to the financial position of the OSRAM Licht Group (financial covenants), which reflects normal business practice and according to which the ratio of net debt to EBITDA (as defined in the loan agreement) must not exceed 2.5:1, was met in full.

The short-term loans from banks result from drawdowns on short-term credit lines, especially by OSRAM companies in countries that are not able to take part in Group financing because of national restrictions on capital transfers.

Financing was provided by the Siemens Group until the spin-off from Siemens. »See Note 39 | Related Party Disclosures.

The obligations under finance leases as of September 30, 2012, are primarily the result of related party transactions between OSRAM and the Siemens Group. »For additional information see Note 18 | Property, Plant, and Equipment and Note 39 | Related Party Disclosures.

The minimum lease payments from the obligations under finance leases and the reconciliation to the present values as of September 30, 2012, are as follows:

Maturity of Obligations under Finance Leases

in € million	September 30, 2012		
	Minimum future lease payment obligation	Unamortized interest expense	Present value of minimum future lease payment obligation
Within 1 year	1.2	0.1	1.1
Between 1 and 5 years	0.8	0.1	0.7
Total	2.0	0.2	1.8

25 | Pension Plans and Similar Commitments

Post-employment benefits provided by OSRAM are organized through defined benefit plans as well as defined contribution plans and social pension funds based on legal regulations (state plans) which cover almost all of the Company's employees in Germany and many of the Company's employees outside Germany. OSRAM regularly reviews the design of its post-employment benefit plans. Historically, the majority of OSRAM's benefit plans have included significant defined benefits. However, in order to reduce the Company's exposure to certain risks associated with defined benefit plans, such as longevity, inflation, effects of compensation increases, and other factors, the Company implemented new benefit plans in some of its major countries during the last several years. In the U.S.A. and in U.K., the Company designed defined contribution plans, while in Germany, the Company designed a cash balance plan. The majority of OSRAM's defined benefit plans are funded with assets in segregated entities. Individual benefits are generally based on eligible compensation levels and/or ranking within the Company hierarchy and years of service. The characteristics of the defined benefit plans and the risks associated with them vary depending on legal, fiscal, and economic requirements in each country.

The Company has principal pension benefits and principal other post-employment benefits as well as additional non-principal pension benefits and non-principal other post-employment benefits which are less significant to the Company. The principal pension benefits and principal other post-employment benefits are located in Germany, the U.S.A., Canada, U.K. (until January 2012), Switzerland, and Italy.

Characteristics of the Company's principal defined benefit and principal other post-employment benefit plans and risks associated with them

Germany

In Germany, OSRAM provides pension benefits through the cash-balance plan Beitragsorientierte OSRAM Altersversorgung ("BOA"), frozen legacy plans, and deferred compensation plans. The majority of OSRAM's active employees in Germany participate in the pension scheme introduced in fiscal 2004, the BOA. The BOA is a funded defined benefit pension plan whose benefits are predominantly based on contributions made by the Company and returns earned on such contributions, subject to a minimum return guaranteed by the Company. The new plan is still affected by longevity, inflation adjustments and compensation increases, but only to a minor extent.

In connection with the implementation of the BOA, benefits provided under the previous defined benefit pension plans were modified to substantially eliminate the effects of compensation increases by freezing the accrual of benefits under the majority of these plans. However, these frozen plans still expose the company to financial risks and demographic risks such as investment risk, interest rate risk, and longevity risk. OSRAM entered into a fiduciary trust agreement with the Deutsche Treuinvest Stiftung, Frankfurt am Main, Germany, in November 2011 for all funded pension plans. The trustee is doing the administration of the plan assets and is responsible for the governance of the plan assets according to the trust agreement with the Company. Until the end of fiscal year 2014, the Company is at least required to fund an amount equal to the service cost, including the appropriate service cost under the BOA.

Furthermore, a deferred compensation plan is offered to the employees. In Germany, employees who started an employment relationship on or before September 30, 1983 are also entitled to transition payments after retirement equal to the difference between their final compensation and the retirement benefits payable under the corporate pension plan. These benefits are unfunded.

USA

The majority of employees of OSRAM Sylvania Inc., Danvers, Massachusetts U.S. ("OSRAM SYLVANIA Inc.") hired prior to December 31, 2006, participate in closed defined benefit plans, the OSRAM SYLVANIA Pension Plan, and the OSRAM Sylvania Pension Preservation Plan. Most of these employees are eligible for a final average pay formula, although a small group of legacy employees are eligible for a cash balance formula. All defined benefit plans expose the company

to financial risks and demographic risks such as interest rate risk, compensation increase risk, investment risk, as well as to longevity risk. Benefits for salaried participants are frozen and therefore a salary increase risk with regard to these employees is eliminated. The legal and regulatory framework is based on the applicable U.S. legislation Employee Retirement Income Security Act ("ERISA"). Based on this legislation, a funding valuation is being determined yearly. This valuation is a regulatory requirement to target a minimum funding level of 80% in the funded defined benefit plans in order to avoid benefit restrictions.

This valuation results in an obligatory funding schedule. OSRAM SYLVANIA Inc. as the sponsoring employer has an investment committee for investment decisions comprising of members of the senior management of OSRAM SYLVANIA Inc.

The company provides other post-employment benefits in the form of two closed medical benefit plans (including a life insurance component). For one of these plans, the amount of the obligation depends on the expected cost trend, while the other benefit plan works on a cash-balance basis.

Canada

OSRAM Sylvania Ltd. ("OSRAM SYLVANIA Ltd."), Mississauga, Canada, provides benefits under a defined benefit pension plan for almost all salaried and hourly employees. The plan exposes the company to financial risks and demographic risks such as interest rate risk, investment risk, and compensation increase risk as well as to longevity risk. Salaried employees are required to make employee contributions contrary to hourly employees. The legal and regulatory framework of the pension plan is based on the Quebec Supplemental Pension Plans Act and the Federal Income Tax Act. Pursuant to this framework, the pension plan is governed by the management, employee union, and retiree representatives forming the Pension Committee of the Plan. OSRAM SYLVANIA Ltd. is the sponsoring company. Furthermore, the company also provides other post-employment benefits in the form of life insurance.

U.K.

In the past, employees at OSRAM Ltd. ("OSRAM Ltd."), Langley, U.K. participated in a Siemens defined benefit pension scheme and related pension trust assets (Siemens Benefits Scheme Ltd., Frimley, U.K.; "Siemens Benefits Scheme"). At the end of January 2012, Siemens plc ("Siemens plc"), Frimley, U.K., Siemens Benefits Scheme and OSRAM Ltd., reached a binding agreement that the obligations and assets in respect of the defined benefits attributable to employees of OSRAM Ltd. should be transferred back to Siemens while for future service, employees participate in a defined contribution plan. As a result, the company has not accounted for any pension obligations from the defined benefit pension scheme in the U.K. since February 2012.

Switzerland

OSRAM AG, Winterthur, Switzerland, sponsors a funded defined benefit plan for almost all employees. The plan is a cash balance plan, providing retirement benefits on a participant's account balance, and the company is required to make contributions at least as high as the predetermined employee contributions set out in the plan rules. The plan also provides benefits on death, disability, and termination. There are no former members with vested benefits in the plan since all vested benefits are transferred out upon termination of the employee's employment with the company. The plan exposes the company to financial risks and demographic risks such as investment risk, interest rate risk, salary increase risk, and longevity risk. The plan is insured in a collective Swiss pension foundation, registered with the Central-Swiss supervisory authority and therefore complying with the compulsory insurance requirements as per the Swiss federal Law on Occupational Retirement, Survivors' and Disability Pension Funds ("BVG"). The fund undertakes to respect at least the minimum requirements imposed by the BVG and its ordinances. Employer and plan participants' contributions are determined by the relevant pension committee. About 40% of the necessary contributions are financed by the employees. In the case of a shortfall according to Swiss law, the relevant pension committee might decide measures that will allow the coverage ratio to get back to 100% within an appropriate horizon of time and therefore the employer and plan participants' contribution might be increased. Strategies of this committee to make up for potential shortfalls are subject to approval by the regulator. The foundation board of the pension fund is responsible for the investment policy. The Company delegates two representatives to the general assembly (one each by the employer and the employees). The general assembly elects the trustees to the foundation board of the pension fund.

Italy

In Italy, OSRAM S.p.A. Società Riunite OSRAM-Edison-Clerici, Milano, Italy, provides benefits to employees required by law, hired prior to December 31, 2006, immediately after termination of employment through an unfunded defined benefit plan. The plan exposes the company to financial risks such as interest rate risk and compensation increase risk. Beginning January 1, 2007, the company pays contributions to an external fund.

Presentation of significant components within the Statement of Financial Position

The consolidated statement of financial position and consolidated statement of changes in equity include the following line items related to pension benefits and other post-employment benefits as of September 30, 2013 and 2012:

Pension Plans and Similar Commitments

in € million	September 30,		1. October
	2013	2012	2011
Principal pension benefit plans	267.7	384.5	733.9
Principal other post-employment benefit plans	70.6	79.5	72.8
Other	20.2	24.7	25.8
Liabilities for pension plans and similar commitments	358.5	488.7	832.5
Prepaid costs for post-employment benefits	3.2	–	0.6
Actuarial (losses) gains	(254.7)	(364.9)	(207.6)
Effects due to asset ceiling	–	–	–
Income tax effect	86.2	120.5	69.8
Net amount recognized in the consolidated statement of changes in equity, net of tax	(168.5)	(244.4)	(137.8)

The line item *Other* in the table above includes additional pension and other post-employment benefits, which are less significant to the Company.

The following table shows the defined benefit cost recognized in connection with the principal pension and principal other post-employment benefits presented in the consolidated statement of income and consolidated statement of comprehensive income:

Defined Benefit Cost

in € million	Fiscal year 2013			Fiscal year 2012		
	Total	Germany	Outside Germany	Total	Germany	Outside Germany
Current service cost	33.3	21.9	11.4	29.3	18.6	10.7
Past service cost/(income)	0.4	(0.4)	0.8	0.9	0.5	0.4
Settlement loss/(gain)	0.2	–	0.2	(0.3)	(0.2)	(0.1)
Net interest cost	16.2	4.7	11.5	21.0	7.6	13.4
therein interest cost	68.8	20.4	48.4	77.3	24.6	52.7
therein interest income	(52.6)	(15.7)	(36.9)	(56.3)	(17.0)	(39.3)
Liability administration cost	1.3	–	1.3	1.4	–	1.4
Defined benefit cost recognized in consolidated statement of income	51.4	26.2	25.2	52.3	26.5	25.8
Germany		26.2			26.5	
U.S.A.			21.4			22.4
Canada			3.2			2.3
U.K.			–			(0.1)
Switzerland			0.2			0.7
Italy			0.4			0.5
Return on plan assets (excluding amounts included in net interest on the net defined benefit liability [asset])	8.6	1.2	7.4	(104.9)	(18.1)	(86.8)
Actuarial (gains) and losses arising from changes in demographic assumptions	0.1	–	0.1	2.5	6.9	(4.4)
Actuarial (gains) and losses arising from changes in financial assumptions	(130.7)	–	(130.7)	241.5	121.5	120.0
Actuarial (gains) and losses arising from experience adjustments	5.4	0.7	4.7	7.4	(7.9)	15.3
Remeasurements of the net defined benefit liability (asset) recognised in consolidated statement of other comprehensive income	(116.6)	1.9	(118.5)	146.5	102.4	44.1
Germany		1.9			102.4	
U.S.A.			(108.4)			38.9
Canada			(9.0)			3.5
U.K.			–			0.6
Switzerland			(1.1)			(0.1)
Italy			–			1.2
Defined benefit cost	(65.2)	28.1	(93.3)	198.8	128.9	69.9

The current service cost, past service cost, and settlement (gains) losses, and liability administration cost are allocated among function costs (line items *Cost of goods sold and services rendered, Research and development expenses, Marketing, selling, and general administrative expenses*) following the functional area of the respective profit and cost center.

The actuarial gains from changes in financial assumptions of €130.7 million mainly result from the increase of the discount rate in the U.S.A. from 4.00% as at September 30, 2012 to 4.90% as at September 30, 2013. In Germany, the discount

rate as of September 30, 2012 of 3.10% was equal to the discount rate as of September 30, 2013.

The actuarial losses from changes in the financial assumptions of €241.5 million mainly result from the reduction of the discount rate in Germany from 4.70% as at September 30, 2011 to 3.10% as at September 30, 2012 as well as in the U.S.A. from 4.80% as at September 30, 2011 to 4.00% as at September 30, 2012.

Reconciliation and additional information

The Company's principal defined benefit plans and principal other post-employment benefit plans are explicitly explained in the subsequent sections with regard to:

- reconciliation of defined benefit obligation and plan assets
- reconciliation of the defined benefit obligation and plan assets to the funded status and the net amount recognized
- actuarial assumptions
- sensitivity analysis
- asset-liability matching strategies
- disaggregation of plan assets
- future cash flows and funding

Reconciliation for defined benefit obligation (DBO) and plan assets

A detailed reconciliation for the changes in the defined benefit obligation for fiscal 2013 and 2012 is provided in the following table:

Change in DBO

in € million	September 30, 2013			September 30, 2012		
	Total	Germany	Outside Germany	Total	Germany	Outside Germany
DBO at beginning of fiscal year	1,941.6	670.3	1,271.3	1,645.6	533.7	1,111.9
Current service cost	33.3	21.9	11.4	29.3	18.6	10.7
Past service cost/(income)	0.4	(0.4)	0.8	0.4	–	0.4
Settlements	0.2	–	0.2	(0.3)	(0.2)	(0.1)
Interest cost	68.8	20.4	48.4	77.3	24.6	52.7
Remeasurements:						
Actuarial (gains) losses arising from changes in demographic assumptions	0.1	–	0.1	2.5	6.9	(4.4)
Actuarial (gains) losses arising from changes in financial assumptions	(130.7)	–	(130.7)	241.5	121.5	120.0
Actuarial (gains) losses arising from experience adjustments	5.4	0.7	4.7	7.4	(7.9)	15.3
Plan participants' contributions	6.6	1.8	4.8	6.1	0.9	5.2
Benefits paid	(101.8)	(29.2)	(72.6)	(88.1)	(28.7)	(59.4)
Transfer-Out	–	–	–	(29.8)	–	(29.8)
Acquisitions	1.8	–	1.8	2.9	2.9	–
Divestments	(0.4)	(0.4)	–	(2.5)	(2.0)	(0.5)
Foreign currency translation effects	(53.0)	–	(53.0)	49.3	–	49.3
DBO at end of year	1,772.3	685.1	1,087.2	1,941.6	670.3	1,271.3
Germany		685.1			670.3	
U.S.A.			993.8			1,163.7
Canada			58.2			72.2
U.K.			–			–
Switzerland			23.9			23.1
Italy			11.3			12.3

The total defined benefit obligation at the end of fiscal 2013 includes €680.3 million for active employees, €192.7 million for former employees with vested benefits, and €899.3 million for retirees and surviving dependents.

The total defined benefit obligation at the end of fiscal 2012 includes €798.0 million for active employees, €205.4 million for former employees with vested benefits, and €938.2 million for retirees and surviving dependents.

In fiscal 2013, the defined benefit obligation of pension plans outside Germany mainly decreased due to the increase of the discount rate and due to foreign currency translation effects for the U.S. pension plans.

In fiscal 2012, the DBO of German pension plans and pension plan outside Germany increased as a result of the decrease of the discount rates. Furthermore, the DBO increased as a result of foreign currency translation effects. The transfer of the defined benefit obligations of the employees in the U.K. to Siemens in accordance with the agreement dated January 31, 2012 reached between Siemens plc, Siemens Benefits Scheme, and OSRAM Ltd. is disclosed in the line item *Transfer-Out*.

A detailed reconciliation of the changes in the fair value of plan assets for fiscal 2013 and 2012 is provided in the following table:

Change in Plan Assets

in € million	September 30, 2013			September 30, 2012		
	Total	Germany	Outside Germany	Total	Germany	Outside Germany
Fair value of plan assets at beginning of year	1,477.6	508.8	968.8	838.9	8.9	830.0
Interest income	52.6	15.7	36.9	56.3	17.0	39.3
Remeasurement:						
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	(8.6)	(1.2)	(7.4)	104.9	18.1	86.8
Employer contributions	36.8	26.5	10.3	529.7	485.2	44.5
Plan participants' contributions	2.2	1.8	0.4	1.4	0.9	0.5
Benefits paid	(80.6)	(20.6)	(60.0)	(67.7)	(21.4)	(46.3)
Settlements	-	-	-	-	-	-
Transfer-In	-	-	-	6.7	-	6.7
Transfer-Out	-	-	-	(29.7)	-	(29.7)
Acquisitions	1.3	-	1.3	0.1	0.1	-
Divestments	-	-	-	(0.8)	-	(0.8)
Liability administration cost	(1.3)	-	(1.3)	(1.4)	-	(1.4)
Foreign currency translation effects	(42.8)	-	(42.8)	39.2	-	39.2
Fair value of plan assets at end of year	1,437.2	531.0	906.2	1,477.6	508.8	968.8
Germany		531.0			508.8	
U.S.A.			823.8			883.0
Canada			59.0			64.1
U.K.			-			-
Switzerland			23.4			21.7
Italy			-			-

Employer contributions in fiscal 2013 of €36.8 million mainly consist of €26.5 million for the German pension plans and of €7.6 million for the U.S. pension plans.

At the end of fiscal 2013, foreign currency translation effects have a negative effect on the fair value of plan assets.

The fair value of plan assets at the end of fiscal 2012 increased primarily as a result of the additional funding of plan assets during the fiscal year, for which OSRAM GmbH received a cash contribution from Siemens AG. This included €485.0 million for German pension plans previously unfunded and €11.8 million for principal pension plans in Canada and Switzerland. These contributions are disclosed in the line item Employer contributions. Foreign currency translation effects have a positive effect on the fair value of plan assets. The transfer of plan assets related to the defined benefit obligations in the U.K. to Siemens is included in the line item *Transfer-Out*.

A reconciliation and presentation of the defined benefit obligation and plan assets to the funded status and the net amount recognized for fiscal 2013 and 2012 is provided in the following table:

Net Amount Recognized of the Principal Pension and Principal Other Post-Employment Benefits

in € million	September 30, 2013			September 30, 2012		
	Total	Germany	Outside Germany	Total	Germany	Outside Germany
DBO	1,772.3	685.1	1,087.2	1,941.6	670.3	1,271.3
Fair value of plan assets	1,437.2	531.0	906.2	1,477.6	508.8	968.8
Funded status	(335.1)	(154.1)	(181.0)	(464.0)	(161.5)	(302.5)
Defined benefit obligation (funded)	(264.5)	(143.0)	(121.5)	(384.5)	(149.9)	(234.6)
Defined benefit obligation (unfunded)	(70.6)	(11.1)	(59.5)	(79.5)	(11.6)	(67.9)
Germany		(154.1)			(161.5)	
U.S.A.			(170.0)			(280.7)
Canada			0.8			(8.1)
U.K.			-			-
Switzerland			(0.5)			(1.4)
Italy			(11.3)			(12.3)
Net amount recognized	(335.1)	(154.1)	(181.0)	(464.0)	(161.5)	(302.5)
Amounts recognized in the consolidated statement of financial position consist of						
Other assets	3.2	-	3.2	-	-	-
Pension liability	338.3	154.1	184.2	464.0	161.5	302.5

The funded status decreased by €128.9 million in fiscal 2013 mainly due to increased discount rates in the U.S.A. as at September 30, 2013 which reduced the DBO accordingly.

As of September 30, 2013, prepaid pension cost of €3.2 million arises from the Canadian pension plan.

Actuarial assumptions

Assumed discount rates, compensation increase rates, pension progression rates, and healthcare trend rates (medical, drug, and dental trend rates) used in calculating the DBO vary according to the economic conditions of the country in which the defined benefits are granted.

The discount rate, the healthcare trend rate as well as the mortality tables applied for the actuarial valuation of the DBO were as follows:

Assumptions for the Calculation of the DBO

in %	September 30, 2013			September 30, 2012		
	Total	Germany	Outside Germany	Total	Germany	Outside Germany
Discount rate (in %)	4.14%	3.10%	4.80%	3.65%	3.10%	3.93%
Germany		3.10%			3.10%	
U.S.A.			4.90%			4.00%
Canada			4.50%			3.70%
Switzerland			2.10%			1.70%
Italy			3.10%			3.10%
Mortality tables (most significant countries)						
Germany	Heubeck 2005G Tables			Heubeck 2005G Tables		
U.S.A.	RP2000 Generational Tables with scale AA			RP2000 Generational Tables		
Canada	UP 1994 Generational Tables			UP 1994 Generational Tables		
Switzerland	BVG 2010 Generational Tables			BVG 2010 Generational Tables		
Italy	SIM and SIF Tables 2009			SIM and SIF Tables 2009		
Medical trend rates (initial/ultimate/year) (in %)						
U.S.A.						
Medicare ineligible pre-65	8.5% / 5.0% / 2021	n/a	8.5% / 5.0% / 2021	9.0% / 5.0% / 2021	n/a	9.0% / 5.0% / 2021
Medicare eligible post-65	8.0% / 5.0% / 2020	n/a	8.0% / 5.0% / 2020	8.5% / 5.0% / 2020	n/a	8.5% / 5.0% / 2020
Fixed dollar benefits	3.00%	n/a	3.00%	3.00%	n/a	3.00%

The rates of compensation increase for countries with a significant effect in terms of this assumption were as follows for the years ended September 30, 2013 and 2012: U.S.A.: 3.0% and 3.5%, respectively; Canada: 3.0% and 3.25%, respectively; Switzerland: 1.5% for both measurement dates. In Germany, a compensation increase rate of 2.25% was applied with respect to the frozen legacy defined benefit plans for both measurement dates.

In Germany, a pension progression rate of 1.75% was applied for the frozen legacy defined benefit plans for both measurement dates.

The defined benefit obligation is also affected by assumed future inflation rates. The effect of an inflation rate is included within the assumptions above.

The assumptions used for the calculation of the defined benefit obligation as of the period-end of the preceding fiscal year are used to determine the calculation of current service cost as well as interest income and interest expense in the following year. The interest income and interest expense for the fiscal year will be based on the discount rate for the respective year multiplied by the fair value of plan assets and the defined benefit obligation at the end of the preceding fiscal year, respectively. The fair value and defined benefit obligation and thus the interest income on plan assets and the interest expense on the defined benefit obligation are adjusted for significant events after the fiscal year end, such as a supplemental funding, plan amendments or business combinations and disposals.

Sensitivity analysis

A 50-basis-points change of the assumed assumptions presented in the following and used for the actuarial valuation of the DBO as of September 30, 2013, would result in the following increase or decrease of the DBO:

in € million	Effect on DBO as of September 30, 2013 due to	
	50-basis-points increase	50-basis-points decrease
Discount rate	(101.6)	119.6
Rate of compensation increase	1.6	(1.5)
Rate of pension progression	34.5	(30.5)

A 10% decrease of the mortality rate for each age would result in an increase of the DBO of €40.7 million.

As an example, with respect to Germany a 10% decrease of the mortality rates for a 60-year-old male would result in an increase of the residual life expectancy by 0.949 years. A 10% decrease of the mortality rates for a 60-year-old female would result in an increase of the residual life expectancy by 0.876 years.

Increases and decreases in the discount rate, rate of compensation increase and pension progression as well as healthcare trend rate which are used in determining the DBO do not have a symmetrical effect on the DBO primarily due to the compound interest effect created when determining the net present value of the future benefit. This also leads to the fact that a decrease or increase by more or less than 50 basis points as presented in the table above would not result in a completely linear effect on the DBO. Furthermore, in case more than one of the assumptions are changed simultaneously, the cumulative impact would not necessarily be the same as the total of the individual changes.

The post-employment medical benefits in the U.S.A. are capped at a fixed dollar amount, for some employee groups this is subject to an indexation at 3.0%. As a result, changes to the assumptions regarding medical trend rates are not significant.

Funding policy and investment strategy

OSRAM's funding policy for its funded defined benefit plans is part of its overall commitment to sound financial management, which also includes an ongoing analysis of the structure of its defined benefit liabilities. The investment strategy for plan assets is derived from the structure and characteristics of its liabilities and is based on asset liability modeling studies on individual plan level.

As part of a liability driven investment ("LDI-") concept, we intend to mitigate the funded status volatility, resulting from an unfavorable development of the plan assets and/or the defined benefit obligation.

A risk budget forms the basis for the determination of our investment strategy, i.e. the strategic asset allocation of principle plan assets and the level of appropriate limits for interest rate and credit spread risk hedging on individual plan level.

The hedging ratios, the investment strategy, and the funded status development are regularly reviewed with the participation of senior external experts of the international asset management industry to allow for an integral view on plan assets and benefit liabilities.

We review the asset allocation of each plan in light of the duration of the related benefit liabilities and analyze trends and events that may affect asset values in order to initiate appropriate measures at a very early stage.

Our investment strategy is mainly based on physical investments. Derivatives are used as enhancement for risk-reducing purposes to either reduce the fluctuations in the value of plan assets or reduce funded status volatility as part of an integrated risk management approach for assets and liabilities. OTC derivatives are collateralized on a daily basis to eliminate counterparty risk.

Plan Assets That Have a Quoted Market Price in an Active Market

in € million	September 30,	
	2013	2012
Equity	363.5	461.0
Global equities	158.7	83.0
U.S. equities	91.2	158.4
European equities	0.9	0.9
Emerging markets equities	12.5	13.0
Other	100.1	205.7
Fixed income	938.5	996.8
Government bonds	176.9	198.3
Corporate bonds	761.6	798.5
Mixed funds	29.9	26.4
Real estate – public funds	43.1	–
Cash and other assets	–	–
Total (excl. derivatives)	1,375.0	1,484.2
Derivatives:	0.2	0.0
Interest risk	–	–
Foreign currency risk	–	–
Credit risk	–	–
Inflation risk	–	–
Equity risk	0.2	–
Total (incl. derivatives)	1,375.2	1,484.2

Plan Assets That Do Not Have a Quoted Market Price in an Active Market

in € million	September 30,	
	2013	2012
Equity	–	–
Fixed Income	–	–
Private equity funds	–	–
Hedge Funds	35.5	–
Real estate – closed fund	–	–
Cash and other assets	49.7	16.9
Total (excl. derivatives)	85.2	16.9
Derivatives:	(23.2)	(23.5)
Interest risk	(13.8)	(7.5)
Foreign currency risk	0.2	–
Credit risk	(9.6)	(16.0)
Inflation risk	–	–
Equity risk	–	–
Total (incl. derivatives)	62.0	(6.6)

Expected Benefit Payments and Funding

in € million	Total	Germany	Outside Germany
2014	90.7	29.3	61.4
2015	91.9	29.3	62.6
2016	92.6	28.6	64.0
2017	94.6	29.2	65.4
2018	97.4	29.9	67.5
2019–2023	512.4	155.1	357.3

The weighted average duration of the DBO for the principal OSRAM defined benefit plans was 12.7 years.

Employer contributions expected to be paid to the principal post-employment defined benefit plans during fiscal 2014 are expected to be around €30 million up to around €50 million.

Defined contribution plans and state plans

The amount recognized as an expense for defined contribution plans amounted to €19.7 million and €16.0 million in the fiscal years 2013 and 2012, respectively. The amount recognized as an expense for contributions to state plans amounted to €118.9 million and €119.2 million in the fiscal years 2013 and 2012, respectively.

Non-principal pension benefits and non-principal other post-employment benefits

The DBO amounted to €24.0 million, the plan assets to €3.8 million and the funded status to €–20.2 million in respect of non-principal pension benefits and non-principal other post-employment benefits as of September 30, 2013.

The DBO amounted to €28.6 million, the plan assets to €3.9 million and the funded status to €–24.7 million in respect of non-principal pension benefits and non-principal other post-employment benefits as of September 30, 2012.

26 | Provisions

Provisions

in € million	Warranties	Order related losses and risks	Legal Proceedings	Others	Total
Balance as of October 1, 2012	30.3	8.7	36.9	40.2	116.1
Additions	29.1	2.8	13.2	30.9	75.9
Usage	(8.2)	(3.2)	(15.3)	(18.7)	(45.4)
Reversals	(2.8)	(0.1)	(10.9)	(16.6)	(30.3)
Translation differences	(1.2)	–	(1.6)	(0.6)	(3.4)
Other changes	–	(4.7)	–	1.8	(2.9)
Balance as of September 30, 2013	47.2	3.6	22.4	36.9	110.1
thereof noncurrent	2.0	–	0.4	13.8	16.2

Warranties relate primarily to warranty obligations for products sold and services rendered.

OSRAM recognizes provisions for *Order related losses and risks* for anticipated losses and risks on uncompleted construction and sales contracts.

Legal proceedings include provisions for legal disputes and legal costs.

The *Others* item contains provisions for environmental liabilities of €3.8 million as of September 30, 2013 (September 30, 2012: €3.5 million) and provisions for restoration obligations for leasehold improvements of €2.5 million as of September 30, 2013 (September 30, 2012: €0.2 million).

27 | Other Liabilities

Other Liabilities

in € million	September 30,		October 1,
	2013	2012	2011
Employee-related liabilities	55.2	58.7	47.1
Deferred compensation plan	32.1	64.8	59.5
Other	33.7	24.1	17.8
Other liabilities	121.0	147.6	124.4

Employee-related liabilities contain in particular early retirement obligations and termination benefit obligations.

The spin-off from Siemens in July 2013 led to an immediate entitlement of employees for payment under a deferred compensation plan of the OSRAM Licht Group in the U.S.A.,

reducing the OSRAM Licht Group's assets and liabilities to the beneficiaries accordingly. ▶ See also Note 21 | Other Assets.

The application of IAS 19R led to an adjustment (reduction) of €3.5 million to the *Employee-related liabilities line item* as of September 30, 2012, and of €4.4 million as of October 1, 2011, compared with the corresponding disclosed prior-year figures. ▶ See also Note 2 | Summary of Significant Accounting Policies.

28 | Equity

Common Stock

As of the end of the reporting period, the Common Stock of OSRAM Licht AG amounted to €104,689,400, composed of 104,689,400 no-par value ordinary registered shares. This equates to a notional interest in the Common Stock of €1.00 per share. Each share grants shareholders one voting right and entitles them to receive dividends. Of the shares issued, OSRAM Licht AG held 198,104 shares as treasury shares as of September 30, 2013.

At the time OSRAM Licht AG was established in June 2012, the Common Stock amounted to €50,000. On the basis of a contribution agreement dated November 28, 2012, and with economic effect from October 1, Siemens AG transferred to OSRAM Licht AG 19.5% of the capital stock of OSRAM GmbH by way of a mixed noncash contribution as part of a capital increase against the issue of new shares and a payment of €50,000. As a result, the Common Stock of OSRAM Licht AG increased by €20,364,433 to €20,414,433. As part of the spin-off from Siemens AG, the Common Stock of OSRAM Licht AG was increased by €84,274,967 to €104,689,400 against another noncash contribution, i.e. the transfer to OSRAM Licht AG of the 100% equity interest in OSRAM Beteiligungen GmbH held by Siemens AG.

Net assets in the Combined Financial Statements as of September 30, 2012

Until the spin-off from Siemens AG took effect on July 5, 2013, OSRAM was not yet a legal group for reporting purposes under IAS 27, and as of September 30, 2012, had prepared combined financial statements for the combined OSRAM Licht Group on the basis of the aggregation of the net assets of OSRAM Licht AG, OSRAM Beteiligungen GmbH, and OSRAM GmbH, as well as the latter's direct and indirect subsidiaries. Accordingly, an aggregated equity item, Net assets attributable to Siemens Group, was reported as of September 30, 2012. ▶ See also Note 1 | Basis of Preparation.

In fiscal 2012, OSRAM GmbH (OSRAM AG at the time) received a cash contribution from Siemens AG amounting to €499.5 million as additional funding for its pension plans and those of subsidiaries. In addition, under the agreement dated September 27, 2012, Siemens AG made a contribution of €200.0 million to the Additional paid-in capital of OSRAM GmbH (OSRAM AG at the time) in accordance with section 272(2) no. 4 of the Handelsgesetzbuch (HGB—German Commercial Code). This contribution was made by waiving part of Siemens AG's Siemens Cash Management receivable from OSRAM GmbH (OSRAM AG at the time).

Allocation of net assets according to the legal structure as of October 1, 2012

On creation of the new legal structure that resulted from the transfer of the shares of OSRAM GmbH and OSRAM Beteiligungen GmbH from Siemens AG to OSRAM Licht AG as part of the spin-off, the Net assets attributable to Siemens Group reported as of October 1, 2012, were allocated to the consolidated equity items. The Common Stock corresponds to the Common Stock of OSRAM Licht AG. The Additional paid-in capital of the OSRAM Licht Group as of October 1, 2012, is also based on the Additional paid-in capital reported in the annual financial statements of OSRAM Licht AG prepared in accordance with German GAAP, adjusted for the effects of the acquisition of subsidiaries from Siemens in fiscal 2011. This adjustment amounted to €136.2 million and had the effect of decreasing capital since it was treated as a transaction under common control in the same way as capital redemption in the net assets attributable to the Siemens Group. Additional information on capital contributions in fiscal 2013 can be found in the section on additional paid-in capital. The retained earnings of the OSRAM Licht Group as of October 1, 2012, represent the residual amount of the Net assets attributable to Siemens Group reported as of October 1, 2012, and the total of Common Stock and Additional paid-in capital as of October 1, 2012, allocated as shown.

Authorized capital

The Annual General Meeting on June 14, 2013, authorized the Managing Board of OSRAM Licht AG, with the approval of the Supervisory Board, to increase the Company's Common Stock by up to €52,344,700 against cash or noncash contributions by issuing up to 52,344,700 new no-par value registered shares on one or more occasions until February 28, 2018. In specific circumstances, the Managing Board may, with the approval of the Supervisory Board, disapply the preemptive rights of shareholders in full or in part.

Contingent capital

The Annual General Meeting on June 14, 2013, resolved to contingently increase the Common Stock by up to €10,207,216, composed of up to 10,207,216 no-par value registered shares (Contingent Capital 2013). This contingent capital increase is linked to the authorization of the Managing Board of OSRAM Licht AG to issue, with the approval of the Supervisory Board, bearer or registered convertible bonds or bonds with warrants ("bonds") in an aggregate principal amount of up to €300,000,000 on one or more occasions until February 28, 2018, and to grant the holders conversion or option rights to up to 10,207,216 new ordinary shares in the Company, as defined in more detail in the terms and conditions of the bonds. These terms and conditions may also provide for a conversion or option obligation as well as a put option of the issuer for the delivery of shares.

Additional paid-in capital

In accordance with the agreement dated October 30 and 31, 2012, Siemens waived Siemens Cash Management receivables due from OSRAM GmbH in the amount of €31.8 million. In addition, Siemens transferred total Siemens Cash Management receivables of €131.2 million to OSRAM Beteiligungen GmbH, which in turn waived these receivables due from OSRAM GmbH. In the consolidated financial statements of OSRAM Licht AG, these amounts represent a contribution to Additional paid-in capital. In addition, OSRAM Licht AG and OSRAM GmbH received capital contributions totaling €20.8 million from Siemens in fiscal 2013. Of this amount, €13.0 million related to the reimbursement of transaction costs for entering into the loan agreement with a banking syndicate. The reimbursement of €5.6 million of the cost of acquiring treasury shares and other costs incurred in connection with the transaction bonus program, the management of which OSRAM took over from Siemens AG, is accounted for as a contribution. ▶ Additional information can be found in Note 39 | Related Party Disclosures.

Retained earnings

The Retained earnings of the OSRAM Licht Group as of October 1, 2012, represent the residual amount between the net assets reported as of September 30, 2012, and the total of Common Stock and Additional paid-in capital as of October 1, 2012. In addition, Retained earnings include the profit after tax generated by the OSRAM Licht Group in fiscal 2013 as well as actuarial gains and losses on pension plans and similar commitments recognized in fiscal 2013.

Treasury shares

The Managing Board of OSRAM Licht AG was authorized by the Annual General Meeting on June 14, 2013, to acquire treasury shares of up to 10% of the Common Stock in existence at the time this authorization came into effect for any purpose permitted within legal constraints.

To meet the obligation to deliver OSRAM shares to the beneficiaries of the award of a transaction bonus, a total of 198,104 shares were repurchased in the period from July 8 through August 2, 2013. Moreover, under an employee share purchase program (Family Program), a total of 127,496 shares were acquired in the period from July 8 through August 2, 2013; the shares were issued to employees in August 2013.

Additional information can be found in Note 34 | Share-based Payment. As of September 30, 2013, the Company held 198,104 treasury shares.

Other comprehensive income (loss), net of tax

The changes in Other comprehensive income (loss) including non-controlling interests were as follows:

Other Comprehensive Income (Loss), Net of Tax

in € million	Fiscal year 2013			Fiscal year 2012		
	Pre-tax	Tax effect	Net	Pre-tax	Tax effect	Net
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans	110.2	(34.3)	75.9	(157.4)	50.8	(106.6)
Items that may be reclassified subsequently to profit or loss						
Foreign-currency translation differences	(71.5)	-	(71.5)	52.3	-	52.3
Unrealized holding gains (losses) on available-for-sale financial assets	-	-	-	(0.2)	-	(0.2)
Reclassification adjustments for (gains) losses included in net income	-	-	-	-	-	-
Net unrealized gains (losses) on available-for-sale financial assets	-	-	-	(0.2)	-	(0.2)
Unrealized gains (losses) on derivative financial instruments	2.0	(0.5)	1.5	9.8	(2.9)	6.9
Reclassification adjustments for (gains) losses included in net income	(1.8)	0.5	(1.3)	(8.1)	2.4	(5.7)
Net unrealized gains (losses) on derivative financial instruments	0.2	-	0.2	1.7	(0.5)	1.2
Other comprehensive income (loss), net of tax	38.9	(34.3)	4.6	(103.6)	50.3	(53.3)

Acquisition of non-controlling interests

As of November 8, 2011, OSRAM acquired additional shares in its subsidiary Traxon Technologies Ltd., Hong Kong, China ("Traxon"), increasing its ownership from 51% to 100%. The difference of €45.9 million between the non-controlling interest of €7.6 million and the fair value of consideration paid of €53.5 million was recognized in equity in accordance with IAS 27.

Other changes in equity

Other changes in equity were mainly the result of share-based payment transactions. ▶ See Note 34 | Share-based Payment.

Appropriation of profits

In accordance with the Aktiengesetz (AktG—German Stock Corporation Act), the appropriation of profits is based on the unappropriated profit reported in the annual financial statements of OSRAM Licht AG prepared in accordance with German GAAP. The Supervisory Board and the Managing Board are proposing to carry forward the unappropriated profit of OSRAM Licht AG in an amount of €10,439 thousand from the fiscal 2013 to new account, and not to distribute a dividend for fiscal 2013.

29 | Additional Disclosures on Capital Management

As part of overall corporate management, capital management supports the OSRAM Licht Group in attaining its financial goals. In addition to ensuring the solvency of the Group and the individual companies and reducing financial risk, the main focus continues to be on minimizing the cost of capital and safeguarding the Group's financial stability and flexibility.

The capital structure of the OSRAM Licht Group was as follows:

Equity Ratio

in € million	September 30,	
	2013	2012
Total equity	2,169.3	1,949.6
Total liabilities and equity	4,425.3	5,066.9
Equity ratio	49%	38%

As part of its debt management, OSRAM measures its debt ratio. To this end, it primarily uses an indicator defined as net debt/net liquidity divided by EBITDA. In addition, the ratio of adjusted net debt/net liquidity to EBITDA is determined.

Net Debt/Net Liquidity

in € million	September 30,	
	2013	2012
Short term debt and current maturities of long-term debt	55.9	47.2
+ Long-term debt	295.0	1.3
+ Payables to Siemens Group from financing activities	–	1,198.1
Total debt	350.9	1,246.6
Cash and cash equivalents	522.1	31.2
+ Available for sale financial assets	0.8	0.7
+ Receivables from Siemens Group from financing activities	–	619.4
Total liquidity	522.9	651.3
Net debt/net liquidity¹⁾	(172.0)	595.3
+ Pension plans and similar commitments	358.5	488.7
+ Credit guarantees	–	10.5
Adjusted net debt	186.5	1,094.5

¹⁾ As of September 30, 2013, there was net liquidity, which is shown with a negative sign.

Capital Structure Data

in € million	September 30,	
	2013	2012
EBITDA ¹⁾	413.6	392.9
Net debt/net liquidity ²⁾	(172.0)	595.3
Net debt/liquidity as % of EBITDA	(0.4)	1.5
Adjusted net debt	186.5	1,094.5
Adjusted net debt as % of EBITDA	0.5	2.8

¹⁾ EBITDA is determined by deducting depreciation and impairment from EBITA, both of which are disclosed in the segment information.

²⁾ As of September 30, 2013, there was net liquidity, which is shown with a negative sign.

The capital management tools generally available to the Managing Board of OSRAM Licht AG are equity-related measures, share repurchases, and borrowing. ▶ Additional information on authorizations of the Managing Board of OSRAM Licht AG to implement equity-related measures and share repurchases can be found in Note 28 | Equity. Existing credit lines are described in Note 24 | Debt.

The OSRAM Licht Group does not have any corporate credit ratings from international rating agencies.

30 | Other Financial Commitments and Contingent Liabilities

The following table presents the undiscounted maximum potential future payments by OSRAM for guarantees as of the reporting date:

Commitments and Contingencies

in € million	September 30,	
	2013	2012
Credit guarantees	–	10.5
Other guarantees	12.4	9.7
	12.4	20.2

OSRAM provides its joint ventures and associates with credit guarantees in the form of variable guarantees for credit lines. The maximum amount of these guarantees is determined by the outstanding balance of the credit or, in the case of variable credit lines, by the nominal amount of the credit line. These guarantees usually have terms of between one and five years. The credit guarantee issued in favor of Valeo Sylvania as of September 30, 2012 has been replaced by a direct loan. ¹See Note 4 | Acquisitions and Disposals.

The Other guarantees line item primarily contains a contractual obligation for guarantees from the sale of OML amounting to €7.1 million (September 30, 2012: €9.7 million).

The following future payment obligations under noncancelable operating leases existed as of September 30, 2013 and 2012:

Future Payment Obligations Under Noncancelable Operating Leases

in € million	September 30,	
	2013	2012
Within one year	40.0	40.0
Between one and five years	92.0	99.8
After five years	83.4	101.7
Future payment obligations under noncancelable operating leases	215.4	241.5

Most of the future payment obligations under noncancelable operating leases are attributable to buildings leased for corporate units on a long-term basis. Total operating lease expenses from third parties amounted to €65.7 million as of September 30, 2013 (September 30, 2012: €59.0 million).

¹For additional information on legal proceedings, see Note 31 | Legal Proceedings.

31 | Legal Proceedings

Product Liability Procedures

Hella vs. OSRAM OS

In summer 2010, car lamp producer Hella KGaA Hueck & Co., Lippstadt, Germany ("Hella") filed a lawsuit against OSRAM Opto Semiconductors GmbH, Regensburg, Germany ("OSRAM OS"). The plaintiff seeks a declaration of the liability of OSRAM OS for allegedly defective LEDs used in car lamps for compensation for damages. The Regional Court set the amount in dispute at €30 million. In January 2012, the first instance court before which Hella's suit was brought, the Regional Court of Regensburg, dismissed all of the suit's claims. On appeal in February 2013, Hella increased the amount demanded in the suit to a total of €88.8 million. In August 2013, the Nuremberg Higher Regional Court ordered the taking of evidence in the case.

Briggs & Stratton et al. vs. OSRAM SYLVANIA

OSRAM SYLVANIA Inc., Danvers, Massachusetts, U.S.A. ("OSRAM SYLVANIA") participated in a fire investigation relating to a warehouse fire that occurred in Tennessee in December 2008. The fire was allegedly caused by the rupture of a SYLVANIA metal halide lamp. In May 2011, Briggs & Stratton Power Products Group, LLC, Jefferson, Wisconsin, U.S. ("Briggs & Stratton"), lessee of the warehouse, filed a case before the Circuit Court for Dyer County, Tennessee, U.S. against the owner of the building, the owner's agent, a loss control consultant and OSRAM SYLVANIA claiming all were responsible for Briggs & Stratton's property loss valued at USD 25 million (€18.5 million). Following a temporary stay of discovery proceedings in view of various dispositive motions filed by co-defendants, discovery resumed in July 2013.

Wells Fargo, Colonial Electric Supply et al. vs. OSRAM SYLVANIA et al.

OSRAM SYLVANIA is the subject of a complex fire investigation with various parties, originally initiated by Wells Fargo Bank, Raleigh, North Carolina, U.S.A. ("Wells Fargo"), into the cause of a fire in a building. The fire was allegedly caused by the rupture of a SYLVANIA metal halide lamp. In May 2013, the motion filed by Colonial Electric Supply, King of Prussia, Pennsylvania, U.S.A. ("Colonial") the seller of the metal halide lamp in question, to implead OSRAM SYLVANIA in the Wells Fargo proceeding has been granted. The damages claimed amount to USD 8.4 million (€6.2 million). In June 2013 OSRAM SYLVANIA and Colonial settled with Wells Fargo. In September 2013 OSRAM SYLVANIA settled with 123 South Broad Condominium Association, 123 South Broad GP, LLC

und 123 South Broad Partners LP, Philadelphia, Pennsylvania, U.S.A., the building's owners. This case is closed.

Murphy Bonded et al. vs. OSRAM SYLVANIA

In 2011 Murphy Bonded Warehouse, LLC, Mansfield, Louisiana, U.S.A. ("Murphy Bonded") and International Paper Company, Memphis, Tennessee, U.S.A. ("International Paper"), along with Factory Mutual Insurance, Johnston, Rhode Island, U.S.A., and Lloyds of London, London, England ("Lloyds") brought actions against OSRAM SYLVANIA in a state court and a federal court. These actions assert that a fire and associated property damages were caused by the rupture of a metal halide lamp. In August 2012, OSRAM SYLVANIA filed a motion for summary judgment in the federal court case filed by International Paper. Since that time, the motion for summary judgment has been granted and the claim against OSRAM SYLVANIA dismissed. The lawsuit filed by Lloyds, the insurer for Murphy Bonded, has been stayed pending the outcome of the lawsuit filed by Murphy Bonded. The damages claimed amount to USD 10.0 million (€7.4 million). In June 2013, OSRAM SYLVANIA filed a motion for summary judgment in the state court case filed by Murphy Bonded. None of the parties opposed the motion and the case was formally dismissed by the court in August 2013.

Maxim Production et al. vs. OSRAM SYLVANIA

OSRAM SYLVANIA is the subject of an investigation into the cause of a fire initiated by Maxim Production Company, Boling, Texas, U.S. ("Maxim") and Lexington Insurance Company, Boston, Massachusetts, U.S. ("Lexington") with reference to a fire in an egg production facility in Boling, Texas in 2010. According to Lexington, property damages amount to USD 20 million (€14.8 million). Additionally a fireman was killed on-site during the firefighting effort. Maxim and Lexington assert that the fire was caused by a fluorescent lamp, a lighting fixture, or an associated component. The lamps in the building were produced by different manufacturers. The investigations at the site of the fire were concluded without yielding any proof of the cause. In April 2012 Lexington brought an action against all companies involved in the lighting fixtures at the facility—including OSRAM SYLVANIA—without naming any specific grounds for liability against any single one of the parties. The relatives of the deceased fireman submitted a petition to join the action brought by Lexington, which was presented to OSRAM SYLVANIA in July 2012. After a laboratory examination of remains from the fire, all plaintiffs withdrew their actions against OSRAM SYLVANIA with prejudice. This case is closed as there are no pending claims against OSRAM SYLVANIA.

Pliant Corporation vs. OSRAM SYLVANIA

In July 2011 Pliant Corporation, Illinois/Indiana, U.S.A. ("Pliant") submitted a legal action against OSRAM SYLVANIA with respect to property damage that was caused by a fire that occurred within a printing press component. In February 2013, the parties resolved the case by entering into a settlement.

Allianz Mexico vs. OSRAM SYLVANIA

In October 2012, Allianz Mexico, S.A. Compagnia de Seguros ("Allianz"), property insurer for Kimberly Clark de Mexico, S.A.B. de CV ("Kimberly Clark"), filed suit in its capacity as subrogee against OSRAM SYLVANIA and Holophane Corporation, Granville, Ohio, U.S.A. in Massachusetts Superior Court, Essex County. The matter arises as the result of a fire that occurred at the Kimberly Clark facility in Morella, Mexico in June 2012, which the plaintiff claims was caused by the alleged rupture of an OSRAM SYLVANIA metal halide lamp. Although the complaint does not include any precise monetary damages, OSRAM SYLVANIA was informed during the fire investigation that property damage in the amount of USD75 million (€55.5 million) had been caused. In June 2013 the court dismissed the case based on forum non conveniens. Plaintiff has meanwhile re-filed the lawsuit in the New Hampshire State Court. Upon request of OSRAM SYLVANIA the case was transferred to the United States District Court for the District of New Hampshire. OSRAM is assessing the allegations.

Imran Chaudhri, Class Action Suit vs. OSRAM SYLVANIA and OSRAM SYLVANIA Products

In September 2011, a class action suit was brought against OSRAM SYLVANIA and OSRAM SYLVANIA Products Inc., Danvers, Massachusetts, U.S.A. (collectively referred to, for purposes of the following description, as "OSRAM SYLVANIA Products") in the U.S. District Court for the District of New Jersey by the plaintiff Imran Chaudhri, who involves the group of purchasers of Silverstar®-headlights. In January 2012, the plaintiff expanded his legal action and asserted that various power ratings and advertisements relating to the Silverstar®-automobile headlight replacement bulbs were allegedly "false and misleading" in the sense of the New Jersey Consumer Fraud Act. The plaintiff seeks admission of a national class action suit under the New Jersey Consumer Fraud Act as well as compensation for damages. OSRAM SYLVANIA Products is defending itself against the actions. In conformity with an order from the presiding judge, proceedings to determine whether a class action lawsuit is appropriate are underway. OSRAM continuously assesses the allegations based on the ongoing discovery proceedings.

Patent and Trademark Litigation

OSRAM Licht-Group vs. LG-Group and LG-Group vs. OSRAM Licht-Group

Since June 2011, companies of the OSRAM Licht-Group have been involved in several patent lawsuits pertaining to light emitting diode (“LED”) technology against companies of the corporate group of LG Electronics Inc., Seoul, Korea (“LG Electronics”), and LG Innotek Co., Ltd., South Korea (“LG Innotek”) (collectively: “LG-Group”) in Germany, the U.S.A., South Korea, Japan, and China. At the end of October 2012, LG Innotek, LG Electronics, and OSRAM entered into a settlement agreement. According to the agreement, the LED patent disputes pending worldwide between the LG-Group and OSRAM Licht-Group have been resolved to the extent possible. The appeal against court decisions in invalidity proceedings against OSRAM’s patents in China remains pending, however without further active participation by the LG-Group.

CAO Group vs. OSRAM SYLVANIA

In May 2011, CAO Group Inc., West Jordan, Utah, U.S.A. (“CAO Group”) filed a lawsuit alleging infringement of three U.S. patents against OSRAM SYLVANIA and seven other lighting manufacturers before the United States District Court for the District of Utah in the U.S.A. The suit alleges that the defendants infringe the asserted patents by manufacturing, using, marketing, selling, and/or offering to sell LED light sources, in particular LED retrofits. In September 2012, OSRAM SYLVANIA together with further defendant General Electric filed inter partes reexamination requests with the U.S. Patent and Trademark Office (“USPTO”) against the three patents asserted. The proceedings in Utah have been suspended. The reexamination requests have been granted by the USPTO. Further, OSRAM SYLVANIA has also filed certain additional ex parte review requests with the USPTO which were granted.

Digital Gadgets vs. OSRAM SYLVANIA

In June 2012, Digital Gadgets, Monroe Township, New Jersey, U.S.A. (“DG”) filed a lawsuit against OSRAM SYLVANIA before the US District Court of Massachusetts. The lawsuit was aimed at OSRAM SYLVANIA’s refusal to renew the existing trademark licensing agreement with DG. In October 2012, OSRAM SYLVANIA filed a counterclaim seeking both injunctive relief as well as damages. In June 2013, the parties resolved the case by entering into a settlement and DG dismissed its complaint with prejudice.

Schubert vs. OSRAM

Professor E. Fred Schubert filed a complaint for infringement of a United States Patent against OSRAM GmbH, Munich, Germany (“OSRAM GmbH”), OSRAM OS, OSRAM Opto Semi-

conductors, Inc., Sunnyvale, California, U.S.A. (“OSRAM-OS Inc.”) and OSRAM SYLVANIA in the U.S. District Court for the District of Delaware in the U.S.A. in July 2012. The complaint alleges that the defendants manufacture, and/or sell high-brightness GaN-based LEDs that allegedly infringe the asserted patent, including LEDs incorporating the technology known as “ThinGaN”. In July 2013 OSRAM GmbH filed a petition for inter partes review against all asserted claims of the patent-in-suit with the USPTO. On basis of this petition, the defendants have requested a stay of the proceedings in Delaware. In addition, the defendants have filed a motion for leave to file an amended answer and counterclaim, in which the defendants seek their attorneys’ fees and costs from Professor E. Fred Schubert and the Trustees of Boston University. In October 2013, Professor E. Fred Schubert and the defendants agreed to stay the proceedings in Delaware pending inter partes review of the patent-in-suit.

Lexington vs. OSRAM SYLVANIA

In August 2012, Lexington Luminance LLC, Lexington, Massachusetts, U.S. (“Lexington Luminance”) filed a complaint for infringement of a United States Patent against OSRAM SYLVANIA in the U.S. District Court for the District of Massachusetts in the U.S.A. The complaint alleges that OSRAM SYLVANIA is allegedly infringing the patent by producing and selling LED-devices used in lighting applications, in particular the SYLVANIA 8-watt A19 LED Light Bulb model LED8A/O/F/827/HVP and other similar products.

Neumark/Rothschild vs. OSRAM

In April 2009 Prof. Gertrude Neumark Rothschild sued OSRAM GmbH and OSRAM OS in Germany for alleged infringement of a patent on LED and laser diode technologies. In 2010, the District Court of Düsseldorf established, in principle, OSRAM’s obligation to pay damages and set the value of the dispute at €4 million. OSRAM has appealed this decision. As additional countermeasure OSRAM submitted a nullity action against the alleged patent before the German Federal Patent Court. In a decision from November 2011, the German Federal Patent Court ruled that the asserted claims of the patent in dispute are invalid. Prof. Neumark Rothschild has appealed the invalidity decision to the Federal Court of Justice, who revoked the decision of the German Federal Patent Court in June 2013 and referred the case back to the German Federal Patent Court for a new decision. As to the infringement case, the appeal proceedings are still stayed.

Other Legal Disputes

Republic of Iraq vs. OSRAM Middle East

In June 2008 the Republic of Iraq filed an action requesting unspecified damages against OSRAM Middle East FZE,

Dubai, United Arab Emirates, with the U.S. District Court for the Southern District of New York on the basis of findings in the “Report of the Independent Inquiry Committee into the United Nations Oil-For-Food Program”. The court dismissed the action in February 2013. The Republic of Iraq has appealed this decision.

Morrison Foerster vs. OSRAM

In September 2012, the law firm Morrison Foerster LLP, Washington, D.C., U.S.A. (“Morrison Foerster”) has commenced proceedings against OSRAM GmbH, OSRAM OS, OSRAM SYLVANIA and OSRAM-OS Inc. with the American Arbitration Association (“AAA”). In addition, OSRAM GmbH, OSRAM SYLVANIA, OSRAM OS, and OSRAM-OS Inc. have asserted claims against Morrison Foerster in arbitration proceedings filed in January 2013 with the International Court of Arbitration of the International Chamber of Commerce (“ICC”) in connection with their representation by Morrison Foerster. In February 2013, Morrison Foerster filed an amended demand for arbitration in order to include Siemens Corporation, Washington, D.C., U.S.A., (“Siemens Corp.”) as additional defendant with respect to the claims made by Morrison Foerster in the AAA proceedings. In March 2013, Morrison Foerster filed a counterclaim for payment in the amount of at least USD 26.7 million (€19.7 million) and a request for joinder of Siemens Corp. as a further defendant for the claims set out in the counterclaim by Morrison Foerster in the ICC proceedings. Morrison Foerster has since demanded that the amount counterclaimed should be further adjusted to reflect allegedly accrued interest plus an alleged forfeiture of a 20% discount.

Osasco Labor Prosecutor’s Office et al. vs. OSRAM do Brasil

In September 2012 the Osasco Labor Prosecutor’s Office filed a so-called civil public action against OSRAM do Brasil Lampadas Eléctricas Ltda. (“OSRAM do Brasil”). The case is based on an alleged chronic intoxication of 25 former employees while mercury was being used in production. Due to how the lawsuit has been set out, the number of potential injured parties may increase further. The additional claim filed by the Association of Workers Exposed and Intoxicated by Metallic Mercury (AEIMM) has meanwhile been rejected as inadmissible limiting AEIMM as additional claimant to the support of those claims filed by the Labor Prosecutor.

State Sao Paulo vs OSRAM do Brasil

The Sao Paulo State Treasury Office issued two infraction notices against OSRAM do Brasil regarding the so-called “ICMS tax” for the years of 2006 to 2008 (ICMS – “Imposto

sobre Operações relativas à Circulação de Mercadorias e Prestação de Serviços de Transporte interestadual e intermunicipal e de Comunicação” – tax on the circulation of merchandise and on rendering of interstate and inter-municipal transportation services and on communications), in which Sao Paulo State Treasury Office requests from OSRAM do Brasil considerable ICMS tax debts plus fines and interest, and at the same time disallowed considerable ICMS tax credits which would also result in a collection of the tax amounts which have previously been settled with these credits plus fines and interest. OSRAM do Brasil instituted administrative procedures.

Competition Commission of Mexico vs. OSRAM Mexico

In March 2011, the Competition Commission of Mexico initiated legal proceedings for anti-competitive practices on the local market for ballasts. In November 2011, the Commission requested OSRAM S.A. de C.V. Mexico (“OSRAM S.A.”) to provide information about aspects of its local ballast business. In January 2013, the Commission communicated its preliminary assessment stating that OSRAM S.A. was allegedly involved into anti-competitive agreements to a limited extent. OSRAM S.A. has commented on the allegations within the prescribed period. In June 2013, the Competition Commission rendered its decision, but did not impose a fine on OSRAM S.A. The provision set up in a prior period has been released.

Request for Information by EU Commission

In November 2011 and June 2012, the European Commission requested OSRAM GmbH to present its legal position regarding potential anti-competitive arrangements alleged by third parties mainly concerning the licensing program for LED based luminaires of a third party and OSRAM GmbH’s participation therein. No formal proceedings have been opened against OSRAM GmbH. OSRAM is cooperating with the authorities.

For legal proceedings information required under IAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed, if the Company concludes that the disclosure can be expected to seriously prejudice the outcome of the litigation.

In addition to the investigations and legal disputes described above, OSRAM was named as a defendant in various other legal disputes and proceedings in connection with its business activities as a diversified, globally present corporate group. Some of these pending proceedings have been previously disclosed. Some of the legal actions include claims or poten-

tial claims for indeterminate amounts of damages or punitive damages claims. OSRAM is defending itself against all aforementioned claims.

From time to time, OSRAM is also involved in regulatory investigations beyond those described above. OSRAM is cooperating with the relevant authorities in several jurisdictions and, where appropriate, conducts internal investigations regarding potential wrongdoing with the assistance of in-house and external counsel.

In the case of liability claims, OSRAM is in principle covered by insurance, the nature and scope of which is set out in the terms and conditions of the respective insurance policies. The insured amount and extent of cover are adequate for the risk and are customary for the industry. However, whether and to what extent OSRAM is covered by insurance in individual cases depends on the circumstances of the case concerned. Furthermore, no assurance can be given that OSRAM will also be able to procure adequate insurance cover on economically appropriate terms in the future.

In light of the number of legal disputes and other proceedings in which OSRAM is involved, it cannot be ruled out that some of these proceedings could result in rulings against OSRAM. OSRAM is defending itself in legal disputes and proceedings to the extent necessary and prudent. Any conjecture regarding the results of proceedings is associated with considerable difficulties, especially in cases in which the claimant brings claims for undetermined amounts of compensation. With this in mind, OSRAM cannot make any prediction regarding what kind of obligations could possibly ensue from such proceedings. Possible negative rulings in such cases could have considerable effects on the asset, finance, and earnings situations in a given reporting period. At this time, however, OSRAM does not expect any significant negative effects on OSRAM's financial position or finance and earnings situations resulting from the other legal topics not separately dealt with in this section.

32 | Financial Instruments and Hedging Activities

The following table presents the carrying amounts and fair values of financial assets and financial liabilities:

Carrying Amounts and Fair Values of Financial Assets and Liabilities

in € million	Category according to IAS 39	September 30, 2013		September 30, 2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents ¹⁾	n.a.	522.1	522.1	31.2	31.2
Available-for-sale financial assets (noncurrent) ²⁾	AfS	1.4	–	1.4	–
Available-for-sale financial assets	AfS	0.8	0.8	0.7	0.7
Trade receivables	LaR	849.6	849.6	823.2	823.2
Receivables from Siemens Group	LaR	20.1	20.1	956.2	956.2
Other financial assets					
Derivatives not designated in a hedge accounting relationship	FAHfT	5.2	5.2	2.9	2.9
Derivatives in connection with cash flow hedges	n.a.	0.4	0.4	0.4	0.4
Other financial assets	LaR	53.7	53.7	58.7	58.7
Noncurrent assets held for sale	LaR	45.6	45.6	–	–
Financial liabilities					
Debt					
Loans from banks	FLaC	350.9	350.9	46.7	46.7
Obligations under finance leases to Siemens Group	n.a. (IAS 17)	–	–	1.8	1.8
Trade payables	FLaC	675.5	675.5	609.2	609.2
Payables to Siemens Group	FLaC	3.0	3.0	1,209.5	1,209.5
Other financial liabilities					
Derivatives not designated in a hedge accounting relationship	FLHfT	3.9	3.9	8.0	8.0
Derivatives in connection with cash flow hedges	n.a.	–	–	0.2	0.2
Other financial liabilities	FLaC	34.4	34.4	45.1	45.1

¹⁾ Cash and cash equivalents consist primarily of deposits with prime-rated banks with an investment grade rating. The item includes a small amount of checks and cash on hand.

²⁾ This line item contains equity instruments classified as available-for-sale for which fair value could not be reliably determined. For this reason, the equity instruments were recognized at cost.

The aggregated carrying amounts by IAS 39 category are as follows:

Aggregated Carrying Amounts

in € million	Category according to IAS 39	Measurement at	Fair value hierarchy	Carrying amount	
				September 30, 2013	September 30, 2012
Loans and receivables	LaR	Amortized cost	n.a.	969.0	1,838.1
Financial assets held for trading	FAHfT	Fair value	Level 2	5.2	2.9
Available-for-sale financial assets	AfS	Cost	n.a.	1.4	1.4
		Fair value	Level 1	0.8	0.7
Financial liabilities measured at amortized cost	FLaC	Amortized cost	n.a.	1,063.8	1,910.5
Financial liabilities held for trading	FLHfT	Fair value	Level 2	3.9	8.0

Determination of fair values of financial instruments carried at cost and amortized cost in the statement of financial position

Because of their short maturities, the fair values of cash and cash equivalents, trade receivables, and trade payables with a remaining term of up to twelve months, and other current financial assets and liabilities, correspond approximately to their carrying amounts. OSRAM measures receivables on the basis of different parameters, such as interest rates, specific country risk factors, or the individual credit quality of the customer. On the basis of this measurement, OSRAM recognizes valuation allowances on the above receivables. The carrying amounts of these receivables, net of allowances, approximated their fair values.

The fair values of loans from banks, obligations under finance leases, as well as other noncurrent financial liabilities, are determined by discounting future cash flows using rates currently available for debt of similar terms and remaining maturities. Due to their short-term nature and the use of market interest rates for the noncurrent obligations, the fair values of the above obligations corresponded approximately to their carrying amounts.

Determination of fair values of financial instruments carried at fair value in the statement of financial position

Hierarchy Level 1 for determining fair value

OSRAM derives the fair values of available-for-sale financial assets from quoted market prices in an active market.

Hierarchy Level 2 for determining fair value

The fair values of derivative financial instruments are determined on the basis of inputs that are observable either directly or indirectly. The exact determination depends on the nature of the derivative. The fair value of foreign currency

exchange contracts is based on forward exchange rates. Currency options are measured with the help of option pricing models. The fair value of commodity derivatives (swaps, forwards) is based on forward commodity prices.

Net gains/losses on financial instruments, excluding foreign currency gains and losses, are as follows:

Net Gains/Losses on Financial Instruments

in € million	Fiscal year	
	2013	2012
Loans and receivables	13.6	(20.1)
Financial liabilities measured at amortized cost	0.8	0.2
Financial assets and financial liabilities held for trading	15.3	(19.1)

The net gains/losses on available-for-sale financial assets include gains and losses on the sale and impairment losses.

For the amount of unrealized gains or losses on available-for-sale financial assets recognized directly in equity during the fiscal year and the amount reclassified from equity and recognized in net income for the fiscal year. ¹See Note 28 | Equity.

Net gains/losses on loans and receivables contain changes in valuation allowances, gains or losses on derecognition, as well as recoveries of loans and receivables previously written-off.

The net gains/losses on financial liabilities measured at amortized cost comprise gains or losses on derecognition.

Net gains/losses on financial assets and financial liabilities held for trading consist of changes in the fair values of deriva-

tive financial instruments for which hedge accounting was not applied. In fiscal 2012, these measurement effects resulted in particular from a foreign currency exchange contract entered into to hedge a loan from Siemens denominated in U.S. dollars.

Foreign currency gains and losses on the realization and measurement of monetary assets and liabilities led to a net loss of €24.3 million in the fiscal year under review (2012: loss of €1.0 million). This was offset by net gains on foreign currency exchange contracts, which are included in the net gains/losses on financial assets and financial liabilities held for trading.

Hedging activities

As part of the risk management program, OSRAM uses derivative financial instruments to reduce risks resulting primarily from fluctuations in foreign exchange rates and commodity prices. For additional information regarding OSRAM's risk management strategies, including the use of derivative financial instruments to mitigate or eliminate these risks see Note 33|Financial Risk Management.

Hedging activities were mainly performed with Siemens until the spin-off from Siemens (see Note 39|Related Party Disclosures).

The fair values of each type of derivative financial instruments recognized as financial assets or financial liabilities are as follows:

Fair Values of derivative Financial Instruments

in € million	September 30, 2013		September 30, 2012	
	Asset	Liability	Asset	Liability
Foreign currency exchange contracts	5.5	3.9	3.2	6.8
Commodity derivatives	0.1	–	0.1	1.4
	5.6	3.9	3.3	8.2

33| Financial Risk Management

The OSRAM Licht Group is managed centrally by the management of OSRAM Licht AG, which is responsible for the operating business of the OSRAM Licht Group.

Market risks

Market price fluctuations may result in significant cash flow and earnings volatility risk for OSRAM. The market risks relevant to OSRAM include currency risk, interest rate risk, and commodity price risk. The Group's operating business, as well as its investment and financing activities, are affected by changes in foreign exchange rates, interest rates, and commodity prices. OSRAM seeks to manage and control these risks primarily through its regular operating activities and uses derivative financial instruments when deemed appropriate from a risk perspective.

The Managing Board of OSRAM regards the management of financial market risks as a core task. As a member of the Managing Board, the Chief Financial Officer carries particular responsibility for this part of the entire risk management system. In this context, management has adopted guidelines applicable throughout the Group and delegated responsibility for their operational implementation to corporate functions and individual OSRAM companies.

The amounts determined on the basis of sensitivity analyses in the sections below represent hypothetical data, which may differ significantly from the actual impact on the consolidated statement of income or the consolidated statement of comprehensive income, especially because of simplified assumptions and as a result of unpredictable developments on the financial markets.

Any market-sensitive instruments related to pension plans and share-based payment—including investments in shares and interest-bearing investments—are excluded from the following quantitative and qualitative disclosures. »For additional information, see Note 25|Pension Plans and Similar Commitments and Note 34|Share-based Payment.

Currency risk

Transaction risk and currency risk management

OSRAM's international operations expose the Company to currency risks in the ordinary course of business, particularly from U.S. dollars, Hong Kong dollars, and Chinese renminbi. The Company employs various strategies, discussed below, involving the use of derivative financial instruments to manage these risks.

Exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. Each OSRAM company conducting business with international counterparties that leads to future cash flows denominated in a currency other than its functional currency is exposed to risks from changes in exchange rates. The currency risk is partly mitigated by purchasing goods, commodities, and services in the respective currencies as well as by performing production activities and other services along the value chain in the local markets. Financing or investments of operating companies are preferably carried out in their functional currency or on a hedged basis. Operating companies are prohibited from borrowing or investing in foreign currencies on a speculative basis.

As part of Group-wide currency management, each OSRAM company is responsible for recording, assessing, monitoring, reporting, and hedging its currency transaction exposure. Corporate guidelines provide the concept for identifying and determining the net foreign currency exposure. They commit the companies to hedging their net foreign currency exposure within a narrow band of at least 75% but no more than 100%.

According to OSRAM's definition, currency risk generally results from items of the statement of financial position and firm commitments denominated in foreign currencies as

well as foreign currency denominated cash flows arising from forecast transactions with a time horizon of up to six months. The currency risk of the respective OSRAM company is determined on the basis of the Company's functional currency, which for the Group as a whole results in currency exposure especially to the U.S. dollar.

USD Exposure

Nominal amounts in USD million	September 30,	
	2013	2012
Net exposure before hedging	(46.6)	(334.3)
Hedged with derivative financial instruments	37.3	314.7
Net exposure	(9.3)	(19.6)

OSRAM uses derivative financial instruments, especially forward exchange contracts, to hedge against exchange rate fluctuations. Certain derivative financial instruments that are used to hedge forecast transactions and firm commitments and meet the requirements for hedge accounting are accounted for as cash flow hedges. As of September 30, 2013 and 2012, the maturities of the derivatives accounted for as cash flow hedges were 12 months or less. The effective portion of changes in the fair values of these derivatives is recognized directly in equity in *Other comprehensive income (loss), net of tax* and only recognized in profit or loss when the hedged item occurs. »Changes in the *Other comprehensive income (loss), net of tax* line item resulting from changes in the fair values of these derivatives and from amounts reclassified to profit or loss are presented in Note 28|Equity.

Derivatives not included in hedge accounting must be designated as "held for trading" and changes in their fair values must be recognized immediately in profit or loss. »The resulting effect on the income is included in the table showing the net gains/losses on financial instruments in Note 32|Financial Instruments and Hedging Activities.

OSRAM uses a sensitivity analysis in accordance with the requirements of IFRS 7 to determine the hypothetical impact of exchange rate fluctuations of the U.S. dollar against the euro on income (loss) before income taxes and equity. The analysis includes foreign currency exposures denominated in U.S. dollars of companies whose functional currency is the euro. The foreign currency exposures comprise in particular cash and cash equivalents as well as receivables and payables. It also includes foreign currency exposures denominated in euros of companies whose functional currency is the U.S. dollar. In addition, all currency derivatives outstanding as of the end of the reporting period were remeasured by applying the hypothetical exchange rate. This analysis does not take into account the offsetting effects of unrecognized firm commitments and forecast transactions. According to

the sensitivity analysis, a ten percent increase or decrease in the value of the euro against the U.S. dollar as of September 30, 2013, and 2012 would result in the following pre-tax effects:

Sensitivity Analysis USD/EUR

in € million	Change of exchange rate as of September 30, 2013 by	
	+10%	-10%
Net income (loss) before income taxes	(6.7)	6.4
Other income (loss) before income taxes	3.2	(3.9)
Total effect on equity	(3.5)	2.5

Sensitivity Analysis USD/EUR

in € million	Change of exchange rate as of September 30, 2012 by	
	+10%	-10%
Net income (loss) before income taxes	(2.2)	2.6
Other income (loss) before income taxes	3.3	(3.7)
Total effect on equity	1.1	(1.1)

The effects on *Income (loss) before income taxes* shown here result from measuring the foreign currency exposures at the hypothetical closing rate and from measuring the currency derivatives not included in hedge accounting. The effects of measuring the currency derivatives accounted for as cash flow hedges as part of hedge accounting are recognized directly in equity in other comprehensive income.

Effects of currency translation

Many OSRAM subsidiaries are located outside the eurozone. Since OSRAM's reporting currency is the euro, the financial statements of these subsidiaries are translated into euros for the preparation of the consolidated financial statements. To consider the effects of foreign currency translation in risk management, there is an assumption that investments in foreign-based operations are permanent and that reinvestment is continuous. The effects of exchange rate fluctuations on the translation of net asset positions into euros are recognized in equity in OSRAM's consolidated financial statements.

Interest rate risk

OSRAM may be exposed to interest rate risk, especially as a result of rising finance costs due to an increase in interest rates; conversely, falling interest rates lead to lower interest income from deposits. The purpose of interest rate risk management is to monitor and manage interest rate risk.

Variable-rate financial instruments are subject to cash flow risk, which is reflected in uncertainty about the level of future interest payments. This risk also affects fixed-rate financial instruments as soon as they are reinvested or refinanced.

These risks are broadly quantified using cash flow sensitivity analysis. This kind of analysis includes all cash and cash equivalents as well as debt as of the end of the reporting period. To simulate the potential impact of changes in the market interest rate, a parallel shift in the yield curve of +100 and -25 basis points is assumed for all currencies. The table below shows the annual effect on interest payments and net interest on the basis of the exposure as of the end of the reporting period.

Sensitivity Analysis Interest Risk

in € million	September 30,	
	2013	2012
Cash and cash equivalents	522.1	31.2
Debt ¹⁾	(355.9)	(48.5)
Liability to Siemens Group from financing activities, net	-	(578.7)
Exposure	166.2	(596.0)
Annual effect of an interest increase by 100 basis points	1.7	(6.0)
Annual effect of an interest decrease by 25 basis points	(0.4)	1.5

¹⁾ As of September 30, 2013, the loans drawn down under the syndicated credit line were included in the nominal amount relevant for calculating the interest. Since the transaction costs have been calculated using the effective interest method in accordance with IAS 39, the carrying amount is lower than the nominal amount.

OSRAM does not believe there is any relevant current exposure to interest rate risk defined as the risk of changes in fair value, because the primary interest-bearing financial instruments held by OSRAM are measured at amortized cost. As of the end of the reporting period, there were no interest rate derivatives measured at fair value.

Commodity price risk

OSRAM's production activities expose the Company to various commodity price risks in the ordinary course of business. Especially copper, gold, silver, aluminum, tin, molybdenum, and rare earths are highly significant for the manufacture of its products. Commodity prices may fluctuate considerably, depending on the market situation, and may lead to undesirable and unpredictable earnings and cash flow volatility. OSRAM also uses derivative financial instruments to mitigate these risks.

Each OSRAM company is responsible for recording, measuring, monitoring, reporting, and hedging its risks arising from forecast and pending commodity purchase transactions (commodity price risk exposure). The binding guidelines provide the concept for identifying and measuring commodity price risk. They commit the companies to hedging these risks within a narrow band of between 75% and 100% of their

risk exposure. The risk exposure is derived from pending and forecast procurement transactions to cover the commodity demand in the product business for the current and subsequent quarter.

The aggregated commodity price risk is hedged primarily using commodity derivatives (swaps and forwards), which are measured at fair value through profit or loss. Commodity derivatives are not included in hedge accounting.

OSRAM uses a sensitivity analysis in accordance with IFRS 7 to determine the effects on net income and equity of hypothetical changes in the fair values of the commodity derivatives. This analysis does not take into account the offsetting effects of procurement transactions that have not yet been recognized.

According to the sensitivity analysis, a ten percent increase or decrease in the forward prices of the following commodities as of September 30, 2013 and 2012, would lead to the following changes in the fair values of commodity derivatives and in *Income (loss) before income taxes*.

Sensitivity Analysis of Commodity Prices

in € million	Change of commodity prices as of September 30, 2013 by	
	+10%	-10%
Copper	0.3	(0.3)
Gold	0.2	(0.2)
Aluminium	0.1	(0.1)
Tin	0.1	(0.1)
Total effect	0.7	(0.7)

Sensitivity Analysis of Commodity Prices

	Change of commodity prices as of September 30, 2012 by	
	+10%	-10%
Copper	0.9	(0.9)
Aluminium	0.2	(0.2)
Tin	0.2	(0.2)
Molybdenum	0.1	(0.1)
Total effect	1.4	(1.4)

Liquidity risk

The liquidity risk relates to the possibility that OSRAM may not be able to meet its existing and future financial obligations. To monitor and manage liquidity risk, OSRAM uses cash forecasts and effectively manages its cash and net working capital.

The liquidity reserve, which consists of cash and cash equivalents, amounted to €522.1 million as of September 30, 2013 (September 30, 2012: €31.2 million). In addition, under a

syndicated loan agreement, OSRAM has access to a revolving credit line with a maximum total volume of €950 million, which was unused as of September 30, 2013.

The following table shows all contractually fixed payments for settlement, repayments, and interest resulting from recognized financial liabilities as of September 30, 2013, including expected net cash outflows from derivative financial liabilities. The amounts disclosed are undiscounted net cash outflows for the next fiscal years, based on the earliest date on which OSRAM could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the terms and conditions as of September 30, 2013.

Settlement, Repayments, and Interest

	September 30,		
in € million	2014	2015 to 2018	2019 and thereafter
Non-derivative financial liabilities			
Loans from banks	65.6	319.3	-
Trade payables	675.5	-	-
Other financial liabilities	37.9	0.4	-
Derivative financial liabilities	3.9	-	-

Credit risk

Credit risk arises when a customer or other counterparty of a financial instrument is unable to meet its payment obligations or if the assets used as collateral decline in value. OSRAM is exposed to credit risk especially in relation to receivables from its business operations. In the finance area, bank deposits and derivatives with positive fair values are exposed to credit risk.

The maximum exposure to credit risk of financial assets, without taking account of any collateral, is represented by their carrying amount.

Effective monitoring and management of credit risk is a core competency of risk management. OSRAM companies are obliged to apply the implemented credit risk policies, which stipulate that credit checks and ratings are performed for all customers with a credit limit beyond a defined threshold. Customer ratings and individual customer limits are based on generally accepted rating methodologies, with the input consisting of information obtained from external rating agencies, data service providers, and OSRAM's previous customer default experience. Credit risk is recorded and monitored on an ongoing basis.

OSRAM takes out credit insurance to hedge against the credit risk of outstanding receivables. As of September 30, 2013, around 38.3% (September 30, 2012: 45.4%) of the nominal amount of trade receivables was hedged on the basis of credit insurance. In addition, there was other collateral, especially guarantees, amounting to €9.5 million as of September 30, 2013 (September 30, 2012: €8.9 million).

In relation to credit risk in the finance area, OSRAM aims to have a broadly based business volume in order to reduce credit risk and excessive dependence on individual institutions. The banks with which OSRAM enters into finance transactions are selected and regularly reviewed according to various criteria, in particular credit quality considerations.

There were no significant concentrations of credit risk as of September 30, 2013 and 2012.

With regard to trade receivables and other receivables as well as other loans or receivables included in the line item Other financial assets that are neither impaired nor past due, there were no indications as of September 30, 2013, that defaults on payments would occur. For additional information on the concept of determining allowances on receivables see Note 3 | Management Estimates and Judgments.

34 | Share-Based Payment

In the past, OSRAM's employees and management participated in Siemens AG share-based payment programs, which in addition to stock awards, stock options, and share matching programs also included the German Jubilee Share Program. When the spin-off took effect on July 5, 2013, the existing Siemens programs were cash-settled in favor of the eligible OSRAM employees in accordance with the terms and conditions of the relevant programs. OSRAM launched its own share-based payment programs for employees and members of the Managing Board in fiscal 2013.

Share-based payment programs of Siemens AG

Until the spin-off took effect, OSRAM was part of the Siemens Group in the reporting period. The terms and conditions of the share-based payment programs approved in the past by the Managing Board of Siemens AG for all Siemens Group companies were adopted in identical form by OSRAM's management.

Share-based payment awards at Siemens mostly provided for settlement with equity instruments, and there is a limited number of cash settlement plans (for example phantom

stock). They had to be classified as share-based payments in accordance with IFRS 2 in OSRAM's consolidated financial statements. OSRAM had a contractual obligation to its employees to settle the share-based payment programs at the end of the vesting period. Siemens AG issued the compensation granted (i.e. shares of Siemens AG) to OSRAM employees on behalf of OSRAM. OSRAM accounts for all existing share-based payment programs as share-based payment with cash settlement. Differences arising from the different treatment of share-based payment—settlement through equity instruments or cash settlement—are recognized in OSRAM's consolidated statement of income. The expenses recognized by OSRAM differed from the costs Siemens charged to OSRAM for participation in the programs due to the accounting treatment of the cash-settled commitments. In OSRAM's consolidated financial statements, these differences were reported as noncash contributions and withdrawals by Siemens AG. For additional information see Note 28 | Equity.

When the spin-off took effect on July 5, 2013, these awards were cash-settled in favor of the eligible OSRAM employees in accordance with the terms and conditions of the relevant programs.

In fiscal 2013, a net expense (before tax) of €19.5 million is included in connection with these share-based payment programs. They related primarily to the cash settlement of €15.3 million in accordance with the plan terms and conditions, the expenses for these programs until the spin-off, as well as an income from changing the Jubilee Share Program for senior-management/director-level employees (see Jubilee Share Program). In fiscal 2012, the expenses (before tax) incurred in connection with these share-based payment programs had amounted to €9.2 million. The cash settlement of these programs led to a cash outflow of €20.6 million in fiscal 2013.

Siemens AG's share-based payment programs are presented below.

Stock awards based on Siemens share-based payment programs

OSRAM granted members of the management of the OSRAM Licht Group and other eligible employees stock awards (Siemens Stock Awards) as a form of share-based payment. The stock awards of shares in Siemens AG are subject to a restriction period of around four years. For the stock awards granted in fiscal years 2010 and 2011, the restriction period was normally three years. Upon expiration of the restriction period, the beneficiary receives Siemens shares without

payment of consideration. Stock awards are forfeited if the grantee's employment with OSRAM terminates prior to the expiration of the restriction period. During the restriction period, the stock awards are not entitled to dividends. They may not be transferred, sold, pledged, or otherwise encumbered.

Since fiscal 2012, the allocation of stock awards as share-based payment has been linked to Company-based performance criteria to a greater extent. The qualifying target achievement ranges from 0% to 200%.

Half of the annual target amount of the stock awards was linked to the average earnings per share (basic EPS) for the past three fiscal years. The degree of target achievement determined the number of shares awarded. In general, the plan terms and conditions had provided for settlement of these stock awards in Siemens shares after the four-year restriction period.

The other half of the annual target amount for stock awards was based on the performance of Siemens stock relative to the stock price performance of five significant competitors of Siemens (ABB, General Electric, Philips, Rockwell, Schneider) during the four-year restriction period. The degree of target achievement was determined over the four-year restriction period of the stock awards and determined the number of Siemens shares to be transferred after expiration of the restriction period. In general, the plan terms and conditions had provided for settlement of these stock awards in shares of Siemens AG for a target achievement of up to 100%. If target achievement was above 100% (up to 200%), an additional cash payment would have been made, based on how far the figure outperformed the target.

In fiscal 2013, OSRAM employees were granted 99,013 stock awards (2012: 126,597), of which 60,001 (2012: 67,449) of the awards were made contingent on the attainment of the EPS target of the Siemens Stock. When the spin-off took effect on July 5, 2013, these awards were cash-settled on the basis of 100% in favor of the eligible OSRAM employees. The cost of nonvested awards was also recognized as an expense in this context. As of September 30, 2012, the fair value of the stock awards granted in fiscal 2012 that were contingent on Siemens shares achieving the EPS target was €4.0 million, measured at the market price at that date. This was in line with the target amount that corresponds to meeting the EPS target.

In fiscal 2013, members of OSRAM's management and eligible OSRAM employees were granted the remaining 39,012 stock awards (2012: 59,148) contingent on Siemens shares

reaching a forward-looking target price. When the spin-off took effect on July 5, 2013, these awards were cash-settled on the basis of 100% in favor of the eligible OSRAM employees. As of September 30, 2012, the fair value of the stock awards granted in fiscal 2012 was €2.2 million, measured at the market price, of which €2.1 million was attributable to awards settled in Siemens shares. The fair value was calculated by applying a local volatility model. In fiscal 2012, inputs to that model include Siemens shares at an expected weighted volatility of 25.3% and a market price of €74.1 per Siemens share. The expected volatility was determined by reference to implied volatilities. The model applied a risk-free interest rate of up to 1.8% and an expected dividend yield of 3.9%. Compensation expense related to these stock awards is generally recognized over four years until they vest, including the four-year restriction period.

At the grant date, the value per stock award granted in fiscal 2013 was €64.93 and €62.10 respectively (2012: €57.70 and €61.70, respectively) for the EPS-based awards and the awards contingent on the performance of Siemens stock relative to the stock price performance of five significant competitors of Siemens. In fiscal 2012, the weighted average grant-date fair value of the outstanding stock awards as of the reporting date was €64.10 per stock award granted.

The table below shows the changes in stock awards:

Changes in Stock Awards

Stock Awards	September 30,	
	2013	2012
Non-vested, beginning of period	205,365	226,782
Granted	99,013	126,597
Vested	(285,090)	(111,160)
Forfeited/settled	(19,288)	(36,854)
Non-vested, end of period	-	205,365

The stock awards were accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of the stock awards granted corresponds to the market value of shares of Siemens AG as of the end of the reporting period, less the present value of dividends expected during the four-year or three-year vesting period.

When the spin-off took effect on July 5, 2013, these awards were therefore cash-settled on the basis of 100% in favor of the eligible OSRAM employees. At the time of settlement, the fair value per stock award of the tranches granted in 2012, 2011, and 2010 was €65.71, €70.14, and €77.50, respectively. These figures were based on the market price of Siemens' shares as of July 5, 2013, less the present value of the divi-

dends expected until the end of the originally agreed vesting period. As of September 30, 2012, the fair value of the liability from outstanding stock awards was €7.4 million and the fair value of the outstanding stock awards measured at the market price as of September 30, 2012, was €13.1 million.

In addition, part of the variable compensation for members of management (bonus) was granted in the form of nonforfeitable stock awards (bonus awards) in fiscal 2012. This program was settled in cash in fiscal 2013.

Share Matching Program and underlying plans

Share Matching Plan

In each of fiscal years 2013 and 2012, Siemens issued a new tranche under the Share Matching Plan. Senior managers may invest a certain percentage of their compensation in Siemens shares. In fiscal 2012, members of management were able to invest a certain amount of their bonus payments in Siemens shares for the last time. Within a specified period in the first quarter of each fiscal year, plan participants decided on the amount they wanted to invest in Siemens shares (investment shares). The shares were bought at the market price at a specified date in the second quarter. Plan participants had the right to one Siemens share without payment of consideration (matching share) for every three investment shares continuously held over the three-year vesting period, provided that plan participants had been continuously employed by OSRAM until the end of the vesting period. During the vesting period, matching shares were not entitled to dividends. The right to receive matching shares was forfeited if the underlying investment shares were transferred, sold, pledged, or otherwise encumbered.

Monthly Investment Plan

In each of fiscal years 2013 and 2012, Siemens issued a new tranche under the Monthly Investment Plan, a further component of the Share Matching Plan available for employees other than senior managers of participating OSRAM companies. Plan participants were able to invest a specified percentage of their compensation in Siemens shares on a monthly basis over a period of 12 months. The shares were purchased at the market price at a specified date once a month. The Siemens Managing Board decided annually whether shares acquired under the Monthly Investment Plan (investment shares) would be transferred to the Share Matching Plan of the following year. If the Siemens Managing Board decided that shares acquired under the Monthly Investment Plan would be transferred to the Share Matching Plan, plan participants received the right to matching shares under the same terms and conditions applying to the Share Matching Plan described above. Up to the agreed grant

dates in the first quarter of each fiscal year, employees were allowed to decide whether to take part in the Monthly Investment Plan and consequently also in the Share Matching Plan.

For the tranches issued in fiscal years 2012 and 2011, it was decided to transfer the acquired shares to the Share Matching Plan in February 2013 and February 2012, respectively.

Base Share Program

In each of fiscal years 2013 and 2012, Siemens issued a tranche under the Base Share Program. OSRAM employees could invest a fixed amount of their compensation in Siemens shares, to which OSRAM added a tax-free allowance. In fiscal 2012, members of OSRAM management were able to participate in the Base Share Program for the last time. The Siemens shares were bought at the market price at a specified date in the second quarter and granted the right to receive matching shares under the same terms and conditions applying to the Share Matching Plan described above. The fair value under the Base Share Program corresponds to the tax-free allowance paid by OSRAM.

In fiscal 2013, this resulted in expenses (before tax) for OSRAM of €1.6 million (2012: €1.4 million). The expenses incurred relate to the shares that were acquired by OSRAM in the amount of the tax-free allowance and passed on to plan participants.

Resulting matching shares

Changes in Matching Shares

Matching Shares	September 30,	
	2013	2012
Non-vested, beginning of period	58,984	70,699
Granted	25,475	26,227
Vested	(14,964)	(31,752)
Forfeited/settled	(69,494)	(6,190)
Non-vested, end of period	-	58,984

The forfeited/settled matching shares for fiscal 2013 reported in the table above include the entitlements settled when the spin-off took effect on July 5, 2013.

In fiscal 2013, the weighted average grant-date fair value of the resulting matching shares was €57.77 (2012: €50.35) per share as of the grant date, based on the number of shares granted. As of the grant date, the fair value of the matching shares amounted to €1.5 million (2012: €1.3 million).

Fair value was determined as the price of Siemens shares less the present value of expected dividends during the vesting period, as matching shares do not carry dividend rights during the vesting period. Nonvesting conditions, i.e. the condition applicable during the vesting period of the plan neither to transfer, sell, pledge, nor otherwise encumber the underlying shares, were considered in determining the fair values.

When the spin-off took effect on July 5, 2013, these awards were cash-settled in favor of the eligible OSRAM employees, taking any entitlements already vested into account (pro rata). The fair value of the matching shares at the time of the settlement was €77.50. As of September 30, 2012, the liability from outstanding matching shares was €2.2 million and the fair value of the outstanding matching shares, measured at the market price at the measurement date, was €4.2 million.

For the tranche issued in the previous year, the Managing Board had decided to transfer the acquired shares to the Share Matching Plan in February 2013 and February 2012. These matching share entitlements were also settled in cash on a pro rata basis.

Jubilee Share Program

Under the Jubilee Share Program, which has been in place since fiscal 2009, eligible senior-management/director-level employees of German OSRAM companies received jubilee shares on attaining their 25- and 40-year service anniversaries (vesting period). These grants were generally settled in Siemens shares. Jubilee shares were measured at fair value, taking biometric factors into account. The fair value was based on the price of Siemens shares at the grant date less the present value of dividends expected to be paid during the vesting period, to which the employees were not entitled.

In fiscal 2012, 10,560 jubilee share entitlements were granted; 1,680 shares were transferred and 3,120 were forfeited, resulting in a closing balance of 33,360 jubilee share entitlements as of September 30, 2012. Taking biometric factors into account, 27,688 jubilee shares were expected to vest as of the end of fiscal 2012. Based on the fair value as of the end of the reporting period, the fair value of the outstanding shares amounted to €1.2 million as of September 30, 2012.

This agreement was terminated in fiscal 2013 and replaced with a cash settlement in line with the arrangements for the other employees. It will be accounted for in future in accordance with IAS 19R.

Other share-based payment awards

OSRAM had other share-based payment awards under share-based payment programs of Siemens AG (e.g. phantom stock) that do not have any significant impact on OSRAM's consolidated financial statements. When the spin-off took effect, the programs were also settled in cash in accordance with the plan terms and conditions.

Share-based payment programs of OSRAM Licht AG Managing Board compensation

In fiscal 2013, agreements were entered into with the Managing Board of OSRAM Licht AG that provide for the allocation of nonforfeitable awards of shares of OSRAM Licht AG contingent on Company-based performance criteria (OSRAM Bonus Awards). The compensation expense related to OSRAM Bonus Awards is generally recognized over the vesting period of one year. The OSRAM Bonus Awards are subject to a waiting period of four years.

In addition, agreements were entered into in fiscal 2013 that entitle the Managing Board of OSRAM Licht AG to awards of OSRAM Licht shares subject to meeting an EPS-based target (OSRAM Stock Awards). Compensation expense related to these stock awards is generally recognized over five years until they vest, including the four-year restriction period.

› The system of Managing Board compensation and the awards granted in the period under review are explained in detail in the remuneration report.

Transaction bonus

In connection with the spin-off and listing on the stock exchange, a transaction bonus was granted by Siemens AG to the members of the Managing Board of OSRAM Licht AG (as well as other executives). Under this arrangement, OSRAM Licht shares with a value of at least 50% and a maximum of 200% of the target amount established individually are to be granted after the spin-off takes effect. Siemens specified a target achievement of 50%. When calculating the number of OSRAM Licht shares to be granted, the volume-weighted average price of OSRAM Licht shares in XETRA trading on the Frankfurt Stock Exchange in the first 20 trading days is used as a basis. The OSRAM Licht shares will be transferred four years after the listing. Transfer prior to this date may be requested in four equal annual tranches also in this case, a lock-up period for the shares applies for four years from the date of listing on the stock exchange.

198,104 stock awards were granted to the Managing Board and other beneficiaries in this way. In fiscal 2013, this program resulted in expenses (before tax) for the Company of €3.5 million.

Effective July 1, 2013, OSRAM assumed responsibility for the delivery of OSRAM Licht shares to the beneficiaries of the transaction bonus grant as well as for administration of the settlement of this commitment, in return for Siemens reimbursing the resulting costs. ›For additional information on the purchase of treasury shares, see Note 28|Equity.

Family Program

In connection with the spin-off from Siemens, employees of the domestic OSRAM companies could invest an amount of up to €3,500 from their own assets in the subsidized purchase of OSRAM Licht AG shares. OSRAM Licht AG added an allowance to the amount invested, depending on the employees' own investment. When calculating the number of OSRAM Licht shares to be granted, the volume-weighted average price of OSRAM Licht shares in XETRA trading on the Frankfurt Stock Exchange over the first 20 trading days was used as a basis. The shares are subject to a restriction period of six months from the date of listing on the stock exchange. The fair value under the Family Program corresponds to the allowance paid by OSRAM. In fiscal 2013, this program resulted in expenses (before tax) of €0.9 million for the Company.

35|Personnel Costs

Personnel Costs

in € million	Fiscal year	
	2013	2012
Wages and salaries	(1,558.1)	(1,483.0)
Statutory social welfare contributions and expenses for optional support	(237.6)	(199.5)
Expenses relating to pension plans and employee benefits	(71.5)	(60.9)
OSRAM	(1,867.2)	(1,743.4)

The line item *Wages and salaries* particularly includes personnel-related restructuring measures as well as expenses incurred in fiscal 2013 for the cash settlement of Siemens AG's share-based payment programs before maturity.

›For additional information, see also Note 5|Personnel-related Restructuring Expenses and Note 34|Share-based Payment.

The *Expenses relating to pension plans and employee benefits* line item includes both current and past service costs. OSRAM reports pension-related interest expense, net and pension-related interest income, net within Interest income/Interest expense.

The average number of employees in fiscal 2013 was 36,696 FTEs (full-time equivalents; 2012: 40,157 FTEs). The employees were engaged in the functional areas:

Employees by Function

FTE (average)	Fiscal year	
	2013	2012
Production and service	27,269	30,312
Selling	4,958	5,208
Administration and general services	1,887	1,916
Research and development	2,582	2,721
OSRAM employees	36,696	40,157

36|Earnings per Share

Earnings per Share

in € million	Fiscal year
	2013
Net income (loss)	33.6
Less: portion attributable to non-controlling interest	6.0
Income attributable to shareholders of OSRAM Licht AG	27.6
Weighted average shares outstanding – basic (number of shares)	104,642
Effect of dilutive potential equity instruments (number of shares)	72
Weighted average shares outstanding – diluted (number of shares)	104,714
Basic earnings per share (in €)	0.26
Diluted earnings per share (in €)	0.26

The calculation of the weighted average number of shares outstanding in fiscal 2013 included the shares outstanding at the time of the spin-off from the beginning of the fiscal year.

OSRAM was not a legal group for consolidated reporting purposes in accordance with IAS 27 in the fiscal year ended September 30, 2012. ›See Note 1|Basis of Preparation. Equity was derived by aggregating the net assets of OSRAM Licht AG, OSRAM Beteiligungen GmbH, and OSRAM GmbH together with the latter's direct and indirect subsidiaries. Since the group combined in this way did not have any Common Stock, it was not possible to present earnings per share in accordance with IAS 33.

37 | Segment Information

The OSRAM Licht Group is managed centrally by the Managing Board of OSRAM Licht AG in its function as chief operating decision maker (“CODM”). The Managing Board is responsible for the operating activities of the OSRAM Licht Group. The following information is intended to show how it monitors the reportable segments.

In fiscal 2012, there were three Business Units that also corresponded to the reportable segments: General Lighting (“GL”), Specialty Lighting (“SP”), and Opto Semiconductors (“OS”).

In order to better address the challenges associated with the change in business models in response to the technology shift and to create even clearer responsibilities, the General Lighting Business Unit’s operations were split into four new Business Units—Lamps, Light Engines & Controls, Luminaires, and Solutions—plus two centrally managed units, Services and OLED (a unit for developing organic light emitting diodes) with effect from October 1, 2012. The newly formed Business Units were combined into the following reportable segments: Lamps & Components (consisting of Lamps and Light Engines & Controls) and Luminaires & Solutions (consisting of Luminaires, Solutions, and Services). As a central research and development project, OLED is reported under Corporate items. In the course of the reorganization, the mechanical engineering and toolmaking activities previously reported under Corporate items were allocated to the Lamps Business Unit. Accordingly, OSRAM has four reportable segments since the beginning of fiscal 2013: Lamps & Components (“LC”), Luminaires & Solutions (“LS”), Specialty Lighting, and Opto Semiconductors. Intersegment revenue is disclosed in line with the reporting to the CODM.

This segment reporting presents the general illumination business based on the business model along the lighting value chain. The LC reportable segment contains the product business (lamps and components for lamps and luminaires). This has a high share of traditional products, which are expected to be increasingly substituted by forward-integrated SSL products (“SSL” stands for “solid state lighting”—the newest generation of lighting products, such as LEDs (light emitting diodes)). The LS reportable segment contains the project and solutions business (luminaires and light management systems for controlling luminaires and lighting systems), which was reinforced largely by acquisitions in recent years, as well as installation and maintenance services for such lighting solutions.

For the prior-year period, the segment information is presented according to the new segment structure for comparative purposes.

Description of reportable segments

Lamps & Components (LC)

The LC segment largely comprises OSRAM’s traditional product business, consisting of lamps (from incandescent lamps for consumers through halogen and fluorescent lamps to high-intensity discharge lamps for professional indoor and outdoor use) and components for lamps and luminaires (e.g. electronic ballasts and components for light management systems). Additionally, LC increasingly develops and sells direct substitutes for traditional lamps based on SSL technology. By integrating LEDs into traditional lamp and luminaire forms (forward integration), LC develops SSL products such as LED retrofit lamps and electronic ballasts for LED luminaires.

Luminaires & Solutions (LS)

The LS segment primarily contains OSRAM’s project and solutions business, which has been extended through OSRAM’s latest acquisitions. This segment includes luminaires for professional applications such as street lighting or architectural lighting, which are mainly sold as part of large projects, as well as (to a much lesser extent) luminaires for private applications such as table and flashlights. In addition, LS offers lighting solutions and associated light management systems that are used in internal and external architectural lighting, and in event lighting. Installation and maintenance services for the LS product portfolio are covered by the Services unit.

Specialty Lighting (SP)

The Specialty Lighting segment develops and produces lamps and lighting systems for the automotive sector, studio, stage and TV applications, projection systems, as well as special lamps for industrial and medical applications. In addition, it produces lamps for disinfecting liquids, surfaces, and gases with UV light.

Opto Semiconductors (OS)

The Opto Semiconductors segment manufactures optoelectronic semiconductors. The product portfolio includes LEDs, optical sensors, infrared LEDs, and high-power laser diodes for visible and infrared light. The products are used in the automotive industry as well as in communication products and consumer goods.

Reconciliation to the Consolidated Financial Statements

The *Reconciliation to consolidated financial statements* item contains businesses, activities, and items that are not directly related or allocated to OSRAM's reportable segments.

Corporate items and pensions

The Corporate items include certain business activities and special topics that are not directly attributed to the segments because the CODM does not consider them to be indicative for the segments' performance. Among other things, these include some of the activities in connection with specific pre-materials (e.g. the production of fluorescent materials) and specific legal issues. Additionally, Corporate items contain certain costs related to the separation for going public and patent infringement disputes. Since the beginning of fiscal 2013, the OLED research and development project is also reported under Corporate items. The pensions item includes those pension-related income and expenses at OSRAM that are not allocated to the segments.

In fiscal 2013, the EBITA column of the *Corporate items and Pensions* line item includes €–56.7 million (2012: €–90.8 million) relating to corporate items, as well as €–4.8 million (2012: €–2.8 million) relating to pensions. The increase in EBITA for the corporate items in fiscal 2013 is primarily due to a net decline in costs associated with the separation/for going public (net), which amounted to €8.8 million (2012: €30.8 million), as well as lower legal expenses (the previous year was impacted by license and trademark litigation costs in the amount of €34.2 million). While transformation costs in fiscal years 2013 and 2012 were at similar levels, the net result from activities associated with certain pre-materials had an offsetting effect. While they had still made a positive contribution to EBITA in fiscal 2012, the earnings contribution was negative in fiscal 2013.

Eliminations, corporate treasury, and other reconciling items

Eliminations, corporate treasury, and other reconciling items comprise the consolidation of transactions between the segments, certain reconciliation and reclassification items, and the operations of OSRAM's corporate treasury.

Measurement—Segments

› The accounting policies for the segment information are generally the same as those described in Note 2 | Summary of Significant Accounting Policies. Corporate overheads and certain other items not directly attributable to segments are allocated to the segments.

Segment EBITA

The Managing Board of OSRAM Licht AG is responsible for assessing the performance of the segments. The chief operating decision maker has specified that earnings before financial result (Income (loss) from investments accounted for using the equity method, interest income, interest expense, and other financial income (expense), net), income taxes, and amortization and impairment of intangible assets and goodwill ("EBITA") are to be used as the performance measure. EBITA is an indicator based on operational performance.

The net financial result not included in EBITA comprises both the Income (loss) from investments accounted for using the equity method and net interest income (expense) from financing activities, as decisions in this regard are taken at Group level.

Similarly, key decisions on pension-related issues are taken centrally. Therefore, EBITA primarily includes current service cost only. Pension plan curtailments are regarded as a partial payback reimbursement of past service cost, which affects segment profit or loss.

Moreover, income taxes are not a component of EBITA since income tax is subject to legal structures, which typically do not correspond to the structure of the segments.

Asset measurement principles

Management has determined assets as a measure to assess the capital intensity of the segments (net assets). They are calculated as the total assets in the consolidated statement of financial position, less financial and tax receivables, including deferred tax assets. Non-interest-bearing liabilities and other liabilities not resulting from taxes (for example trade payables) are deducted from the remaining assets. A reconciliation of total assets presented in the segment information to the consolidated statement of financial position is presented below.

Free cash flow definition

The segment information shows the free cash flow and additions to property, plant, and equipment, and intangible assets. The segments' free cash flow is defined as net cash provided by (used in) operating activities less additions to intangible assets and property, plant, and equipment. For the segments, it primarily excludes income tax related and financing interest payments and proceeds.

Amortization and impairments

The amortization charges and impairment losses presented in the segment information include impairment losses on goodwill and amortization charges and impairment losses on intangible assets, net of reversals of impairment losses.

Depreciation and impairments

The depreciation charges and impairment losses presented in the segment information include depreciation charges and impairment losses on property, plant, and equipment, net of reversals of impairment losses.

Reconciliation to the Consolidated Financial Statements

The following table reconciles EBITA as presented in the segment information to the income (loss) before income taxes as presented in OSRAM's consolidated statement of income:

in € million	Fiscal year	
	2013	2012
Reconciliation EBITA to Income (loss) before Income Taxes		
EBITA	99.5	50.8
Amortization ¹⁾	(27.0)	(313.1)
Interest income	5.9	4.7
Interest expense	(32.0)	(48.7)
Other financial income (expense), net	(9.9)	(11.5)
Income (loss) from investments accounted for using the equity method, net	13.6	(49.3)
Income (loss) before income taxes	50.1	(367.2)

¹⁾ Includes amortization and impairments of goodwill and intangible assets, net of reversals of impairments.

Costs associated with the transformation process

OSRAM is addressing the fundamental change in the lighting industry proactively. Since the first quarter of fiscal 2012, this has been supported by an overall, comprehensive and sustainable improvement program—"OSRAM Push." OSRAM Push is far more than just a restructuring program. It aims to ensure the OSRAM Licht Group's long-term competitiveness by transforming processes, structures, and the corporate culture, with a view to achieving continuous improvement and generating more revenue through organic growth. This also entails transferring more responsibility to employees, and establishing a sustainable performance-driven and share-owning culture. One part of OSRAM Push is the worldwide restructuring project, "Future Industrial Footprint," which is aimed at adapting production capacity to new market demand. Simultaneously, OSRAM is aiming to increase the earnings power of its business by ensuring more efficient structures in the research and development, production, and sales and distribution functions, as well as in corporate func-

tions. ▶ See Note 5 | Personnel-related Restructuring Expenses and Note 7 | Other Operating Expenses. Other parts of OSRAM Push are aimed at improving the processes and organizations, as well as the business's performance-oriented culture. The transformation costs of OSRAM Push have an effect on EBITA and relate in particular to the LC and LS segments as well as Corporate items. In total, transformation costs of €299.5 million were incurred and impacted EBITA in fiscal 2013. These primarily comprise the cost of restructuring measures relating to the "Future Industrial Footprint" project and of more efficient structures in research and development, production, sales and distribution, and corporate functions. They include the cost of personnel-related measures amounting to €197.1 million ▶ see Note 5 | Personnel-related Restructuring Expenses as well as other transformation costs of €102.5 million. The amount includes impairment losses and losses on the disposal of items of property, plant, and equipment. ▶ See Note 7 | Other Operating Expenses and Note 18 | Property, Plant, and Equipment. Further transformation costs were also incurred, including for historical regulatory risks relating to one country, which is being addressed as part of the "Future Industrial Footprint" project. OSRAM also regards these risks as being in connection with the strategic realignment in that country. In addition, expenses of €7.4 million were incurred in connection with restructuring the service business in the U.S.A.

By comparison, transformation costs of €198.5 million were incurred and reduced EBITA in fiscal 2012. They include the cost of personnel-related measures in the amount of €69.3 million ▶ see Note 5 | Personnel-related Restructuring Expenses as well as other transformation costs in the amount of €129.2 million. The figure includes impairment losses and losses on the disposal of items of property, plant, and equipment. ▶ See Note 7 | Other Operating Expenses and Note 18 | Property, Plant, and Equipment. Transformation costs also include expenses for the program to reduce product complexity and the related discontinuation of products, which resulted in the remeasurement of the net realizable value of inventories due to lower selling prices (€23.1 million) and other transformation costs (€19.6 million), among others relating to consulting expenses for OSRAM Push.

Costs associated with the separation/for going public

In fiscal 2013, net costs of €10.4 million were incurred in relation to the separation/going public and the spin-off. This amount includes income in connection with the settlement of patent infringement disputes, which escalated after the announcement of the originally planned IPO. ▶ See Note 31 | Legal Proceedings. In addition, the following costs were incurred: personnel-related expenses in connection with the spin-off (including €15.3 million for the settlement of the Siemens

share-based payment programs), relocation costs, in particular costs of €6.5 million for the relocation of Group headquarters, as well as costs in connection with the listing and the establishment of OSRAM as an independent company, which were partly reimbursed by Siemens. In fiscal 2012, the net costs incurred in relation to the separation/going public and the spin-off totaled €30.8 million; they were largely dominated by net expenses in connection with patent infringement disputes. ¹For information on the costs reimbursed by Siemens, see Note 39 | Related Party Disclosures.

Costs associated with legal and regulatory matters

In fiscal 2013, OSRAM incurred additional costs of €12.0 million in connection with significant legal and regulatory matters, mainly due to an increase in provisions for ongoing proceedings. In fiscal 2012, these costs amounted to €50.6 million, of which the major portion (€34.2 million) was attributable to a license and trademark litigation. ²See Note 31 | Legal Proceedings.

The following table reconciles total net capital employed for the segments to the total assets reported in OSRAM's consolidated statement of financial position:

Reconciliation Total Segment Net Capital Employed to Total Assets	September 30,	
	2013	2012
in € million		
Total segment net capital employed	1,772.1	2,169.0
Reconciliation to consolidated financial statements		
Net capital employed corporate items and pensions	(171.6)	(339.1)
Net capital employed Treasury ¹⁾	541.0	57.1
Other reconciling items		
Receivables from Siemens Group ²⁾	–	956.2
Tax related assets ³⁾	447.2	432.1
Liabilities and provisions	1,478.3	1,302.9
Pension plans and similar commitments	358.5	488.7
Total assets	4,425.3	5,066.9

¹⁾ OSRAM Treasury does not have net capital employed in the same way as an operating segment, but it is determined here in the same way as for operating segments; the assets consist primarily of cash and cash equivalents.

²⁾ Operating receivables from Siemens Group are included in the net capital employed of the segments in fiscal 2013.

³⁾ Tax related assets: of which €3.2 million relates to noncurrent income tax receivables in fiscal 2012.

The following table presents the *Income (loss) from investments accounted for using the equity method, net* attributable to the individual segments:

Income (loss) from Investments Accounted for Using the Equity Method, Net	Fiscal year	
	2013	2012
in € million		
Segments		
Lamps & Components	5.9	(9.9)
Luminaire & Solutions	(1.5)	(0.7)
Speciality Lighting	11.5	(35.0)
Opto Semiconductors	–	–
Reconciliation to Consolidated Financial Statements		
Corporate items and pensions	(2.2)	(3.7)
Income (loss) from investments accounted for using the equity method, net	13.6	(49.3)

38 | Information about Geographies

Revenue by Regions	Fiscal year	
	2013	2012
in € million		
Revenue by location of customer		
EMEA	2,265.0	2,232.8
APAC	1,257.7	1,316.0
Americas	1,766.0	1,851.0
OSRAM	5,288.7	5,399.8
thereof Germany	755.7	714.0
thereof foreign countries	4,533.0	4,685.8
therein U.S.A.	1,240.5	1,303.2
Revenue by location of company		
EMEA	2,392.1	2,367.8
APAC	1,141.4	1,191.1
Americas	1,755.1	1,840.9
OSRAM	5,288.7	5,399.8
thereof Germany	1,201.2	1,180.6
thereof foreign countries	4,087.5	4,219.2
therein U.S.A.	1,509.6	1,576.4

The EMEA region comprises Europe, Russia, the Middle East, and Africa. The Americas region includes the U.S.A., Canada, Mexico, and South America. The APAC region comprises Asia, Australia, and the Pacific.

Noncurrent Assets by Region

in € million	Fiscal year	
	2013	2012
EMEA	785.7	830.6
APAC	318.3	424.5
Americas	183.2	224.8
OSRAM	1,287.3	1,479.8
thereof Germany	691.1	718.3
thereof foreign countries	596.2	761.5
therein U.S.A.	168.2	202.8

Noncurrent assets consist of property, plant, and equipment, goodwill, and other intangible assets.

39 | Related Party Disclosures

The OSRAM Licht Group has business relations with the Siemens Group (Siemens AG and its direct and indirect subsidiaries excluding OSRAM), Siemens associates and joint ventures, as well as OSRAM associates and joint ventures.

Until the date of the spin-off, Siemens Group entities were related parties, as Siemens AG controlled OSRAM. ▶ See Note 1 | Basis of Preparation.

Transactions with the Siemens Group

A number of agreements were entered into with Siemens AG to govern expenses, contingent liabilities, and separation-related matters associated with the spin-off.

Sales of goods and services and other income from transactions, and purchases of goods and services and other expenses from transactions with the Siemens Group, up to the date of the spin-off, are presented in the following table:

Sales and Purchases of Goods and Services with the Siemens Group

in € million	Fiscal year	
	2013	2012
Sales of goods and services, other income and interest income	19.0	24.8
Purchases of goods and services, other expense and interest expense	62.0	121.4

Sales to and purchases from the Siemens Group

Supply and delivery agreements exist between OSRAM and the Siemens Group. OSRAM both sources goods and services from the Siemens Group and supplies goods and services to it.

Reimbursement of costs by Siemens

▶ As stated in Note 1 | Basis of Preparation, Siemens has taken OSRAM public. In preparation for the separation from the Siemens Group and the listing and spin-off of the OSRAM Licht Group, OSRAM incurred certain costs that are considered to be extraordinary and that were reimbursed by Siemens under a cost reimbursement agreement. OSRAM reports the reimbursement of those costs net of the respective expenses.

In fiscal 2013, OSRAM recognized income related to the cost reimbursement agreements in the amount of €10.4 million (2012: €7.9 million). This figure includes the reimbursement of property transfer tax, which corresponds to the expense incurred in this regard and has likewise been recognized under *Other operating expenses*.

On July 1, 2013, OSRAM Licht AG and Siemens AG entered into a back-to-back agreement for the handling by OSRAM Licht AG of the transaction bonus granted by Siemens AG. In doing so, OSRAM Licht AG assumed in particular the performance obligation and administrative management from Siemens AG. In turn, Siemens AG agreed to reimburse OSRAM Licht AG for the cost of purchasing treasury shares, the cost of a possible cash settlement, and other costs directly related to the management of the program. The cost reimbursement was accounted for as a contribution to the additional paid-in capital. ▶ For additional information, see Note 28 | Equity and Note 34 | Share-based Payment.

License agreements

OSRAM used software originally purchased by Siemens under Group-wide license arrangements (e.g. SAP, Microsoft, and Oracle licenses). In connection with the spin-off and listing, OSRAM purchased certain Group-wide licenses from Siemens for €4.6 million.

At the end of fiscal 2012, Siemens AG and OSRAM GmbH reached an agreement on the cross-licensing of patents, registered designs, and utility models belonging to the portfolio of the respective parties to the agreement and their group companies at the date the spin-off became effective.

Master Agreement Separation

In September 2012, OSRAM GmbH (at that time OSRAM AG) and Siemens AG entered into a Master Agreement Separation ("Rahmenvertrag Trennung") to execute the spin-off from Siemens. In particular, this agreement governed the termination of internal Group agreements, the transfer of permissions and licenses, share-based instruments, the settlement of taxes, and reciprocal indemnity obligations.

Because of the spin-off, as of September 30, 2013, OSRAM's receivables from and payables to the Siemens Group are no longer reported as related party receivables and payables, unlike in the previous year:

Receivables and Liabilities from Siemens Group

in € million	September 30,	
	2013	2012
Receivables from Siemens Group	–	956.2
therein		
Siemens Credit Warehouse	–	–
from financing activities	–	619.4
from other items	–	336.8
Liabilities to Siemens Group	–	1,209.5
therein		
from financing activities	–	1,198.1
from other items	–	11.4

Other items

As of September 30, 2012, *Other items* included a loss transfer receivable of €336.6 million in relation to the domination agreement between the then OSRAM AG and Siemens Beteiligungen Inland GmbH, Munich, that was effective in fiscal 2012; this receivable was settled in the first quarter of fiscal 2013.

Financing

OSRAM was included in the Siemens Group's cash pooling and cash management system. OSRAM invested excess short-term liquidity and was granted overdraft facilities for financing its operating activities. At the end of the third quarter of fiscal 2013, OSRAM withdrew from the Group-wide cash pooling system for the bank accounts in preparation for the spin-off and listing, as a result of which excess liquidity was no longer automatically transferred to Siemens, but instead partly remained in bank accounts held by OSRAM companies. OSRAM continued to be included in Siemens' central cash management system until the net liability to Siemens that arose prior to the spin-off was settled at the beginning of July. As part of the spin-off and listing, participation in this finance program was replaced by a finance scheme operated by OSRAM GmbH itself.

In connection with the receivables waived by Siemens, a total amount of €163.0 million was recognized as a contribution to OSRAM GmbH's additional paid-in capital in the first quarter of fiscal 2013. »For information on this and further capital contributions made by Siemens, see Note 28|Equity. Additionally, the Siemens Group provided OSRAM with short-term loans. There were no longer any loans outstanding as of September 30, 2013 (September 30, 2012: €720.1 million). The interest income

and expense on balances from these financing activities are included in *Interest income* in an amount of €2.6 million (2012: €1.3 million) and *Interest expense* in an amount of €6.3 million (2012: €20.9 million). All receivables from and payables to related parties are settled regularly.

Leasing

OSRAM had entered into leasing transactions with Siemens Treasury. These were terminated in connection with the spin-off and listing. In addition, several operating lease agreements exist between OSRAM and the Siemens Group, in particular for real estate.

Reorganization of the legal structure of the OSRAM Licht Group

»For additional information regarding the reorganization of the legal structure of the OSRAM Licht Group see Note 1|Basis of Preparation.

Hedging

The OSRAM Group's hedging activities were mainly performed with Siemens. The consideration paid was based on standard market rates. The related receivables and payables were reported in the *Other current financial assets* and *Other current financial liabilities* line items. As part of the spin-off and listing, OSRAM introduced its own risk management system.

Collateral/global letter of support/guarantees

In connection with the spin-off and listing, substantial guarantees issued by Siemens for certain OSRAM companies, with the exception of those for which a transitional arrangement exists, were terminated or assumed by OSRAM GmbH. As of September 30, 2013, guarantees issued by the Siemens Group for liabilities of OSRAM companies amounted to €2.2 million (September 30, 2012: €322.2 million). As of September 30, 2013, there were no longer any guarantees resulting from the Supply Chain Finance Program (September 30, 2012: €70.0 million).

Transactions relating to plan assets

In December 2011, OSRAM GmbH received from Siemens AG a cash contribution of €499.5 million for the funding of pension plans. »For additional information, see also Note 25|Pension Plans and Similar Commitments.

Transactions with associates and joint ventures

Up to the date of the spin-off, OSRAM's business activities included transactions with associates, joint ventures of OSRAM, and joint ventures of the Siemens Group, in particular in respect of the operating business. These are summarized below:

**Sales and Purchases
of Goods and Services and
Other Income and Expense**

in € million	Fiscal year	
	2013	2012
Sales of goods and services and other income	24.1	155.2
Siemens Group's joint ventures	0.7	0.8
OSRAM's associates	0.0	125.5
OSRAM's joint ventures	23.4	28.9
Purchases of goods and services and other expense	13.9	12.8
Siemens Group's joint ventures	0.4	1.0
OSRAM's associates	2.2	2.0
OSRAM's joint ventures	11.3	9.8

In addition, OSRAM realized interest income of €1.8 million in fiscal 2013 (2012: €0.4 million) from a loan granted to an OSRAM joint venture.

OSRAM's receivables from and payables to associates and joint ventures of the Siemens Group and OSRAM are as follows:

**Receivables from and Payables to
Associates and Joint Ventures**

in € million	September 30,	
	2013	2012
Receivables	63.2	18.5
Siemens Group's joint ventures	–	0.3
OSRAM's associates	–	–
OSRAM's joint ventures	63.2	18.2
Liabilities	0.1	1.6
Siemens Group's joint ventures	–	0.6
OSRAM's associates	–	0.1
OSRAM's joint ventures	0.1	0.9

Because of the spin-off, as of September 30, 2013, OSRAM's receivables from and payables to joint ventures of the Siemens Group are no longer reported as related-party receivables and payables, unlike in the previous year.

As of September 30, 2013, there were no additional loans to associates and joint ventures (September 30, 2012: €0.6 million).

OSRAM regularly reviews, in the normal course of business, loans and receivables associated with joint ventures and associates. The value of the net investment in Valeo Sylvania, including noncurrent receivables, increased due to the signing of the Call/Put Agreement for the sale of the shares in Valeo Sylvania and the loans extended to the joint venture.

In fiscal 2013, this had a positive impact on income of €35.1 million, as a provision of €10.2 million was reduced and non-current receivables of €24.9 million were recorded. In fiscal 2013, the positive effect on income (net) of impairment losses and reversals of impairment losses amounted to €27.8 million (2012: valuation allowances on noncurrent receivables of €14.8 million). »For additional information, see Note 4|Acquisitions and Disposals and Note 30|Other Financial Commitments and Contingent Liabilities.

As of September 30, 2013, accumulated valuation allowances, primarily on noncurrent foreign currency receivables, amounted to €0.0 million (September 30, 2012: €14.8 million).

Transactions with related individuals

Prior to the formal appointment of the Management of OSRAM GmbH to the Managing Board of OSRAM Licht AG on November 8, 2012, the OSRAM Licht Group was managed centrally by the Management of OSRAM GmbH.

Individuals classified as related parties comprise members of the Managing Board and of the Supervisory Board of OSRAM GmbH and of OSRAM Licht AG, respectively.

The members of the Managing Board received cash compensation of €3.9 million in fiscal 2013 (2012: €4.3 million). The fair value of share-based payment at the grant date in fiscal 2013 was €4.2 million (2012: €2.6 million). The members of the Managing Board were granted contributions under the BOA of €1.3 million in fiscal 2013 (2012: €1.5 million). In fiscal 2013 the contributions include an additional contribution of €0.2 for one member of the Managing Board, granted in November. In fiscal 2012, additional compensation resulting from the termination of an employment contract including compensation for a non-competition clause agreed, totaled €2.8 million.

The compensation and benefits granted to the members of the Managing Board in fiscal 2013 therefore totaled €9.4 million (2012: €11.2 million).

The expenses incurred in connection with cash-settled share-based payment under the Siemens programs amounted to €2.8 million in fiscal 2013 (before tax), including expenses incurred in connection with the cash-settlement of the Siemens programs. In fiscal 2012, expenses incurred in connection with cash-settled share-based payment under the Siemens programs amounted to €2.7 million (before tax). The expenses incurred in connection with equity-settled share-based payment under OSRAM programs amounted to €2.2 million in fiscal 2013 (before tax). »For additional information, see Note 34|Share-based Payment.

In connection with the spin-off and listing, a transaction bonus was granted by Siemens AG to the members of the Managing Board of OSRAM Licht AG. This grant led to an expense for share-based payment of €1.3 million in fiscal 2013 (before tax).

Former managing directors of OSRAM GmbH and their surviving dependents received aggregate remuneration within the meaning of section 314(1) no. 6b of the HGB amounting to €1.3 million in fiscal 2013 (2012: €1.0 million). The DBO of all pension commitments to former managing directors of OSRAM GmbH and their surviving dependents amounted to €11.4 million as of September 30, 2013 (September 30, 2012: €12.0 million). »For additional information, see Note 25 | Pension Plans and Similar Commitments.

Compensation paid to members of the Supervisory Board in fiscal 2013 comprised basic compensation as well as additional compensation for committee work; it totaled €0.7 million, including meeting fees (2012: €0.4 million).

The Company did not provide loans or advances to members of the Managing Board or Supervisory Board during the reporting period.

Until the spin-off took effect on July 5, 2013, Siemens was responsible for directors' and officers' liability insurance for the members of management of OSRAM. The insurance covers the personal liability of the insured in the event of a financial loss for which the management of OSRAM is held liable in the course of performing its duties. Siemens charged OSRAM for the corresponding costs in both fiscal years.

Details of the compensation of individual members of the Managing Board and Supervisory Board are provided in the remuneration report, which is a component of the combined management report. »The remuneration report can be found in the corporate governance report.

As in the previous year, no other major transactions took place between the Company and other members of the Managing Board and the Supervisory Board.

Certain members of the Supervisory Board of OSRAM GmbH and of the Supervisory Board of OSRAM Licht AG hold or held positions of significant responsibility in other companies during fiscal 2013. For example, until the spin-off from Siemens AG became effective, members of the Supervisory Board of OSRAM GmbH were also members of the Managing Board of Siemens AG. With effect from the date when the spin-off became effective, in particular one member of

the Managing Board of Siemens AG was appointed Chairman of the Supervisory Board of OSRAM Licht AG. OSRAM has relationships with almost all of these companies in the ordinary course of business. Products are bought and sold and services procured and provided on an arm's length basis.

40 | Audit Fees and Services

Fees related to professional services provided by the Company's auditors, Ernst & Young (EY), for fiscals 2013 and 2012 were as follows:

Type of Fees	Fiscal year	
	2013	2012
in € million		
Audit services	4.6	3.3
Other assurance services	3.7	3.7
Tax advisory services	–	0.1
Other services	–	–
Total auditor's fees	8.3	7.1

The fees reported under *Audit-related fees* relate primarily to the audit or review of (Interim) combined financial statements of the OSRAM Licht Group prepared on a voluntary basis in connection with the stock exchange listing. The increase in the total for *Audit Services* and *Other assurance Services* is due to the fact that some of the audit fees had been borne by Siemens in fiscal 2012.

Of the total fee charged, 76% (2012: 62%) related to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Germany.

41 | Corporate Governance

As of September 30, 2013, the Managing Board and the Supervisory Board of OSRAM Licht AG issued the declaration required under section 161 of the Aktiengesetz (AktG—German Stock Corporation Act) and made it publicly accessible on the Company's web site under OSRAM Investor Relations/Corporate Governance/German Corporate Governance Code (www.osram-licht.com/uploads/tx_templavoila/TOP_6_Entsprechenserklärung_final_01.pdf).

42| Events After the Balance Sheet Date

No transactions of particular significance and with material effects on the net assets, financial position, and results of operations have occurred since the end of the reporting period, September 30, 2013.

43| List of Equity Investments in Accordance with Section 313 of the HGB (German Commercial Code)

List of Equity Investments of the OSRAM Licht AG

As of September 30, 2013	Equity interest in %
Equity investments of OSRAM Licht AG, Munich/Germany	
OSRAM Beteiligungen GmbH, Munich/Germany	100.00
OSRAM GmbH, Munich/Germany	100.00
Subsidiaries of OSRAM GmbH, Munich/Germany	
Germany (as of September 30, 2013: 9 companies)	
OSRAM Opto Semiconductors GmbH, Regensburg	100.00
Heramo Immobilien GmbH & Co. Verwaltungs KG, Munich	100.00 ¹⁾
Heramo Immobilien Verwaltungs-GmbH, Munich	100.00 ¹⁾
Radium Lampenwerk Gesellschaft mbH, Wipperfürth	100.00
RITOS GmbH i.L., Mömbris	100.00 ²⁾
Siteco Auslandsholding GmbH, Traunreut	100.00
Siteco Beleuchtungstechnik GmbH, Traunreut	100.00
Siteco Lighting GmbH, Traunreut	100.00
Traxon Technologies Europe GmbH, Paderborn	100.00
EMEA (excluding Germany) (as of September 30, 2013: 34 companies)	
Siteco Lighting Benelux BVBA, Eupen/Belgium	100.00
OSRAM EOOD, Sofia/Bulgaria	100.00
OSRAM A/S, Taastrup/Denmark	100.00
OY OSRAM AB, Espoo/Finland	100.00
OSRAM S.A.S.U., Molsheim/France	100.00
OSRAM A.E., Athens/Greece	100.00
OSRAM Ltd., Langley/United Kingdom	100.00
Siteco Ltd., Stockport/United Kingdom	100.00
Yekta Setareh Atlas Co. (P.J.S.), Teheran/Iran	100.00
OSRAM S.p.A. Società Riunite OSRAM-Edison-Clerici, Milan/Italy	100.00
OSRAM d.o.o., Zagreb/Croatia	100.00
OSRAM Benelux B.V., Capelle aan den IJssel/Netherlands	100.00
OSRAM AS, Lysaker/Norway	100.00
Siteco Lighting Austria GmbH, Vienna/Austria	100.00
Siteco Österreich GmbH, Vienna/Austria	100.00
OSRAM Sp. z o.o., Warsaw/Poland	100.00
Siteco Lighting Poland Sp. z o.o., Warsaw/Poland	100.00
OSRAM Empresa de Aparelhagem Eléctrica Lda., Lisbon/Portugal	99.99
OSRAM Romania S.R.L., Voluntari/Romania	100.00
OAO OSRAM, Smolensk/Russia	99.23

List of Equity Investments of the OSRAM Licht AG

As of September 30, 2013	Equity interest in %
OOO Siteco, Moscow/Russia	100.00
OSRAM AB, Stockholm/Sweden	100.00
OSRAM AG, Winterthur/Switzerland	100.00
OSRAM d.o.o., Belgrade/Serbia	100.00
OSRAM a.s., Nové Zámky/Slovakia	100.00
Siteco Sistemi d.o.o., Maribor/Slovenia	100.00 ³⁾
OSRAM S.A., Madrid/Spain	100.00
OSRAM (Pty.) Ltd., Midrand/South Africa	100.00
OSRAM Česká republika s.r.o., Bruntál/Czech Republic	100.00
Siteco Lighting, spol. s r.o., Prague/Czech Republic	100.00
OSRAM Ampul Ticaret A.S., Istanbul/Turkey	100.00
Siteco Aydınlatma Teknigi Tic. Ve San. Ltd. Sti., Istanbul/Turkey	100.00 ⁴⁾
Enterprise with 100% foreign investment "OSRAM Ukraine", Kiev/Ukraine	100.00
OSRAM Middle East FZE, Dubai/United Arab Emirates	100.00
Americas (as of September 30, 2013: 17 companies)	
OSRAM Argentina S.A.C.I., Buenos Aires/Argentina	100.00
OSRAM do Brasil Lampadas Elétricas Ltda., Osasco/Brazil	99.98
OSRAM Chile Ltda., Santiago de Chile/Chile	100.00
OSRAM del Ecuador S.A., Guayaquil/Ecuador	100.00
OSRAM Sylvania Ltd., Mississauga/Canada	100.00
ENCELIUM TECHNOLOGIES ULC, Vancouver/Canada	100.00 ⁴⁾
OSRAM de Colombia Iluminaciones S.A., Bogotá/Columbia	100.00
Industrias OSRAM de México S.A., Tultitlán/Mexico	100.00
OSRAM de México S.A. de C.V., Tultitlán/Mexico	100.00
OSRAM S.A. de C.V., Tultitlán/Mexico	100.00
OSRAM de Perú S.A.C., Lima/Peru	100.00
OSRAM Opto Semiconductors, Inc., Wilmington/United States	100.00
OSRAM SYLVANIA INC., Danvers/United States	100.00
OSRAM Sylvania Puerto Rico Corp., Luquillo/United States	100.00
Sylvania Lighting Services Corp., Wilmington/United States	100.00
Transport & Distribution Inc., Wilmington/United States	100.00
Traxon Supply USA Inc., East Rutherford/United States	100.00
APAC (as of September 30, 2013: 21 companies)	
OSRAM Australia Pty. Ltd., Sydney/Australia	100.00
Chung Tak Lighting Control Systems (Guangzhou) Ltd., Guangzhou/China	58.50
OSRAM China Lighting Ltd., Foshan/China	90.00
OSRAM Asia Pacific Management Company Ltd., Foshan/China	100.00
OSRAM Kunshan Display Optic Co. Ltd., Kunshan/China	100.00
OSRAM Opto Semiconductors (China) Co., Ltd., Wuxi/China	100.00
OSRAM Asia Pacific Ltd., Hong Kong/Hong Kong	100.00
OSRAM Holding Company Ltd., Hong Kong/Hong Kong	100.00
OSRAM Lighting Control Systems Ltd., Hong Kong/Hong Kong	65.00
OSRAM Opto Semiconductors Asia Ltd., Hong Kong/Hong Kong	100.00
Traxon Technologies Ltd., Hong Kong/Hong Kong	100.00
OSRAM India Pvt. Ltd., Gurgaon/India	100.00
P.T. OSRAM Indonesia, Tangerang/Indonesia	100.00
OSRAM Ltd., Yokohama/Japan	100.00
OSRAM (Malaysia) Sdn. Bhd., Kuala Lumpur/Malaysia	100.00

List of Equity Investments of the OSRAM Licht AG

As of September 30, 2013	Equity interest in %
OSRAM Opto Semiconductors (Malaysia) Sdn. Bhd., Penang/Malaysia	100.00
Siteco Lighting Malaysia Sdn. Bhd., Puchong/Malaysia	100.00
OSRAM Pte. Ltd., Singapore/Singapore	100.00
OSRAM Korea Co. Ltd., Ansan-City/South Korea	100.00
OSRAM Taiwan Company Ltd., Taipei/Taiwan	100.00
OSRAM Thailand Co. Ltd., Bangkok/Thailand	100.00
Associates and joint ventures of OSRAM GmbH, Munich/Germany	
Germany (as of September 30, 2013: 2 companies)	
Lightcycle Retourlogistik und Service GmbH, Munich	47.00
Wohnen am Wedding KG THG Immobilien-Fondsgesellschaft mbH & Co., Berlin	25.60 ⁵⁾
EMEA (excluding Germany) (as of September 30, 2013: 7 companies)	
EMGO N.V., Lommel/Belgium	50.00
Recylum Societe par Actions Simplifiée, Paris/France	25.00 ⁵⁾
LAMP NOOR (P.J.S.) Co., Saveh/Iran	20.00 ⁵⁾
SIA Ekogaisma, Riga/Latvia	33.00 ⁵⁾
Kompetenzzentrum Licht GmbH, Dornbirn/Austria	33.33 ⁵⁾
EKOSIJ d.o.o., Ljubljana/Slovenia	25.00 ⁵⁾
EKOLAMP s.r.o., Prague/Czech Republic	30.00 ⁵⁾
Americas (as of September 30, 2013: 2 companies)	
CVL Componentes de Vidro Ltda., Caçapava/Brazil	50.00
Valeo Sylvania LLC, Seymour/United States	50.00
APAC (as of September 30, 2013 : 4 companies)	
Foshan Electrical and Lighting Co., Ltd., Foshan/China	13.47 ⁶⁾
OSRAM (China) Fluorescent Materials Co., Ltd., Yi Xing City/China	50.10 ⁷⁾
Siteco Prosperity Lighting (Lang Fang) Co., Ltd., Langfang/China	50.00
OSRAM Prosperity Company Ltd., Hong Kong/Hong Kong	50.00
Other equity investments of OSRAM GmbH, Munich/Germany	
Germany (as of September 30, 2013: 1 company)	
GSB – Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	0.07
EMEA (excluding Germany) (as of September 30, 2013: 4 companies)	
Anakiklosi Siskevon Simetochiki S.A., Piraeus/Greece	10.00
Design LED Products Ltd., Edinburgh/Scotland	9.35
ElektroEko Organizacja Odzysku Sprzetu Elektrycznego S.A., Warsaw/ Poland	10.80
Voltimum S.A., Satigny/Switzerland	13.71
Americas (as of September 30, 2013: 0 companies)	
APAC (as of September 30, 2013: 0 companies)	

¹⁾ Change of name after September 30, 2013. Formerly: Platin 924. GmbH & Co. Verwaltungsgesellschaft KG, Frankfurt am Main and Platin 924. GmbH, Frankfurt am Main.

²⁾ In liquidation. Not consolidated due to immateriality.

³⁾ In liquidation (since October 4, 2013).

⁴⁾ In liquidation.

⁵⁾ Not accounted for using the equity method due to immateriality.

⁶⁾ Significant influence due to composition of board of directors.

⁷⁾ No control due to contractual arrangements and legal circumstances.

44 | Supervisory Board and Managing Board

Supervisory Board of OSRAM Licht AG

	Member since	Supervisory Board and comparable appointments
Members in office on September 30, 2013		
Prof. Dr. Siegfried Russwurm Chairman Born June 27, 1963 Member of the Managing Board of Siemens AG	July 5, 2013 (appointment expected to end on November 26, 2013)	Member of the Supervisory Board of Deutsche Messe AG Member of the Supervisory Board of INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie GmbH Member of the Supervisory Board of BSH Bosch und Siemens Hausgeräte GmbH Member of the Supervisory Board of Siemens VAI Metals Technologies GmbH Chairman of the Board of Supervisors of Siemens (Proprietary) Limited, South Africa Member of the Board of Supervisors of Siemens W.L.L., Qatar Member of the Board of Supervisors of Siemens Ltd., Saudi Arabia Member of the Board of Supervisors of VA TECH T & D Co. Ltd., Saudi Arabia Member of the Board of Supervisors of Arabia Electric Ltd. (Equipment), Saudi Arabia Chairman of the Board of Supervisors of Siemens Industry, Inc., U.S.A. Member of the Board of Supervisors of Siemens Ltd., China Chairman of the Board of Supervisors of Siemens Middle East Limited, United Arab Emirates Intragroup: Chairman of the Supervisory Board of OSRAM GmbH
Peter Bauer Second Deputy Chairman Born June 22, 1960 Independent management consultant	July 5, 2013	Member of the Supervisory Board of Kontron AG Intragroup: Deputy Chairman of the Supervisory Board of OSRAM GmbH (member since July 5, 2013, Deputy Chairman since July 11, 2013)
Dr. Christine Bortenlänger Born November 17, 1966 Chief Executive of Deutsches Aktieninstitut e.V.	August 27, 2013	Member of the Supervisory Board of ERGO Versicherungsgruppe AG Member of the Supervisory Board of SGL Carbon SE Member of the Supervisory Board of TÜV Süd AG Member of the Senate of Fraunhofer-Gesellschaft Intragroup: member of the Supervisory Board of OSRAM GmbH (since July 5, 2013)
Dr. Joachim Faber Born May 10, 1950 Chairman of the Supervisory Board of Deutsche Börse AG	July 5, 2013	Chairman of the Supervisory Board of Deutsche Börse AG Chairman of the Shareholders' Committee of Joh. A. Benckiser s.à.r.l., Luxembourg Member of the Supervisory Board of Coty Inc., New York, U.S.A. Member of the Supervisory Board of HSBC Holding plc Member of the Board of Directors of Allianz France, SA, France Member of the Board of Allianz Investment Management Intragroup: member of the Supervisory Board of OSRAM GmbH (since July 5, 2013)
Prof. Dr. Lothar Frey Born June 7, 1958 Professor at University of Erlangen-Nuremberg (Chair of Electron Devices) and head of the Fraunhofer Institute for Integrated Systems and Device Technology (IISB)	August 27, 2013	Intragroup: member of the Supervisory Board of OSRAM GmbH (since July 5, 2013)
Alfred Haas Born October 23, 1950 Head of the Corporate Communications & Investor Relations—Public Affairs (CC & IR PAF) department of OSRAM GmbH	September 3, 2013	Intragroup: member of the Supervisory Board of OSRAM GmbH
Michael Knuth First Deputy Chairman Born April 29, 1957 Trade union secretary and press spokesman for IG Metall Bavaria	September 3, 2013	Member of the Supervisory Board of FTE automotive GmbH Intragroup: member, and since December 13, 2012, Deputy Chairman, of the Supervisory Board of OSRAM GmbH
Frank (Franciscus) H. Lakerveld Born December 5, 1947 Member of the Supervisory Board of Sonepar S.A.	August 27, 2013	Member of the Supervisory Board of Aliaxis S.A., Belgium Member of the Supervisory Board of Technische Unie, the Netherlands Member of the Supervisory Board of Sonepar S.A., France Intragroup: member of the Supervisory Board of OSRAM GmbH (since July 5, 2013)

Supervisory Board of OSRAM Licht AG

	Member since	Supervisory Board and comparable appointments
Members in office on September 30, 2013		
Hubert Roßkopf Born October 13, 1968 Member of the Works Council of OSRAM GmbH, plant Eichstätt	September 3, 2013	Intragroup: member of the Supervisory Board of OSRAM GmbH (since November 30, 2012)
Willi Sattler Born September 11, 1959 Works Council of OSRAM GmbH Augsburg plant Chairman of the General Works Council of OSRAM GmbH	September 3, 2013	Intragroup: member of the Supervisory Board of OSRAM GmbH
Irene Schulz Born April 10, 1964 Trade union secretary, regional director of IG Metall Berlin-Brandenburg	September 3, 2013	Member of the Supervisory Board of Nokia Siemens Networks Management GmbH Intragroup: member of the Supervisory Board of OSRAM GmbH (since November 30, 2012)
Thomas Wetzel Born May 18, 1964 Member of the Works Council of OSRAM GmbH Berlin plant	September 3, 2013	Intragroup: member of the Supervisory Board of OSRAM GmbH (since November 30, 2012)

Supervisory Board of OSRAM Licht AG

	Member since	Supervisory Board and comparable appointments
Former members in fiscal 2013		
Georg Bernwieser Born August 5, 1957 Head of investee management in Germany, Siemens AG	June 1, 2013, to July 5, 2013 ¹⁾	As of July 5, 2013: Member of the Supervisory Board of IFTEC GmbH & Co. KG Member of the Supervisory Board of RISICOM Rückversicherung AG Member of the Advisory Board of Maschinenfabrik Reinhausen GmbH Member of the Shareholders' Committee of IFTEC GmbH & Co. KG Member of the shareholder delegation of Siemens Convergence Creators GmbH & Co. KG (until November 15, 2012)
Peter Kastenmeier Born September 26, 1960 Diplom-Kaufmann Investee management, Siemens AG	June 1, 2013, to July 5, 2013 ¹⁾	As of July 5, 2013: Member of the Supervisory Board of Siemens Turbomachinery Equipment GmbH Member of the Supervisory Board of BWI Informationstechnik GmbH Chairman of the Advisory Board of HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH Deputy Chairman of the Advisory Board of Steinmüller Engineering GmbH Deputy Chairman of the shareholder delegation of Siemens Technology Accelerator GmbH
Walter Richter Born August 15, 1953 Diplom-Ökonom Investee management, Siemens AG	June 1, 2013, to July 5, 2013 ¹⁾	As of July 5, 2013: Member of the Advisory Board of TGB Technisches Gemeinschaftsbüro GmbH Member of the Advisory Board of VIB Verkehrsinformationsagentur Bayern GmbH Member of the shareholder delegation of messMa GmbH

¹⁾ Georg Bernwieser resigned as a member and Chairman of the Supervisory Board of OSRAM Licht AG effective May 29, 2013, Peter Kastenmeier resigned as a member and Deputy Chairman of the Supervisory Board effective May 28, 2013, and Walter Richter resigned as a member of the Supervisory Board effective May 25, 2013, when the spin-off from Siemens took effect.

**Supervisory Board Committees
of OSRAM Licht AG**

	Meetings in fiscal 2013	Tasks	Members as of September 30, 2013
Executive Committee	September 23, 2013	Performs the duties of a nomination and remuneration committee. Prepares for the appointment of members of the Managing Board, the determination of Managing Board members' remuneration, and the review of the Managing Board remuneration system by the full Supervisory Board, and handles the Managing Board contracts. Decides on whether to approve transactions with members of the Managing Board and their related parties, and coordinates the work of the Supervisory Board.	Prof. Dr. Siegfried Russwurm Peter Bauer Willi Sattler Michael Knuth
Audit Committee	none	Monitors the accounting and reporting process. Prepares the Supervisory Board's proposal to the Annual General Meeting on the election of the auditors, and submits a corresponding recommendation to the Supervisory Board. Discusses the quarterly and half-yearly financial statements prepared by the Managing Board. Prepares the audit of the annual financial statements and consolidated financial statements and the proposal on the appropriation of net profit by the Supervisory Board. Deals with questions relating to the Company's accounting and reporting process and risk management, and monitors the effectiveness of the internal control and risk management systems, as well as the internal audit system. Engages the auditors and monitors the audit of the financial statements. Reviews the adherence to legal and regulatory requirements, and internal policies, as well as issues relating to sustainability.	Dr. Joachim Faber Dr. Christine Bortenlänger Michael Knuth Hubert Roßkopf Prof. Dr. Siegfried Russwurm Irene Schulz
Nomination Committee	none	Makes recommendations to shareholder representatives on the Supervisory Board on the shareholder candidates to be proposed for election to the Supervisory Board by the Annual General Meeting.	Prof. Dr. Siegfried Russwurm Peter Bauer Dr. Joachim Faber
Strategy and Technology Committee	none	Oversees and advises the Managing Board on matters relating to corporate strategy and the development and safeguarding of technologies that are relevant for the Company.	Peter Bauer Prof. Dr. Lothar Frey Frank H. Lakerveld Hubert Roßkopf Willi Sattler Thomas Wetzel
Mediation Committee	none	Submits proposals on the appointment or dismissal of Managing Board members to the Supervisory Board if the requisite majority is not reached during the first ballot.	Prof. Dr. Siegfried Russwurm Peter Bauer Michael Knuth Willi Sattler

**Managing Board of OSRAM
Licht AG**

	First appointed in	Appointed until	Responsibilities	Occupation/other mandates
Wolfgang Dehen Chief Executive Officer (CEO) Born February 9, 1954	November 2012	March 31, 2016	Specialty Lighting and Opto Semiconductors Business Units, OLED and Services Business Segments, Regions, Strategy, Communications, Legal & Compliance, Human Resources	Chairman of the Managing Board of OSRAM Licht AG Member of the Supervisory Board of TÜV Süd AG
Dr. Peter Laier Chief Technology Officer (CTO) Born July 8, 1968	January 2013	December 31, 2017	Research & Development, Supply Chain Management, Quality, and Technology Lamps, Light Engines & Controls, Luminaires, Solutions Business Units	Member of the Managing Board of OSRAM Licht AG
Dr. Klaus Patzak Chief Financial Officer (CFO) Born May 8, 1965	November 2012	March 31, 2016	Corporate Finance & Controlling, Investor Relations, Information Technology (IT), Internal Audit function	Member of the Managing Board of OSRAM Licht AG Member of the Supervisory Board of Bayerische Börse AG

**Managing Board of OSRAM
Licht AG**

	First appointed in	Appointed until	Responsibilities	Occupation/other mandates
Martin Rohbogner Chief Financial Officer (CFO) Born April 27, 1978	July 2012	November 8, 2012	Chairman of the Managing Board	Investee management, Siemens AG
Wolfgang Seltmann Chief Executive Officer (CEO) Born July 18, 1963	July 2012	November 8, 2012	Chairman of the Managing Board	Investee management, Siemens AG As of November 8, 2012: Deputy Chairman of the Supervisory Board of IBS AG Member of the shareholder delegation of Mechanik Center Erlangen GmbH Member of the shareholder delegation of Sykatec Systeme, Komponenten, Anwendungstechnologie GmbH Member of the shareholder delegation of Weiss Spindeltechnologie GmbH Member of the Advisory Board of Atecs Mannesmann Unterstützungskasse GmbH Member of the Advisory Board of evosoft GmbH (Deputy Chairman) Member of the Advisory Board of Siemens Industry Software GmbH & Co. KG Member of the Advisory Board of evosoft Hungary Kft., Hungary

Munich, November 18, 2013

OSRAM Licht AG
The Managing Board

signed

Wolfgang Dehen
Chairman of the Managing Board (CEO)

signed

Dr. Peter Laier
Chief Technology Officer (CTO)

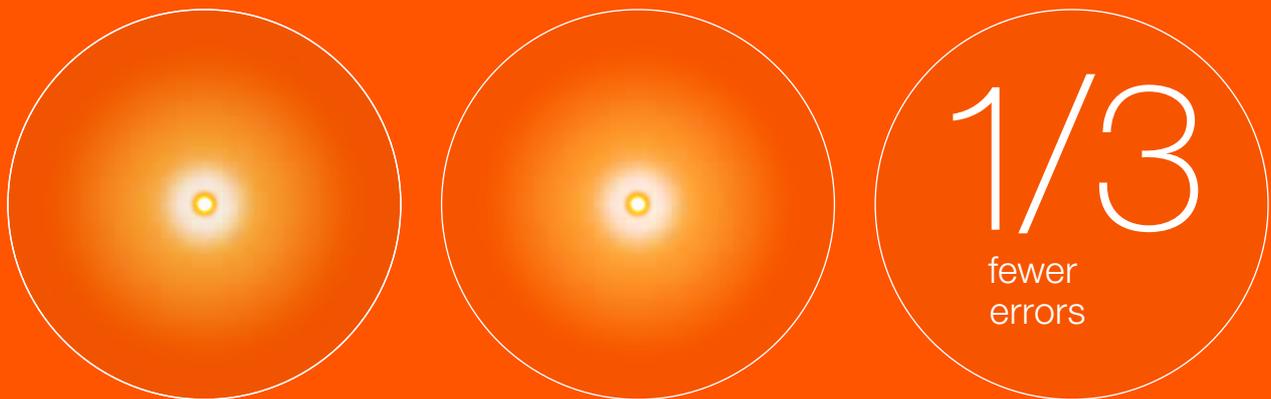
signed

Dr. Klaus Patzak
Chief Financial Officer (CFO)

Light is Knowledge

Number of errors recorded in a comparative study of school students using optimized classroom lighting

ZNL TransferZentrum für Neurowissenschaften und Lernen
in cooperation with OSRAM: "Der Einfluss von Licht auf kognitive Prozesse" –
The influence of light on cognitive processes (2011 to 2012)



New lighting concepts can significantly improve concentration. This is achieved using LEDs with a high proportion of blue light, which has an energizing effect.

For more about the influence of light on well-being and performance, see "Light is Concentration" on page 22ff. of the OSRAM 2013 Yearbook.

Statements and Further Information

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VIII Financial Calendar

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Responsibility Statement



To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which has been combined with the management report for OSRAM Licht AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Munich, November 18, 2013

OSRAM Licht AG
The Managing Board

signed

Wolfgang Dehen
Chairman of the Managing Board (CEO)

signed

Dr. Peter Laier
Chief Technology Officer (CTO)

signed

Dr. Klaus Patzak
Chief Financial Officer (CFO)

Independent Auditor's Report

Translation of the German Independent Auditor's Report concerning the audit of the consolidated financial statements and group management report prepared in German.

To OSRAM Licht AG, Munich

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of OSRAM Licht AG, Munich and its subsidiaries, which comprise the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, and notes to the consolidated financial statements for the business year from October 1, 2012 to September 30, 2013.

Management's Responsibility for the Consolidated Financial Statements

The management of OSRAM Licht AG is responsible for the preparation of these consolidated financial statements. This responsibility includes preparing these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the supplementary requirements of German law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code], to give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The Company's management is also responsible for the internal controls that management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) as well as in supplementary compliance with International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

Pursuant to Sec. 322 (3) Sentence 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the supplementary requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets and financial position of the Group as at September 30, 2013 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report, which is combined with the management report of OSRAM Licht AG, for the business year from October 1, 2012 to September 30, 2013. The management of the company is responsible for the preparation of the group management report in compliance with the applicable requirements of German commercial law pursuant to Sec. 315a (1) HGB. We are required to conduct our audit in accordance with Sec. 317 (2) HGB and German generally accepted standards for the audit of the group management report promulgated by the IDW. Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consoli-

dated financial statements and the audit findings, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we state that our audit of the group management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, November 18, 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

signed

Breitsameter
Wirtschaftsprüferin
(German Public Auditor)

signed

Esche
Wirtschaftsprüfer
(German Public Auditor)

The glossary contains a short definition for typical terms used in the lighting industry and within OSRAM. In addition, it describes key financial terms to make our financial reporting easier to understand.

Control Gear (CG) Most electrical light sources, with the exception of the incandescent lamp, require a special device to start and to operate. Depending on the light source technology, they are named ballasts, ignitors or transformers and belong to the category of control gears. The term is the umbrella term for electromagnetic (= conventional control gear or ballast) and electronic (= ECG) operation devices, which also subsumes LED drivers. The phrase control gear describes devices for one or more components between the supply and one or more lamps which may serve to transform the supply voltage, limit the current of the lamp(s) to the required value, provide starting voltage and preheat current, prevent cold starting, correct power factor or reduce radio interference". Also starters (e.g. for fluorescent lamps) and step down convertors (for incandescent or halogen incandescent lamps) are covered.

Diode A diode is a two-terminal electronic device which permits significant current flow in only one direction. Diodes typically function as a rectifier, i.e. converting AC into DC.

Discharge Lamp Discharge lamps generate light by sending an electrical discharge through an ionized gas or metal vapor. Depending on the gas with which a lamp is filled, it either radiates visible light directly or converts UV radiation to light through interaction with a luminescent coating on the inside surface of the glass enclosure. The operating pressure inside a discharge lamp is either low (low pressure discharge lamps) or high (high-pressure discharge lamps). Low and high pressure discharge lamps are divided by the lamp load.

Fluorescent Lamp (FL) See Discharge Lamp. Fluorescent lamps are available in different shapes, such as linear fluorescent lamps (LFL), tube shaped and compact fluorescent lamps (CFL).

Forward Integrated SSL products Forward integrated SSL products (SSL Forward) are SSL lighting products (LED Lamps, LED light engines, or LED Luminaires) made of semiconductor based lighting components such as LEDs.

Halogen Lamp (HAL) Halogen lamps are type of incandescent lamps that are filled with a gas that contains small amounts of halogens or halogen compounds enabling smaller bulbs and higher luminous flux.

Incandescent Lamp (INC) Incandescent lamps are electrical light sources which radiate light as a result of a tungsten filament being heated. The tungsten wire is enclosed in a sealed, gas-filled—or in some cases evacuated—glass bulb.

Lamp The term "lamp" refers to an engineered artificial light source—a device that converts electrical energy into light and that has a standardized electrical and mechanical connection to the lampholder. Lamps are used in luminaires, which distribute and direct lamp light and prevent it from causing glare.

LED (Light Emitting Diode) A LED consists of a light emitting semiconductor chip in combination with wiring, reflector, lens and protective covering to create a package. The term LED module is sometimes used synonymously.

LED Lamp A LED lamp is a light source incorporating one or more LEDs on a board and it also includes secondary optics, heat sink, driver electronics and housing. It can be used as a replacement for existing lamps in form of retrofit (replacement of another type of lamp without requiring internal modification of the luminaire) or conversion (requiring modification in the luminaire). The term LED retrofit is sometimes used synonymously.

LED Light Engine LED light engines are the combination of an LED module and its associated electronic control gear assembled in a unit according to the standardization consortium Zhaga.

LED Module See LED.

LED Retrofit See LED lamp.

Light (Visible Light) Visible light is the radiation that can be perceived by the human eye. The spectral range of light embraces wavelengths from 380 to 780 nm and is divided into the different color sections ranging from violet through blue, green and yellow to red. Outside this band, the human eye cannot "see" radiation.

Light Management Systems (LMS) Light management systems automate the lighting and related controls within a room, building or in outdoor applications. Their task is to provide the right light in the right amount at the right place when it is needed.

Light Solution A light solution is a specific use case tailored to the application for which an arrangement of luminaires, light sources, controlgear and light management has been planned and is executed; servicing of the installation can be included.

Luminaire (Lighting Fixture) The term luminaire (sometimes also referred to as “lighting fixture”) refers to the entire electric light fitting, including all the components needed to mount, operate and protect the lamp. The luminaire distributes the light of the lamp and e.g. prevents it from causing glare.

Organic Light Emitting Diode (OLED) An OLED is a light emitting semiconductor that has an electroluminescent zone made of organic compounds. OLEDs are typically area light sources.

Opto-electronic Semiconductor A type of semiconductor that transforms electric impulses into light or light into electric impulses.

SSL Products SSL stands for solid state lighting and refers to a type of lighting that uses semiconductors as sources of illumination. It identifies the newest generation of lighting products such as LEDs. For the purpose of the Environmental Portfolio, OSRAM defines SSL products as, semiconductor-based light sources, luminaires and detectors, as well as light management systems for such light sources. It includes:

- LED lamps, luminaires and systems in their entirety, including any necessary components and services sold as part of a LED light solution,
- LED chips and light engines,
- OLED—organic light emitting diodes,
- Infrared emitters, producing electromagnetic radiation close to the spectrum of visible light,
- Laser diodes,
- Silicon photodetectors, semiconductors which react to and may be used to measure light,
- Sensors, which are a combination of a semiconductor emitter and a photodetector
- Light management systems (sensors, user interfaces and controllers; actuators for traditional lamps are excluded) and associated components and services.

Financial Terms

Costs Associated with the Separation/for Going Public (net) Expenses and income associated with the separation and planned IPO and spin-off, as well as patent infringement disputes. These primarily comprise costs incurred in connection with the listing and the establishment of OSRAM as an independent company (which were partly reimbursed by Siemens), legal costs and income from the settlement of patent infringement disputes, which escalated after the announcement of the originally planned IPO, special payments to management staff in connection with the IPO, as well as the relocation of OSRAM’s headquarters in Munich.

Costs Associated with Substantial Legal and Regulatory Matters OSRAM is involved in various legal disputes in connection with its business activities. OSRAM classifies these as special items if they are considered material by the Company’s management and are of an substantial nature, e.g. the expenses of € 34.2 million relating to a trademark and license dispute that were incurred in fiscal 2012.

Currency Translation Effects A significant portion of OSRAM’s transactions are settled in currencies other than the euro. The effects of changes in exchange rates on translating revenue into euros (in the context of preparing the financial statements) are referred to as currency translation effects. In addition to the nominal change in its revenue (e.g., compared with the previous year), OSRAM also reports the “comparable” changes adjusted for currency translation effects and portfolio effects. [» See definition.](#) This provides the basis for a meaningful analysis of the company’s business performance while excluding these distorting effects from currency translation.

Debt Debt comprises liabilities related to funds raised by a company, in contrast to, e.g., trade payables. Debt includes liabilities to banks (credits, loans), bonds and other debt instruments issued, as well as obligations under finance leases.

Earnings per Share (EPS) Net income divided by the number of shares outstanding with rights to residual interests in a company. Earnings per share can either be expressed as “basic” or “diluted”; dilution refers to a reduction or increase in the earnings per share based on the assumption that new shares will be issued or that options and warrants will be exercised.

EBITA Abbreviation for “earnings before interest, taxes, and amortization.” OSRAM defines this measure as the income (loss) before financial result (meaning the income [loss] from investments accounted for using the equity method, net, interest income, interest expense, and other financial income [expense], net), income taxes, and amortization and impairments of intangible assets. EBITA is also given as the ratio to revenue (EBITA margin).

EBITDA Abbreviation for “earnings before interest, taxes, depreciation, and amortization”. This indicator corresponds to EBITA before depreciation and impairments of property, plant, and equipment.

Free Cash Flow A measure that presents operational cash performance. OSRAM defines free cash flow as net cash provided by (used in) operating activities less additions to intangible assets and property, plant, and equipment.

Gross Profit Revenue minus costs of goods sold and services rendered. Gross profit provides information on the profitability of the business only in terms of revenue-related costs. Gross profit is also given as the ratio to revenue (gross profit margin).

Net Debt/Net Liquidity Liabilities from funds raised, less liquidity. OSRAM defines net debt as short-term and long-term debt plus payables to Siemens Group from financing activities less cash and cash equivalents plus available-for-sale financial assets, and plus receivables from Siemens Group from financing activities.

Net Debt, Adjusted Net debt plus pension plans and similar commitments, and credit guarantees.

Portfolio Effects Changes to revenue resulting from the acquisition and divestment of parts of the Company are referred to as portfolio effects. In addition to the nominal change in its revenue (e.g., compared with the previous year), OSRAM also reports the “comparable” changes adjusted for portfolio effects and currency translation effects (see definition). This provides the basis for a meaningful analysis of the company’s business performance while excluding these distorting effects from acquisitions or divestments.

Regions OSRAM’s business is divided into the EMEA, Americas, and APAC reporting regions. EMEA comprises Europe, Russia, the Middle East, and Africa. The Americas region includes the U.S.A., Canada, Mexico, and South America. The APAC region comprises Asia, Australia, and the Pacific.

Research and Development Intensity (R&D Intensity) The ratio of research and development costs to revenue as a percentage.

Return on Capital Employed (ROCE) The ratio of earnings to average capital employed. A measure that shows how efficiently a company manages the capital of its shareholders, creditors, and other lenders (depending on the definition).

Revenue Growth/Change (Comparable) Comparable revenue growth/changes in revenue or revenue growth on a comparable basis refers to revenue growth after adjustment for currency translation and portfolio effects.

Special Items Management defines these as recurring and nonrecurring effects within EBITA. At OSRAM, these primarily comprise transformation costs, costs associated with the separation/for going public (net), as well as costs associated with substantial legal and regulatory matters (see the relevant sections).

Transformation Costs Costs resulting from various corporate programs and strategic restructuring activities where the corresponding corporate measures are linked to the underlying shift in the lighting market. These primarily comprise the cost of personnel measures in connection with OSRAM Push, impairment losses and losses on disposals of property, plant, and equipment, as well as other transformation costs such as for consulting services.

Financial Calendar

Fiscal 2014

1st quarter

Preliminary figures	January 29, 2014
Interim Report for the first quarter	February 12, 2014
Annual General Meeting of OSRAM Licht AG	February 27, 2014

2nd quarter

Preliminary figures	April 30, 2014
Interim Report for the second quarter	May 14, 2014

3rd quarter

Preliminary figures	July 30, 2014
Interim Report for the third quarter	August 13, 2014

4th quarter

Preliminary figures 2014	November 12, 2014
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as of September 30, 2013

Acknowledgments

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Chairman of the Supervisory Board

Prof. Dr. Siegfried Russwurm (until November 26, 2013)
Peter Bauer (from November 27, 2013)

Chairman of the Managing Board

Wolfgang Dehen

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OSRAM Licht AG
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Concept and Design

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This Annual Report is also available in German. In addition, it is available on the Internet in German and in English at www.osram.de/ir and www.osram.com/ir
The German version is legally binding.

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