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Light Moves

Annual Report of OSRAM Licht Group
For Fiscal 2015

Light is OSRAM

OSRAM

About this Report

This Annual Report contains the combined management report, the consolidated financial statements of OSRAM Licht AG and its subsidiaries (“OSRAM Licht Group”, “OSRAM” or “we”) as of September 30, 2015, the Corporate Governance Declaration according to § 289 a HGB as well as further information. It and conforms to the annual financial reporting requirements of section 37 v of the Wertpapierhandelsgesetz (WPHG—German Securities Trading Act).
In addition to the information regarding OSRAM Licht Group, the combined management report comprises the management report for OSRAM Licht AG. The combined management report also contains the > A.4.2 Remuneration Report and the > A.4.3 Corporate Governance Declaration in Accordance with Section 289 a of the HGB.

Page 23 ff.
Page 35 ff.

The combined management report—especially the > B.4.1 Report on Expected Developments contains forward-looking statements that are based on current management estimates regarding future developments. These statements do not constitute a guarantee that these expectations will prove correct. The future performance of the OSRAM Licht Group and its affiliated companies depends on numerous risks and uncertainties, many aspects of which are outside of OSRAM’s sphere of influence. In particular, these include, but are not limited to, the circumstances described in > B.4.2 Report on Risks and Opportunities. As a result, OSRAM’s actual results, profits, and performance could differ materially negative as well as positive from our forward-looking statements. OSRAM does not plan and does not assume any separate obligation to update the forward-looking statements over and above regulatory requirements.

Page 83 ff.
Page 87 ff.

OSRAM’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements and the combined management report. The unqualified audit opinion can be found in the section > D Statements and Further Information.

Page I ff.

The OSRAM Licht Group’s and OSRAM Licht AG’s fiscal year began on October 1, 2014, and ended on September 30, 2015.

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

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

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

This Annual Report has been redesigned in comparison to prior year with a stronger focus on conveying significant information to the reader in a faster and clearer way.

In addition to this PDF optimized for printing—which is the legally binding version—we provide on our website a PDF identical in content, optimized for reading on screen and mobile devices >> www.osram-licht.com/publications/financial_reports/annual_reports/. In this print optimized PDF we intentionally abstained from design elements such as orange pages for cost efficient printing.

References in the Text
> Internal reference (within the document)
>> External reference (into another document or to the Internet)

Contents

OSRAM Figures

OSRAM Licht Group

in € million, if not stated otherwise		Fiscal 2015	Fiscal 2014	Change
Revenue		5,574.2	5,142.1	8.4%
Revenue growth (comparable)[1]				(1.0)%
EBITA		293.9	310.4	(5.3)%
EBITA margin (EBITA as % of revenue)		5.3%	6.0%	(80) bps
Special items		(273.2)	(138.5)	97.2%
thereof: Transformation costs		(238.9)	(129.9)	83.9%
Costs associated with the separation of the lamps business[2]		(25.5)	–	n/a
Adjusted EBITA margin (for special items)		10.2%	8.7%	140 bps
EBITDA		556.8	556.2	0.1%
Income before income taxes		238.8	279.2	(14.5)%
Net income		171.2	193.1	(11.3)%
Basic earnings per share	in €	1.59	1.80	(11.7)%
Diluted earnings per share	in €	1.58	1.79	(11.7)%
Dividend per share[3]	in €	0.90	0.90	0.0%
Dividend payout ratio		56.6%	50.1%	650 bps
Return on capital employed (ROCE)		8.2%	9.3%	(110) bps
Free cash flow		299.0	216.0	38.4%

		September 30, 2015	September 30, 2014	Change
Cash and cash equivalents		727.0	667.7	8.9%
Total equity		2,482.1	2,400.8	3.4%
Total assets		4,765.2	4,709.5	1.2%
Equity ratio (total equity as % of total assets)		52.1%	51.0%	110 bps
Net liquidity		641.2	487.3	31.6%
in relation to EBITDA		1.2	0.9	
Adjusted net liquidity		177.7	42.9	> 200%
in relation EBITDA		0.3	0.1	
Employees	in thousand FTE	33.1	33.8	(2.3)%
of which in Germany	in thousand FTE	8.9	9.3	(4.5)%
of which outside Germany	in thousand FTE	24.2	24.6	(1.5)%

[1] Adjusted for currency translation and portfolio effects.
[2] Therein transaction cost of € 4.3 million in fiscal 2015.
[3] Fiscal 2015: proposal put to the Annual General Meeting on February 16, 2016.

For definitions, and a reconciliation of the financial measures > D.3 Glossary, > B.2.7 Reconciliation of Key Performance Indicators respectively > B.2.1.2 Dividend.

Page V ff.
Page 79 ff.
Page 49 ff.

OSRAM Fiscal Year 2015

OSRAM finishes a successful fiscal 2015—now our focus is turned more strongly towards growth and innovation.

All main objectives for fiscal 2015 reached
Partly even overachieved

Clear revenue growth
Supported by positive currency effects

High profitability
Based on the consistent implementation of OSRAM Push

Proposed dividend of €0.90 per share
Dividend distribution ratio approx. 57%

ROCE of 8.2%
Clearly exceeds capital costs of 7.5%

SP: Solid growth
EBITA margin held back by ramp-up costs for innovation technologies

OS: Profitability with new peak level
By excellent portfolio mix

LSS: Return to growth in Q4 2015
And sharp margin improvement

Lamps: High cash inflows
By reducing capital intensity

A
To our Shareholders

A.1 Letter to the Shareholders

Dr. Olaf Berlien Chairman of the Managing Board (CEO) of OSRAM Licht AG

Dear OSRAM Licht AG Shareholders,

Fiscal 2015 was an excellent year in many respects—a year in which we laid a solid foundation for the future. We increased profitability, measured in terms of our adjusted EBITA margin, to 10.2%, clearly exceeding both the prior-year figure of 8.7% and our target of at least 9.0%. This positive development was driven by our strong cost discipline and the systematic implementation of our PUSH efficiency improvement program. OSRAM was also very successful in realigning the Company and streamlining our structures. We aim to enable our shareholders to participate in this positive performance by planning a distribution of €0.90 per share.

Portfolio optimization was a key component of our realignment in fiscal 2015, in addition to cutting costs and streamlining structures. Following a detailed strategic review of all activities, it was decided to carve out the general lighting lamps business (Lamps) from a legal perspective by mid-2016. This business area accounts for around 40% of the Group's revenue. As an independent entity, it will be able to react more swiftly to market changes and develop more effectively. We have also agreed to sell our non-strategic interest in Foshan Electrical & Lighting, China; the proceeds will be used to further increase funding of our global pension commitments, to the benefit of our employees.

Focus on Growth and Technology Leadership

Following our successful realignment with a focus on profitability and flexibility, OSRAM will be based in future on three strong pillars: opto-semiconductors (OS), specialty lighting (SP), and luminaires and solutions (LSS). We will now selectively develop these three business areas in our "Diamond" innovation and growth initiative. To do this, we will for one thing clearly increase our research and development spending to an average of around 8% of Group revenue by 2020.

In the case of OS, we also plan to systematically build on our position as the global number two. We are already the market leader in special applications, including in the areas of security and infrared chips for autonomous driving. We are also the technology leader for surface emitters (thin film technology) for LED chip manufacture. In addition, we have enhanced our expertise in alternative volume emitters (sapphire technology). We intend to use this as the basis to grow our share of the largest and fastest-growing LED market, general lighting. With average annual growth of 7.5%, this market offers excellent growth opportunities. As a consequence, we will invest around €370 million to build the world's largest and most advanced six-inch LED chip production facility as a first step. Depending on the market and our business performance, we will continue to develop the location until 2020 and spend a total of around €1 billion. At the same time, this step will allow us to improve our cost position in established special markets.

We will also selectively invest to roll out new technologies throughout the market and capture new growth potential in the specialty lighting segment, where we have been the world market leader in the automotive industry for many years. This relates in particular to innovative technologies such as laser lights, for which we are already the sole provider for headlights in series-produced vehicles. Organic light emitting diodes (OLEDs), the future technology that we will soon be putting into series production in rear lights, will be another focal point. We intend to leverage our solid position in both technologies and to take advantage of the continuing high demand for these products. We expect the market for laser and OLED applications in the automotive industry to have a potential of around €1.1 billion by 2025. In addition, investments in other specialty lighting areas are conceivable in order to selectively capture new growth opportunities.

In our Lighting Solutions & Systems segment, we will launch a wide range of measures in the coming years to develop intelligent and technologically sophisticated lighting solutions. The increasing importance of comprehensive lighting solutions also means a greater focus on expanding our electronics and software expertise. For this reason, we will also selectively establish new capacity for electronic ballasts and light management systems in the next two years.

Diamond Fosters Sustainable Enterprise Value for all Stakeholders

The Diamond innovation and growth initiative is underpinned by concrete targets, which we will use to measure our progress. For 2020, we are aiming to achieve consolidated revenue of € 5 billion to € 5.5 billion and EBITDA of € 0.9 billion to € 1 billion (corresponding to average annual revenue growth of 8% and average annual EBITDA growth of 9%), and earnings per share of around € 5.

In fiscal 2016, Diamond, OSRAM's ongoing transformation, and the carve-out of Lamps will cause a decline in the adjusted EBITA margin to well below the prior-year level. However, we will continue to add value for our shareholders and plan to again distribute a dividend of at least € 0.90 per share for the next fiscal year, despite the high level of capital expenditure mentioned. We also plan to repurchase treasury shares in the amount of up to € 500 million starting in the first calendar quarter of 2016. In addition, we will add value for our employees and customers through our investments in technologies and locations.

We are about to enter one of the most exciting and interesting development phases in OSRAM's more than a century of history. With our new strategic positioning and growth initiative, we have taken the first steps to put the Group on track for sustainable profitability and to create value for all of our stakeholders. On behalf of the Managing Board, I would like to take this opportunity to sincerely thank our employees for their outstanding commitment. My thanks also go to the Supervisory Board and the employee representatives for their support and cooperation. I would also like to thank you—our shareholders—for the trust you have placed in us.

Yours sincerely,

Dr. Olaf Berlien
Chairman of the Managing Board
of OSRAM Licht AG

A.2 Report of the Supervisory Board

Peter Bauer Chairman of the Supervisory Board of OSRAM Licht AG

Dear Shareholders,

OSRAM achieved excellent results in the fiscal year just ended. At the same time, the Company made one of the most important strategic decisions in its history. The separation of the lamps business means that all business areas can position themselves even more successfully to respond to current and future market conditions. 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.

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 on and explanations of corporate planning, business development, strategic planning, the current position of the Group, compliance processes, the financial reporting process, the effectiveness of the internal control systems, and all significant business events. The Managing Board regularly informed us of the Company's strategy. Any variances in performance as against corporate planning were explained to us in detail. 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 eight ordinary and extraordinary plenary meetings in the year under review. These took place in November and December 2014, and in February, April, June, July, and September 2015. The Supervisory Board also had various committees. The work performed in the meetings of the Supervisory Board committees is addressed in the following section.

All members of the Supervisory Board participated in all meetings, with the exception of three Supervisory Board meetings where one member was unable to attend in each case. Attendance at the plenary meetings thus averaged more than 96% in the year under review. The committee meetings were fully attended, with the exception of one Executive Committee meeting and one meeting of the Strategy and Technology Committee, where one member was not present in each case.

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 and the Company as a whole with the Managing Board in separate strategy meetings.

A.2.1 Work Performed by the Supervisory Board Committees

In order to perform its tasks efficiently, the Supervisory Board continued to have five committees in the fiscal year just ended. The committees prepared 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 provided the Supervisory Board with regular, comprehensive reports on the work performed by the committees.

The Supervisory Board's Executive Committee met seven times in the year under review. It addressed in detail the preparation of decisions on the remuneration of the Managing Board. The Executive Committee also discussed the composition of the Managing Board and longer-term personnel planning. It also dealt with corporate governance matters, including the declaration of conformity with the German Corporate Governance Code. 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.

The Strategy and Technology Committee met four times in the year under review and addressed strategic and technological issues for individual business units, particularly OS and SP, as well as the business with LED lamps (LEDr). In its meeting on July 27, 2015, it prepared the Supervisory Board discussions on the Company's overall strategy.

The Audit Committee held five meetings in the past fiscal year. It addressed the financial statements of OSRAM Licht AG and of the Group, as well as the combined management report for OSRAM Licht AG and the Group 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 2015 General Meeting for the election of the auditors. Furthermore, the committee discussed the engagement of the auditors for fiscal 2015 in detail, including defining the focus points for the audit, monitoring the auditors' independence and qualifications and the quality of the audit, setting the audit fee, and discussing the findings of the auditors' review of the quarterly and half-yearly financial statements. In addition, the Committee discussed the financial reporting process and the Company's internal control system as well as risk management system.

The Audit Committee also addressed the structure, organization, activities, effectiveness, resources, and findings of the Internal Audit function. 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 reports 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 in the period under review to prepare for the confirmation of Dr. Brandt's appointment to the Supervisory Board by the General Meeting of OSRAM Licht AG on February 26, 2015. The Nomination Committee took into account the requirements of the Aktiengesetz (AktG—German Stock Corporation Act), 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.

A.2.2 Matters Addressed by the Full Supervisory Board

In the fiscal year just ended, the Supervisory Board of OSRAM Licht AG addressed in particular the business performance of OSRAM Licht AG and its fundamental corporate strategy, including the carve-out of the general lighting lamps business, the annual and multi-year planning for the Company and the OSRAM Licht Group, and the position of the Group, particularly its financial position and results of operations.

In its meeting on November 5, 2014, the Supervisory Board discussed the preliminary figures for fiscal 2014 and resolved the variable remuneration components for the Managing Board for the fiscal year, based on the degree to which their targets had been met, and the size of the contributions to the Managing Board pension plan. It also approved Mr. Dehen's departure from the Managing Board as of December 31, 2014, and the signing of a termination agreement with him, appointed Dr. Berlien as his successor with effect from January 1, 2015, and approved the contract of service with Dr. Berlien.

Following an in-depth examination of the financial statements documents, the Supervisory Board meeting convened to adopt the financial statements on December 2, 2014, approved the single-entity annual financial statements of OSRAM Licht AG and the consolidated financial statements, as well as the combined management report for OSRAM Licht AG and the Group as of September 30, 2014. The single-entity annual financial statements were thus adopted. The auditors participated in the discussions and reported on the main results of the audit before the resolution was passed. The report by the Supervisory Board to the General Meeting for fiscal 2014 was also approved. In addition, the Supervisory Board adopted its proposed resolutions on the individual items of the agenda to be resolved by the 2015 Annual General Meeting. Finally, the Supervisory Board approved the signing of a loan agreement with the European Investment Bank in the amount of €200 million.

In its meeting on February 3, 2015, the Supervisory Board discussed in detail the results for the first quarter of the fiscal year and current business performance, among other things.

In its meeting of April 28, 2015, the Supervisory Board decided to extend Dr. Patzak's appointment until March 31, 2021, and approved the signature of a revised contract of service with him with effect from April 1, 2016. It also addressed the business results for the second quarter and first half of fiscal 2015. Finally, it examined the planned carve-out of the general lighting lamps business in detail.

At its meeting of June 12, 2015, which took the form of a conference call, the Supervisory Board then approved the carve-out, following further intensive discussion of the subject.

In its meeting on July 28, 2015, the Supervisory Board resolved to amend the schedule of responsibilities for the Managing Board effective October 1, 2015. The Managing Board also reported on the business results for the third quarter of the fiscal year. The Supervisory Board also addressed the subject of diversity at OSRAM. Given the terms of office of the current members of the Managing Board, it decided on a target of 0% for the proportion of women on the Company's Managing Board until June 30, 2017. However, at the same time, it asked the Executive Committee to give particular consideration to female candidates for future Managing Board positions in its long-term succession planning. Finally, it adopted new objectives regarding its composition, which take account of the amended recommendations of the German Corporate Governance Code.

At the meeting of September 9, 2015, which took the form of a conference call, the Supervisory Board approved the sale of the indirect interest in Foshan Electrical and Lighting Co. Ltd., as well as the use of the sale proceeds as additional funding for the OSRAM pension plans.

In the meeting on September 28 and 29, 2015, the Supervisory Board discussed the carve-out of the general lighting lamps business and the status of the plans for fiscal 2016. Other topics addressed by the Supervisory Board during this meeting included the corporate strategy, particularly for the OS business, and OSRAM's targets fort the number of women in management positions.

A.2.3 Corporate Governance Code and Annual and Consolidated Financial Statements

On September 28, 2015, the Managing Board and Supervisory Board resolved the issuance declaration of conformity in accordance with section 161 of the AktG. The declaration states that the Company has complied with the recommendations of the German Corporate Governance Code in full since the last declaration of conformity on September 22, 2014, and that it will continue to comply with the recommendations in the future. The declaration of conformity was made permanently accessible to shareholders on the Company's website.

Insofar as they arose, concrete conflicts of interest affecting Supervisory Board members were disclosed to the Supervisory Board. In the case of the resolutions by the shareholder representatives on the Supervisory Board of OSRAM Licht AG relating to the approval of the actions of the members of the Supervisory Board of OSRAM GmbH for fiscal 2014 in accordance with section 32 of the Mitbestimmungsgesetz (MitbestG—German Codetermination Act), individual resolutions were adopted for the individual shareholder representatives, since the members of the Supervisory Board of OSRAM Licht AG are also the members of the Supervisory Board of OSRAM GmbH. The process adopted ensured that Supervisory Board members Dr. Christine Bortenlanger, Peter Bauer, Dr. Werner Brandt, Dr. Roland Busch, Prof. Dr. Lothar Frey, and Frank H. Lakerveld did not take part in the resolutions relating to the approval of their own actions.

Further disclosures on corporate governance can be found in > A.4.1 Corporate Governance Report. Page 18 ff.

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, 2015, 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 315 a (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.

In a first step, the proposal for the appropriation of net retained profits, the annual financial statements, the consolidated financial statements, and the combined management report, as well as the associated audit reports by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, were examined and discussed in detail in the meeting of the Audit Committee on December 4, 2015.

The financial statements and corresponding audit reports were then comprehensively reviewed in the presence of the auditors at the full Supervisory Board meeting held to adopt the financial statements on the same day; the audit reports had been made available to all members of the Supervisory Board. The auditors reported on the main results of the audit and that there were no major defects or flaws 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 auditors 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 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 use the net retained profits of €94,220,460.00 to distribute a dividend of €0.90 per share entitled to dividends and to carry forward the remaining net retained profits; the Supervisory Board endorses this proposal.

A.2.4 Changes to the Supervisory Board and the Managing Board

On November 5, 2014, the Audit Committee elected Dr. Werner Brandt as its new chairman, replacing Dr. Joachim Faber, who had resigned from his position with effect from the end of June 30, 2014.

On November 5, 2014, a mutual agreement was reached with Mr. Dehen, according to which his appointment as a member and the Chairman of the Managing Board terminated as of the end of December 31, 2014. The Supervisory Board thanked Mr. Dehen for his outstanding achievements and high level of personal commitment on behalf of the Company. The Supervisory Board appointed Dr. Olaf Berlien as a member and the Chairman of the Managing Board and as Labor Relations Director with effect from January 1, 2015.

The Supervisory Board would like to thank all 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 2015.

Munich, Dezember 4, 2015

On behalf of the Supervisory Board

Peter Bauer
Chairman

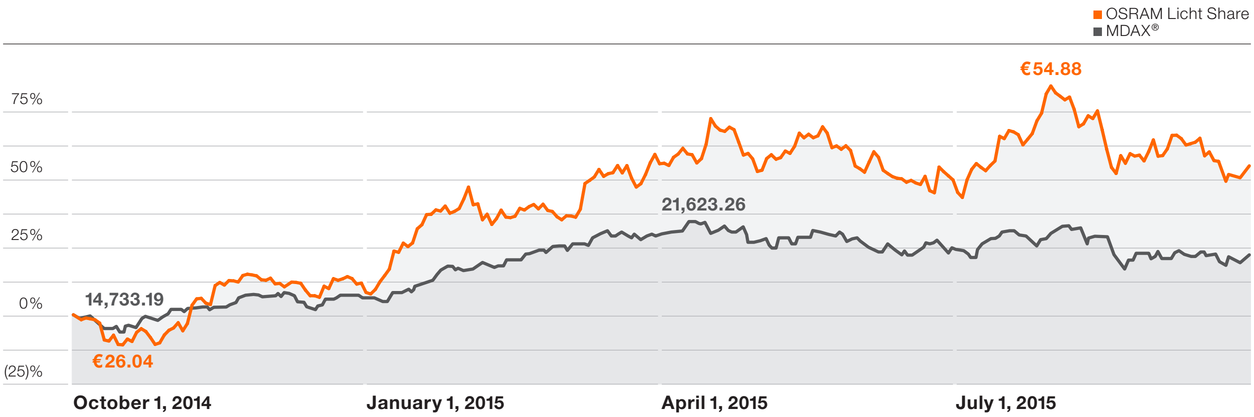
A.3 OSRAM Licht Shares and Investor Relations

Performance of OSRAM Licht Shares

OSRAM Licht shares rose by a good 57% in fiscal 2015, clearly outperforming the benchmark indexes, the DAX (+2%) and MDAX (+21%). The share price initially declined from its closing price of €29.50 on September 30, 2014, reaching a low point for fiscal 2015 of €26.04 on October 16, 2014. However, this was followed by a rally driven by speculation regarding the Group's strategic development and a strong news flow; this saw the price increase to €42 on February 6, 2015. After that it consolidated briefly at a high level, before beginning to rise again in early March. Following the upgrade of the annual forecast and the announcement of the separation of the lamps business, the share price climbed to more than €51 on April 21, 2015.

Although the slowing momentum on the stock markets from mid-April caused OSRAM's share price to drop to less than €46, it subsequently made up the lost ground. On August 4, 2015, the share price reached its peak for the reporting period of €54.88, an increase of 86% compared with the start of the period. In line with the major indexes, the shares then declined again, ending the fiscal year at €46.22. Including the dividend payout of €0.90, the annual share price performance amounted to 60%. As of September 30, 2015, the Group's market capitalization was approximately €4.8 billion, up a good 57% since the end of the prior-year period. On November 19, 2015 when this report was authorized, the share prize was at €38.79.

Performance of OSRAM Licht Shares in Fiscal 2015



Inclusion of OSRAM Licht Shares in Sustainability Indexes

Doing business in a manner that is consistently sustainable from an economic, environmental, and social perspective is increasingly important for investors. Global sustainability indexes act as a benchmark, allowing companies to be rated on their commitment to sustainability and their transparency in this area.

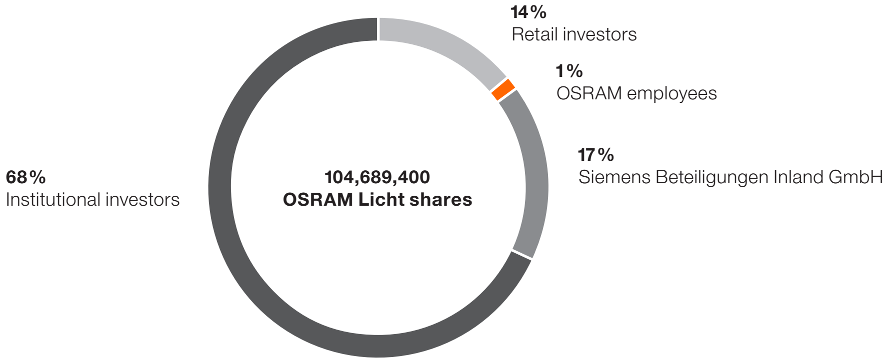
In September 2015, OSRAM Licht shares were included in the Dow Jones Sustainability World Index for the second time and made their debut in the STOXX Global ESG Leaders Index. This is further evidence of OSRAM's successful, results-based focus on environmental, social, and governance (ESG) guidelines.

Shareholder Structure

OSRAM's basic shareholder structure changed only slightly compared with the previous year: As of September 30, 2015, around 68% of the shares were held by institutional investors, an increase of around five percentage points compared with the 2014 closing rate. Retail investors held around 14% of the Company's shares, and Siemens continued to hold around 17%.

Investor Groups

Number of shares in %, as of September 30, 2015



Dividend Policy

Under OSRAM Licht AG's dividend policy, shareholders regularly participate in the Company's success. As already announced in the 2014 Annual Report, the Managing Board intends to propose an unchanged dividend of €0.90 per share for fiscal 2015 to the General Meeting on February 16, 2016. Given the year-end closing price of €46.22, this represents a dividend yield of 1.95%.

Annual General Meeting

OSRAM Licht AG's Annual General Meeting for fiscal 2014 was held at the Olympic Hall in Munich on February 26, 2015. Around 47% of the Company's share capital was represented, with close to 3,000 shareholders and guests in attendance.

All agenda items were passed by the General Meeting with clear majorities.

The Annual General Meeting that will vote on the resolutions relating to fiscal 2015 will be held at the Internationales Congress Center in Munich (ICM) on February 16, 2016.

Analysts

The number of analysts who regularly publish comments and recommendations regarding OSRAM Licht shares increased from 18 to 23 in the reporting period. At the end of the fiscal year, more than one-third of the analysts recommended buying the shares and around half recommended holding them.

In Touch with the Markets

OSRAM Licht AG aims to maintain an open and transparent dialog with investors and analysts. The management and the Investor Relations team were available for one-to-one discussions and group talks. In addition, all relevant Company publications, the financial calendar, and further information about OSRAM Licht shares can be consulted online at any time.

In fiscal 2015, OSRAM spent a total of 17 days participating in conferences and a further six days at road shows in Germany and abroad. As well as events in Frankfurt, Hamburg, and Munich, these included activities in London, Zurich, Paris, New York, Boston, Hong Kong, and Singapore.

OSRAM Licht Shares on the Market

as of September 30, 2015	
Number of shares	104,689,400
of which free float	78.0%
High as of August 4, 2015 (Xetra)	€54.88
Low as of October 16, 2014 (Xetra)	€26.04
Market cap as of September 30, 2015	€4.79 billion

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
Index	MDAX
Initial listing	July 8, 2013
Number of shares	104,689,400

A.4 Corporate Governance

A.4.1 Corporate Governance Report

The successful future of the OSRAM Licht Group 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 28, 2015. The declaration of conformity can be found in A.4.3 Corporate Governance Declaration and is published on our website at www.osram-licht.ag.

Page 35 ff.

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.

A.4.1.1 Management and Control Structure

OSRAM Licht AG is governed by the Aktiengesetz (AktG—German Stock Corporation Act) 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 Co-determination Act), the Supervisory Board is composed of six shareholder representatives and six employee representatives. The term of office of all members of the Supervisory Board 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 July 28, 2015, the Supervisory Board resolved, with reference to section 5.4.1 (2) of the Code, 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.
- Additionally, as a general rule, nobody who has reached the age of 70 by the time of the election should be proposed for election to the Supervisory Board.
- Until the next regular election of the members of the Supervisory Board, at least three Supervisory Board mandates should be held by women.
- Membership of the Supervisory Board should generally not exceed 15 years.

With regard to the implementation of these objectives, the following can be reported: During the entire fiscal year, one mandate was held by Ms. Irene Schulz, as an employee representative on the Supervisory Board, and one by Dr. Christine Bortenlanger, as a shareholder representative on the Supervisory Board. Should it become necessary to fill a Supervisory Board position now held by a man during the current term of office, it is intended that a woman will be appointed as his replacement. 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 or belonged to the Supervisory Board for more than 15 years. 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 were conducted on an arm's length basis. We do not believe that these transactions compromise the independence of the Supervisory Board members concerned.

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. 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, the use of equity derivatives in the acquisition of treasury shares 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 or German law does not require them to be addressed by the full Supervisory Board. In particular, the Executive Committee prepares 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 decides amongst other things 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 5, 2014, Dr. Werner Brandt, meets these legal requirements, as did his predecessor, Dr. Joachim Faber. 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 and 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 the additional services they provide. 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 (see 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 member elected by the shareholder representatives. The committee 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.

The members of the Supervisory Board and its committees are presented in the Notes to the consolidated financial statements, > Note 43 | Supervisory Board and Managing Board in section C.6 of the Notes to the consolidated financial statements. Page 179 ff.

Detailed information on the Supervisory Board's work in fiscal 2015 can be found in > A.2 Report of the Supervisory Board. Page 10 ff.

The remuneration of the members of the Supervisory Board is described in > A.4.2 Remuneration Report. Page 23 ff.

Managing Board

As the management body of OSRAM Licht AG, the Managing Board is bound to act in the Company's interests and is committed to sustainably increasing its enterprise value. The Managing Board currently has two 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.

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 legal and regulatory requirements, and internal policies are complied with, and must work to ensure that all Group companies also do this.

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, among other things, is striving to increase the number of women in these roles.

The members of the Managing Board are presented in the Notes to the consolidated financial statements, Note 43 | Supervisory Board and Managing Board in section C.6 of the Notes to the consolidated financial statements. Page 179 ff.

The remuneration of the members of the Managing Board is described in A.4.2 Remuneration Report. Page 23 ff.

Share Ownership

On October 21, 2015, the current members of the Managing Board held a total of 15,879 (previous year: 631) OSRAM Licht shares; this corresponds to 0.0152% (previous year: 0.0006%) 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 4,731 (previous year: 4,118) OSRAM Licht shares; this corresponds to less than 0.01% (previous year: less than 0.01%) of the capital stock of OSRAM Licht AG.

A.4.1.2 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. 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 website at www.osram-licht.ag.

The only disclosure in the fiscal year just ended was from Dr. Berlien, who notified OSRAM Licht AG that he purchased a total of 8,000 shares at a price of €32.8447 each on January 2, 2015, and a total of 7,250 shares at a price of €32.6758 each on January 5, 2015.

A.4.1.3 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. Under Article 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 meeting venue and without a proxy, and to exercise all or some of their rights either fully or partially by means of electronic communication (electronic participation). In view of the significant technical uncertainties already mentioned and the resulting risks regarding the validity of the resolutions passed, the Managing Board has not yet made the option of electronic participation available. In addition, use has not yet been made of absentee voting, since the shareholders have adequate comparable options to exercise their voting rights, particularly in the form of the Company's designated voting representatives. The reports, documents, and information legally required for the General Meeting, including the annual report, are available online, as is the agenda for the General Meeting, and any shareholder countermotions 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 additional requirements of section 142 of the AktG.

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 in the section entitled › A.3 OSRAM Licht Shares and Investor Relations.

Page 15 ff.

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 website at » www.osram-licht.ag.

A.4.2 Remuneration Report

A Component of the Combined 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 principles and amount of the remuneration paid to the members of the Supervisory Board. In addition, the remuneration of each member of the Managing Board and Supervisory Board for fiscal 2015 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 combined management report.

A.4.2.1 Remuneration System for the Members of the Managing Board

The remuneration system for the Managing Board of OSRAM Licht AG was established when the OSRAM Group's spinoff from the Siemens Group took effect on July 5, 2013, and was most recently approved by the Company's General Meeting on February 26, 2015. The Supervisory Board regularly evaluates the appropriateness of the compensation paid to members of the Managing Board and of the remuneration system, most recently in spring 2014, by obtaining an expert opinion from an independent remuneration expert. The 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 nonmonetary benefits and ancillary benefits, such as the provision of a company car, contributions to insurance policies, the reimbursement of certain legal and tax advisory expenses, and accommodation 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 Company's business performance in the respective fiscal year just ended. At the beginning of each fiscal year, the Supervisory Board sets clearly defined 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 not payable if 0% of targets are achieved, and 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 additionally by up to 20%. When deciding whether 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. The bonus is paid in full in cash.

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 (Stock Awards), which are subject to a lock-up period. This lock-up period ends at the close of the second day following the 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 lock-up period has expired, the beneficiaries receive either one OSRAM Licht AG share for each Stock Award without them having to make any additional payment, or a corresponding cash settlement.

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 annual target monetary value of the Stock Awards in fiscal 2015 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 Stock Awards granted is determined by dividing the monetary value determined once the Supervisory Board has calculated the level of target achievement 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 lock-up period.

In the event of extraordinary unforeseen developments impacting the relevant share price, the Supervisory Board may decide to reduce the number of granted 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 Stock Awards until the developments have ceased to have an impact on the share price.

The rules above also apply, with the necessary modifications, to Bonus Awards that were granted half in cash and half in the form of nonforfeitable stock commitments for the transfer of OSRAM Licht AG shares prior to September 30, 2014 (Bonus Awards).

If a Managing Board member's contract ends during the course of his or her term of office, the Stock Awards lapse in principle 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 Stock Awards do 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.

Maximum Remuneration Amounts

In addition to the existing bonus caps, the Supervisory Board introduced maximum remuneration amounts for both the long-term share-based compensation and the total compensation paid to members of the Managing Board effective October 1, 2014. These maximum remuneration amounts apply to all share-based payment instruments awarded after October 1, 2014 (including those awarded for fiscal 2014), and to the total compensation resulting on their receipt. Commitments for OSRAM Licht shares awarded before this date will remain unaffected. The following maximum remuneration amounts apply:

With regard to long-term share-based compensation, the maximum amount as of the grant date for the Stock Awards remains unchanged at 200% of the monetary value of the target amount, i.e. €2 million for the Chairman of the Managing Board and €1.32 million for the remaining members of the Managing Board. Upon expiration of the lock-up period of approximately four years, the maximum value of the shares transferred is capped at 250% of the target amount. This corresponds to €2.5 million for the Chairman of the Managing Board and €1.65 million for the remaining members of the Managing Board.

The maximum total compensation is €6 million for the Chairman of the Managing Board and €4 million for the remaining members of the Managing Board. The total compensation represents the sum of the compensation awarded for the fiscal year in question (excluding the monetary value of long-term share-based compensation) plus amounts accruing from share-based payment instruments whose lock-up period expired in the fiscal year concerned. The value of the amounts received is determined using the closing price of OSRAM Licht shares in XETRA trading on the Frankfurt Stock Exchange on the last trading day before the shares are transferred.

If any of the above maximum remuneration amounts are exceeded, the claims to the transfer of shares under granted Stock Awards are reduced, with the number of shares to be transferred being adjusted downwards. If this reduction is insufficient to bring the total compensation payable down to below the limit, the Supervisory Board may at its duty-bound discretion reduce other compensation components or require the reimbursement of compensation already awarded.

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 significant portion of their base compensation in OSRAM Licht shares during their term of office on the Managing Board. From October 1, 2014, this multiple amounts to 200% (previously 300%) of the average base compensation paid in the last four years in the case of the Chairman of the Managing Board, and 100% (previously 200%) for the remaining members of the Managing Board. Bonus Awards granted prior to October 1, 2014, are taken into account in determining compliance with the Share Ownership Guidelines. Evidence that this requirement has been met must be provided as of October 1, 2017, at the earliest following a buildup phase of a good four years, and updated annually thereafter. If the value of the shareholding built up in this way falls below the required minimum level due to a decline in the price of OSRAM Licht shares, the Managing Board member will be required to acquire additional shares.

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 will 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 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 a flat rate of 5% of the total compensation or severance amount to cover nonmonetary benefits. In addition, compensatory or severance payments are reduced by a flat rate of 15% to account for discount effects and income earned elsewhere, if the remaining term of the Managing Board member's contract was 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 is currently set at 28% of the sum of the base compensation and target amount of the bonus. The pension commitments are nonforfeitable. 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, as a lump sum payment, or in up to 12 annual installments.

D&O Insurance and Criminal Liability Insurance
D&O insurance is taken out for governing body members and certain employees of the OSRAM Licht Group. This insurance, which is taken out for a period of one year in each case, covers the personal liability of this group of people for financial losses arising in connection with the performance of their 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 of OSRAM Licht AG, which meets the requirements of the Aktiengesetz (AktG—German Stock Corporation Act).

The members of the Managing Board are also covered by the criminal liability insurance that OSRAM Licht Group has taken out for its employees and governing body members. This insurance covers any lawyers' fees and court costs arising in connection with their defense in criminal or administrative offense proceedings.

A.4.2.2 Remuneration of OSRAM Licht AG Managing Board Members in Fiscal 2015
After assessing the achievement of the targets set by it before the beginning of fiscal 2015, the Supervisory Board of OSRAM Licht AG established at its meeting on November 10, 2015, the following amount of variable compensation (bonus), Stock Awards to be granted, and contributions to the pension plan:

Variable Compensation (Bonus)
For the variable compensation (bonus) payable to the members of the Managing Board for fiscal 2015, the Supervisory Board defined concrete targets at Group level for organic revenue growth, EBITA, and free cash flow. These targets are equally weighted. 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 and impairments 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 also specified that the EBITA and free cash flow financial indicators should 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 non-current assets). Finally, before the start of the fiscal year, the Supervisory Board resolved in particular to take into account the Company's performance in terms of profitability and business volume compared to relevant competitors in its decision to increase or decrease the variable compensation paid by up to 20%.

In establishing the targets, the Supervisory Board took into consideration the plans for the fiscal year submitted by the Managing Board, performance compared to the results for the previous fiscal year, macroeconomic conditions, and the situation in the lighting industry. Based on the results in fiscal 2015, the Supervisory Board determined the degree of target achievement to be 129.3% (previous year: 113.5%). In addition, it decided at its duty-bound discretion not to adjust the amounts to be paid out on the basis of the target achievement.

Long-term Share-based Compensation

For fiscal 2015 as in the previous year, the Supervisory Board of OSRAM Licht AG decided to adjust the amount of the long-term share-based compensation in line with the average (basic) earnings per share (EPS) of the OSRAM Licht Group over the past three fiscal years. The average EPS determined for fiscal years 2013 to 2015 was €1.23 and the degree of target achievement was thus 114.8% (previous year: 104.2%). In order to determine the number of Stock Awards to be granted, the value of the Stock Awards was calculated using the XETRA closing price for OSRAM Licht shares on the date of the award, less the present value of the dividends expected during the four-year lock-up period, to which the beneficiaries are not entitled, as set out in the employment contracts. This figure amounted to €33.34 (previous year: €27.25). In contrast to the procedure for measuring the Stock Awards, the cap on long-term share-based compensation is not taken into account in this calculation.

Wolfgang Dehen's Departure from the Managing Board

Wolfgang Dehen's appointment to the Managing Board was terminated by mutual agreement as of the end of December 31, 2014, and was accompanied by the simultaneous termination of his contract. Mr. Dehen was granted the contractually agreed compensation for his work in fiscal 2015 and it was agreed that the variable compensation components would be settled based on the degree of target achievement in fiscal 2014. In addition, a gross compensatory payment of €3,556,200 and a €630,000 one-off contribution to the BOA, credited in January 2015, were agreed with Mr. Dehen to settle the further claims arising from his contract. The Bonus Awards and Stock Awards granted to Mr. Dehen during his appointment to the Managing Board as well as his rights to the transaction bonus awarded by Siemens AG remain in force without restriction, in accordance with the plan terms and conditions.

Total Compensation

Based on the above amounts determined by the Supervisory Board, the total compensation of OSRAM Licht AG's current and former Managing Board members for fiscal 2015 (excluding pension commitments) amounted in total to €5.3 million (previous year: €7.0 million). Of this total compensation, €3.7 million (previous year: €5.4 million) was attributable to the cash component, and €1.6 million (previous year: €1.6 million) to the share-based compensation.

The following compensation was granted to the individual members of the Managing Board in fiscal 2015:

Benefits Granted for Fiscal 2015

	Managing Board members in office as of September 30, 2015							
	Dr. Olaf Berlien (since January 1, 2015) Chief Executive Officer				**Dr. Klaus Patzak** Chief Financial Officer			
				Fiscal				**Fiscal**
in € million	**2014**	**2015**	**2015** (min)	**2015** (max)	**2014**	**2015**	**2015** (min)	**2015** (max)
Non-performance-based components								
Fixed compensation (base compensation)	0	675,000	675,000	675,000	600,000	600,000	600,000	600,000
Ancillary benefits[1]	0	157,489	157,489	157,489	397,083	53,155	53,155	53,155
Total	**0**	**832,489**	**832,489**	**832,489**	**997,083**	**653,155**	**653,155**	**653,155**
Performance-based components								
Excluding long-term incentive effect, not share-based								
One-year variable compensation (bonus)	0	872,775	0	1,620,000	681,000	775,800	0	1,440,000
Including long-term incentive effect, share-based								
Multi-year variable compensation OSRAM Stock Awards (lock-up period of 4 years)[4] [5]	0	747,840	0	1,875,000	633,651	658,100	0	1,650,000
Total	**0**	**2,453,104**	**832,489**	**4,327,489**	**2,311,734**	**2,087,055**	**653,155**	**3,743,155**
Service cost	0	408,213	408,213	408,213	322,121	353,763	353,763	353,763
Total compensation	**0**	**2,861,317**	**1,240,702**	**4,735,702**	**2,633,855**	**2,440,818**	**1,006,918**	**4,096,918**

[1] Ancillary benefits include expenses and non-cash benefits such as the provision of company cars, contributions to insurance policies, the reimbursement of legal and tax advisory expenses, accommodation and moving costs, and costs related to preventive medical examinations.
[2] Wolfgang Dehen left the Managing Board as of December 31, 2014. In accordance with the contractual provisions, the share-based (multi-year variable) compensation for fiscal 2014 and 2015 was granted in the form of stock awards (OSRAM Stock Awards), which are subject to a lock-up period of four years. In connection with his departure from the Managing Board, it was agreed with Mr. Dehen that the share-based payment instruments (OSRAM Stock Awards and OSRAM Bonus Awards) awarded to him while he was a member of the Managing Board are to be treated as having vested and that the lock-up periods in accordance with the plan terms and conditions remain unaffected in each case. In addition to the reported compensation granted for fiscal 2015 for his activities as a member and Chairman of the Managing Board, a compensatory payment of €3,556,200 was agreed with Mr. Dehen for the remaining term of his contract from January 1, 2015, to March 31, 2016. Furthermore, Mr. Dehen was granted a one-off contribution to the pension plan of €630,000 for this remaining term, which was not included in the service costs for fiscal 2015.
[3] Dr. Peter Laier left the Managing Board as of June 30, 2014. In addition to the reported compensation granted for fiscal 2014 for his activities as a member of the Managing Board, a compensatory payment in the amount of €4,444,652 was agreed with Dr. Laier in fiscal 2014 for the remaining term of his contract from July 1, 2014, to December 31, 2017. Furthermore, Dr. Laier was granted a one-off contribution to the pension plan of €672,000 for this remaining term, which was not included in the service cost for fiscal 2014. Dr. Laier was not granted share-based (multi-year variable) compensation for fiscal 2014.
[4] The expense from Stock Awards granted to members of the Managing Board of OSRAM Licht AG recognized in accordance with IFRSs in fiscal 2015 and fiscal 2014 amounted to €2.3 million for fiscal 2015 and €0.7 million for fiscal 2014. Therefore, the following expenses were attributable to the members of the Managing Board in fiscal 2015: Dr. Olaf Berlien €0.1 million (previous year: €0), Wolfgang Dehen €1.7 million (previous year: €0.5 million), Dr. Klaus Patzak €0.4 million (previous year: €0.3 million).
[5] As of the grant date of November 12, 2015, the fair value of one Stock Award amounted to €28.96 (previous year: €25.11). This value was calculated using an option model, which takes the maximum variable share-based compensation (cap) described above into consideration when the OSRAM Licht shares awarded are received by reducing the amount in line with this; as a result, it differs from the value of €33.34 used to determine the number of Stock Awards granted. This reduction in value results in a deviation from the monetary value of a Stock Award used to calculate the number of shares in accordance with the employment contract. Based on a target achievement of 100%, the monetary values for the members of the Managing Board in office as of September 30, 2015, were as follows: Dr. Olaf Berlien €750.000 (previous year: €0), Dr. Klaus Patzak €660,000 (previous year: €660,000). Based on a target achievement of 100%, the monetary values for the former members of the Managing Board were as follows: Wolfgang Dehen €250,000 (previous year: €1.0 million), Dr. Peter Laier €0 (previous year: €495,000).

								Former Managing Board members
				Wolfgang Dehen[2] (until January 1, 2015) Chief Executive Officer				**Dr. Peter Laier**[3] Member of the Managing Board
				Fiscal				**Fiscal**
	2014	**2015**	**2015** (min)	**2015** (max)	**2014**	**2015**	**2015** (min)	**2015** (max)
	900,000	225,000	225,000	225,000	450,000	0	0	0
	89,684	41,397	41,397	41,397	719,448	42,008	42,008	42,008
	989,684	**266,397**	**266,397**	**266,397**	**1,169,448**	**42,008**	**42,008**	**42,008**
	1,021,500	255,375	0	540,000	510,750	0	0	
	960,081	226,278	0	625,000	0	0	0	0
	2,971,265	**748,050**	**266,397**	**1,431,397**	**1,680,198**	**42,008**	**42,008**	**42,008**
	493,902	136,071	136,071	136,071	235,356	0	0	0
	3,465,167	**884,121**	**402,468**	**1,567,468**	**1,915,554**	**42,008**	**42,008**	**42,008**

The following table show the fixed compensation, ancillary benefits, one-year variable compensation, multi-year variable compensation, and the service cost received in or for fiscal 2015:

Benefits Received in Fiscal 2015

	Managing Board members in office as of September 30, 2015				Former members of the Managing Board			
		Dr. Olaf Berlien (since January 1, 2015) Chief Executive Officer		**Dr. Klaus Patzak** Chief Financial Officer		**Wolfgang Dehen**[2] (until December 31, 2014) Chief Executive Officer		**Dr. Peter Laier**[3] (until June 30, 2014) Member of the Managing Board
		Fiscal		**Fiscal**		**Fiscal**		**Fiscal**
in € million	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Non-performance-based components								
Fixed compensation (base compensation)	0	675,000	600,000	600,000	900,000	225,000	450,000	0
Ancillary benefits[1]	0	157,489	397,083	53,155	89,684	41,397	719,448	42,008
Total	**0**	**832,489**	**997,083**	**653,155**	**989,684**	**266,397**	**1,169,448**	**42,008**
Performance-based components								
Excluding long-term incentive effect, not share-based								
One-year variable compensation (bonus)	0	872,775	681,000	775,800	1,021,500	255,375	510,750	0
Including long-term incentive effect, share-based								
Multi-year variable compensation OSRAM Stock Awards (lock-up period of 4 years)[4]	0	0	0	0	0	0	0	0
Total	**0**	**1,705,264**	**1,678,083**	**1,428,955**	**2,011,184**	**521,772**	**1,680,198**	**42,008**
Service cost	0	408,213	322,121	353,763	493,902	136,071	235,356	0
Total compensation	**0**	**2,113,477**	**2,000,204**	**1,782,718**	**2,505,086**	**657,843**	**1,915,554**	**42,008**

[1] Ancillary benefits include expenses and non-cash benefits such as the provision of company cars, contributions to insurance policies, the reimbursement of legal and tax advisory expenses, accommodation and moving costs, and costs related to preventive medical examinations.

[2] Wolfgang Dehen left the Managing Board as of December 31, 2014. In accordance with the contractual provisions, the share-based (multi-year variable) compensation for fiscal 2014 and 2015 was granted in the form of stock awards (OSRAM Stock Awards), which are subject to a lock-up period of four years. In connection with his departure from the Managing Board, it was agreed with Mr. Dehen that the share-based payment instruments (OSRAM Stock Awards and OSRAM Bonus Awards) awarded to him while he was a member of the Managing Board are to be treated as having vested and that the lock-up periods in accordance with the plan terms and conditions remain unaffected in each case. In addition to the reported benefits received for fiscal 2015 for his activities as a member and Chairman of the Managing Board, Mr. Dehen received a compensatory payment of €3,556,200 for the remaining term of his contract from January 1, 2015, to March 31, 2016. Furthermore, Mr. Dehen was granted a one-off contribution to the pension plan of €630,000 for this remaining term, which is not included in the service cost for fiscal 2015.

[3] Dr. Peter Laier left the Managing Board as of June 30, 2014. In addition to the reported benefits received for fiscal 2014 for his activities as a member of the Managing Board, Dr. Laier received a compensatory payment in the amount of €4,444,652 in fiscal 2014 for the remaining term of his contract from July 1, 2014, to December 31, 2017. Furthermore, Dr. Laier was granted a one-off contribution to the pension plan of €672,000 for this remaining term, which is not included in the service cost for fiscal 2014. Dr. Laier was not granted share-based (multi-year variable) compensation for fiscal 2014.

[4] As of the grant date of November 12, 2015, the fair value of one Stock Award amounted to €28.96 (previous year: €25.11). This value was calculated using an option model, which takes the maximum variable share-based compensation (cap) described above into consideration when the OSRAM Licht shares awarded accrue by reducing the amount in line with this. This reduction in value results in a deviation from the monetary value of a Stock Award used to calculate the number of shares in accordance with the employment contract. Based on a target achievement of 100%, the monetary values for the members of the Managing Board in office as of September 30, 2015, were as follows: Dr. Olaf Berlien €750.000 (previous year: €0), Dr. Klaus Patzak €660,000 (previous year: €660,000). Based on a target achievement of 100%, the monetary values for the former members of the Managing Board were as follows: Wolfgang Dehen €250,000 (previous year: €1.0 million), Dr. Peter Laier €0 (previous year: €495,000).

Transaction Bonus in Connection with the Spin-off from Siemens AG

In fiscal 2013, prior to OSRAM's spin-off from the Siemens Group, Siemens Aktiengesellschaft (Siemens AG) awarded a transaction bonus to members of the Managing Board of OSRAM Licht AG and other OSRAM executives. This was aimed at compensating the beneficiaries for their performance above and beyond the call of duty in connection with the spin-off and listing of OSRAM, as well as creating an incentive to help ensure the success of OSRAM Licht AG's listing over the medium term. The transaction bonus was awarded in the form of stock commitments for OSRAM Licht shares. The monetary values and numbers of OSRAM Licht shares awarded to each member of the Managing Board were as follows:

Monetary Values and Number of OSRAM Licht Shares

Amounts in units or €	Monetary value of the transaction bonus[2]	Number of OSRAM Licht shares[3]
Managing Board members in office as of September 30, 2015[1]		
Dr. Olaf Berlien	–	–
Dr. Klaus Patzak	500,000	19,141
Former Managing Board members of OSRAM Licht AG		
Wolfgang Dehen[4]	1,250,000	47,854
Dr. Peter Laier[5]	125,000	4,785
Total	**1,875,000**	**71,780**

[1] OSRAM Licht AG has 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. The expense for the transaction bonus for members of the Managing Board of OSRAM Licht AG recognized in fiscal 2015 in accordance with IFRSs amounted to €0.4 million (previous year: €0.9 million).
[2] Based on a target achievement of 50% determined at Siemens AG's discretion (range: 50–200%).
[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 (€26.12), was used as a basis. The total fair value on the grant date of October 21, 2013, was €2,653,706. Of this amount, €1,769,162 was attributable to Mr. Dehen, €176,901 to Dr. Laier, and €707,643 to Dr. Patzak.
[4] Wolfgang Dehen left the Managing Board as of December 31, 2014.
[5] Dr. Peter Laier left the Managing Board as of June 30, 2014.

The OSRAM Licht shares awarded are being allocated in four tranches. The first tranche was allocated immediately following the exact determination of the bonus amount and the second and third tranches fell due on July 5, 2014 and 2015, respectively. The final tranche will be allocated on July 5, 2016. If a beneficiary leaves the Company early, their entitlement to any shares not yet allocated will lapse in those cases in which the beneficiary has terminated their contract themselves or the Company has terminated the contract for good cause. 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. To date, no member of the Managing Board has exercised the option to require prior transfer in four equal annual tranches; in such a situation, the shares are subject to a holding period and a prohibition on disposal of four years from the date of listing on the stock exchange.

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 plan members' personal pension accounts in the January following the end of the fiscal year concerned, 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. OSRAM Licht AG made contributions of € 840,000 to the BOA for the work performed by members of the Managing Board in fiscal 2015 based on a Supervisory Board resolution dated November 10, 2015 (previous year: € 1,764,000). Of this amount, € 10,625 (previous year: € 10,625) 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 while OSRAM belonged to the Siemens Group. The remaining amount of € 829,375 (previous year: € 1,753,375) was credited to the individual pension accounts.

The following overview shows, among other things, the contributions (additions) made to the BOA for the individual Managing Board members for fiscal 2015:

Overview of Pension Commitments to Members of the Managing Board for Fiscal 2015

	Total contribution[1]		Present value of all pension commitments excluding deferred compensation[2]	
in €	**2015**	**2014**	**2015**	**2014**
Managing Board members in office as of September 30, 2015				
Dr. Olaf Berlien	378,000	–	373,169	–
Dr. Klaus Patzak	336,000	336,000	2,589,493	2,237,982
Former Managing Board members				
Wolfgang Dehen[3]	126,000	504,000	126,000	1,856,011
Dr. Peter Laier[4]	–	924,000	1,374,108	1,386,410
Total	**840,000**	**1,764,000**	**4,462,770**	**5,480,403**

[1] This figure includes the present value of pension commitments under the Siemens AG occupational pension plan, which one member of the Managing Board transferred when he moved to OSRAM.
[2] As of September 30, 2014 or 2015 in each case.
[3] Wolfgang Dehen left the Managing Board as of December 31, 2014. The one-off contribution of € 630,000 granted to Mr. Dehen in connection with his departure from the Managing Board is not included in his present value figure since Mr. Dehen exercised his right to have his pension contributions paid out in fiscal 2015 in accordance with the plan terms and conditions.
[4] Dr. Peter Laier left the Managing Board as of June 30, 2014. As in the previous year, the present value figure for Dr. Laier includes one-off contributions in the amount of € 872,000 granted to Dr. Laier on his appointment to and departure from the Managing Board.

In fiscal 2015, former members of the Managing Board of OSRAM Licht AG and their dependents received total compensation within the meaning of section 314 (1) no. 6 b of the HGB in the amount of € 2.5 million (previous year: € 0 million). As of September 30, 2015, the present value of all pension commitments for former members of the Managing Board of OSRAM Licht AG and their dependents totaled € 1.5 million (previous year: € 1.3 million).

Additional Disclosures on Share-based Payment Instruments in Fiscal 2014

The stock commitments held by members of the Managing Board (Bonus Awards, Stock Awards and stock commitments under the transaction bonus) changed as follows in fiscal 2015:

Stock Commitments Held by Members of the Managing Board

	Beginning of fiscal 2015			In fiscal 2015			End of fiscal 2015[3]		
				Granted[2]	Vested and transferred	Forfeited			
Number of shares	Nonforfeitable Bonus Awards[1]	Forfeitable Stock Awards	Stock commitments under the transaction bonus	OSRAM Stock Awards	Bonus Awards, Stock Awards and stock commitments under the transaction bonus	Stock Awards	OSRAM Bonus Awards	OSRAM Stock Awards	Stock commitments under the transaction bonus
Managing Board members in office as of September 30, 2015									
Dr. Olaf Berlien	0	0	0	0	0	0	0	0	0
Dr. Klaus Patzak	13,718	21,610	19,141	25,235	0	0	13,718	46,845	19,141
Former members of the Managing Board									
Wolfgang Dehen[4]	20,577	32,742	47,854	38,235	0	0	20,577	70,977	47,854
Dr. Peter Laier[5]	10,289	0	4,785		0	0	10,289	0	4,785
Total	**44,584**	**54,352**	**71,780**	**63,470**	**0**	**0**	**44,584**	**117,822**	**71,780**

[1] Bonus Awards have not been granted since October 1, 2014.
[2] In fiscal 2015, the grant-date fair value of the Stock Awards granted in November 2014 was €25.11 per stock awarded (previous year: €36.39).
[3] The Stock Awards granted in November 2015 (fiscal 2016) as compensation for fiscal 2015 are not included in these figures. Please see the above disclosures for further information.
[4] Wolfgang Dehen left the Managing Board as of December 31, 2014.
[5] Dr. Peter Laier left the Managing Board as of June 30, 2014.

Other Items

In fiscal 2015, members of the Managing Board did not receive any advances or loans from the Company.

A.4.2.3 Remuneration of Members of the Supervisory Board

On February 27, 2014, the Annual General Meeting of OSRAM Licht AG redefined the rules governing compensation for members of the Supervisory Board in the Articles of Association of OSRAM Licht AG, bringing this into line with the modified Group structure and the Supervisory Board's working practices. Under this amendment, the following base compensation is applicable as of April 1, 2014: €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 receives an additional €50,000, and each further member of the Audit Committee €15,000; the Chairman of the Executive Committee receives €20,000, and each further member of the Executive Committee €10,000. The Chairman of the Strategy and Technology Committee receives an additional €15,000, and each further member €10,000. However, the additional compensation for activities on Supervisory Board committees is 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.

If a Supervisory Board member does not participate in a Supervisory Board meeting, one-third of the total compensation described above is reduced by a percentage equal to the number of meetings the Supervisory Board member did not attended relative to the total number of meetings held in the fiscal year. The members receive €500 in each case for attendance at 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.

Based on these provisions, the following compensation is payable in fiscal 2015:

Compensation of Members of the Supervisory Board	2015				2014			
in €	Base compen-sation	Additional compensation for activities on committees[2]	Attendance fees	**Total compen-sation**	Base compen-sation	Additional compensation for activities on committees	Attendance fees	**Total compen-sation[3]**
Supervisory Board members of OSRAM Licht AG in office as of September 30, 2015[1]								
Peter Bauer	120,000	22,500	9,500	152,000	98,333	22,917	17,000	138,250
Michael Knuth[4]	100,000	15,000	10,000	125,000	80,000	25,000	17,000	122,000
Dr. Christine Bortenlänger	65,000	15,000	6,500	86,500	52,500	17,500	10,500	80,500
Dr. Werner Brandt[5]	59,583	45,833	5,500	110,917	10,833	2,500	500	13,833
Dr. Roland Busch[6]	95,833	14,375	9,000	119,208	67,500	19,153	5,500	92,153
Prof. Dr. Lothar Frey	65,000	10,000	6,000	81,000	52,500	5,000	10,500	68,000
Alfred Haas	65,000	–	4,000	69,000	50,333	–	6,000	56,333
Frank H. Lakerveld	65,000	10,000	6,000	81,000	52,500	5,000	10,500	68,000
Hubert Roßkopf[4]	65,000	15,000	8,500	88,500	50,333	17,000	14,000	81,333
Willi Sattler[4]	65,000	15,000	9,000	89,000	52,500	15,000	17,000	84,500
Irene Schulz[4]	65,000	15,000	6,500	86,500	52,500	17,500	10,500	80,500
Thomas Wetzel[4]	65,000	10,000	6,000	81,000	52,500	5,000	10,500	68,000
Former Supervisory Board members of OSRAM Licht AG								
Prof. Dr. Siegfried Russwurm[7]	–	–	–	–	13,333	7,500	7,000	27,833
Dr. Joachim Faber[7]	–	–	–	–	34,444	31,111	8,500	74,056
Total	**895,417**	**187,708**	**86,500**	**1,169,625**	**720,111**	**190,181**	**145,000**	**1,055,292**

[1] The members of the Supervisory Board in office as of September 30, 2015, are also members of the Supervisory Board of OSRAM GmbH. The Chairman of the Supervisory Board of OSRAM GmbH receives annual compensation of €7,500 and all other members receive €5,000. No additional compensation is paid for activities on the Supervisory Board's committees. Equally, no attendance fees are granted. In the event of changes in the Supervisory Board of OSRAM GmbH, the compensation is paid on a pro rata basis, with parts of months being rounded up to full months. If a Supervisory Board member does not participate in a Supervisory Board meeting, one-third of the total compensation due is reduced by a percentage equal to the number of meetings the Supervisory Board member did not attended relative to the total number of meetings held in the fiscal year. On this basis, OSRAM GmbH paid its Supervisory Members total compensation for their Supervisory Board activities of €60,595 in fiscal 2015 (previous year: €366,542), all of which was granted as basic compensation (previous year: €308,542). The members of the Supervisory Board of OSRAM Licht AG in office as of September 30, 2015, received the following base compensation for their activities on the Supervisory Board of OSRAM GmbH: Peter Bauer €7,500 as Chairman of the Supervisory Board of OSRAM GmbH, Dr. Christine Bortenlänger €4,762, Dr. Werner Brandt €3,810, Dr. Roland Busch €4,524, and all other members of the Supervisory Board €5,000. Additional compensation for activities on committees (previous year: €35,000) and attendance fees (previous year: €23,000) were not granted in fiscal 2015.

[2] The following people each received additional compensation for their activities on committees in fiscal 2015: Peter Bauer as Chairman of the Supervisory Board of OSRAM Licht AG, of the Executive Committee, and of the Strategy and Technology Committee; Dr. Christine Bortenlänger as a member of the Audit Committee; Dr. Werner Brandt as Chairman of the Audit Committee (from November 5, 2014); Dr. Roland Busch as Deputy Chairman of the Supervisory Board and a member of the Executive Committee and the Audit Committee (from November 27, 2013); Prof. Lothar Frey as a member of the Strategy and Technology Committee; Michael Knuth as Deputy Chairman of the Supervisory Board and a member of the Executive Committee and the Audit Committee; Frank H. Lakerveld as a member of the Strategy and Technology Committee; Hubert Roßkopf as a member of the Audit Committee and the Strategy and Technology Committee; Willi Sattler as a member of the Executive Committee and the Strategy and Technology Committee; Irene Schulz as a member of the Audit Committee; Thomas Wetzel as a member of the Strategy and Technology Committee. This compensation was paid on a pro rata basis where they assumed their activities on the committees during the fiscal year.

[3] Until April 1, 2014, the members of the Supervisory Board received 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 received an additional €40,000, and each further member of the Audit Committee €20,000; the Chairman of the Executive Committee received an additional €25,000, and each further member of the Executive Committee €15,000; the Chairman of the Compliance Committee received 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 received compensation for activities on the Audit Committee. Until April 1, 2014, the attendance fee for each plenary and committee meeting attended by the Supervisory Board member amounted to €1,000.

[4] The employee representatives on the Supervisory Board, who represent the employees in accordance with section 3 (1) no. 1 of the Mitbestimmungsgesetz (MitbestG—German Codetermination 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.

[5] Dr. Werner Brandt was appointed as a member of the Supervisory Board of OSRAM Licht AG by way of an order of the Munich local court dated August 4, 2014, and received on August 7, 2014.

[6] Dr. Roland Busch was appointed as a member of the Supervisory Board of OSRAM Licht AG to replace Prof. Siegfried Russwurm, with effect from November 27, 2013.

[7] Prof. Siegfried Russwurm and Dr. Joachim Faber stepped down from the Supervisory Board of OSRAM Licht AG effective as of the end of November 26, 2013, and June 30, 2014, respectively.

Members of the Supervisory Board did not receive any loans or advances from the Company in fiscal 2015.

A.4.3 Corporate Governance Declaration in Accordance with Section 289 a of the HGB

The corporate governance declaration for 2015 is made in accordance with section 289 a of the Handelsgesetzbuch (HGB—German Commercial Code). According to section 317 (2) sentence 3 of the HGB, the disclosures in accordance with section 289 a of the HGB are not to be included in the audit.

A.4.3.1 Declaration of Conformity with the German Corporate Governance Code

On September 28, 2015, the Managing Board and Supervisory Board of OSRAM Licht AG adopted the following declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the Aktiengesetz (AktG—German Stock Corporation Act):

> "OSRAM Licht AG complies with all of the recommendations of the German Corporate Governance Code (the 'Code') in the version dated May 5, 2015, published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette), and will also comply with these in the future.
>
> In the period since the last declaration of conformity dated September 22, 2014, was issued, OSRAM Licht AG complied with all recommendations of the Code in the version dated June 24, 2014.
>
> Munich, September 28, 2015
>
> OSRAM Licht AG
> The Managing Board The Supervisory Board"

A.4.3.2 Disclosures on Corporate Governance Practices

Suggestions Contained in the Code

OSRAM Licht AG also voluntarily complies with the non-obligatory suggestions of the German Corporate Governance Code, initially in the version dated June 24, 2014, and, following its entry into force, in the version dated May 5, 2015 (the "Code"), with the single exception of the following:

In contrast to the suggestion contained in section 2.3.2 of the Code, no voting representative 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.dcgk.de/en/code.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/bcg

A.4.3.3 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 › Note 43 | Supervisory Board and Managing Board. This Note also reports on the composition of the Managing Board and Supervisory Board. The composition of the boards is also available online at » www.osram-licht.ag.

Page 179 ff.

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 › A.4.1 Corporate Governance Report.

Page 18 ff.

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 available at » www.osram-licht.ag. In addition, information can be found in › A.2 Report of the Supervisory Board and › A.4.1 Corporate Governance Report.

Page 10 ff.
Page 18 ff.

B
Combined[1] Management Report

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

B.1 Business and Environment

B.1.1 Business Activities and Structure of OSRAM Licht Group

B.1.1.1 Business Model

OSRAM is a global provider of lamps, luminaires, and lighting solutions with a leading position in a wide range of market segments. Our product portfolio spans the entire lighting value chain, from light sources down to custom light management systems, both in general and in specialty lighting.

The shift toward semiconductor technology continued to radically alter our business environment, and we continued to counter this in fiscal 2015 primarily using the measures forming part of our OSRAM Push improvement program > B.2.2.3 Other Significant Events Responsible for the Course of Business. Beyond the technology-related shifts, changes are increasingly becoming apparent in the business models pursued by companies active in the lighting market > B.1.2 Group Strategy. To date, several companies in the lighting industry have been active in all market segments and along the entire value chain; the dominant global players are Philips and OSRAM. The past fiscal year saw OSRAM react to the transformation of the lighting market, which is proceeding at different speeds and posing a variety of challenges, by departing from its previous strategy in which it positioned itself as a provider of diversified product portfolios along the entire value chain. Philips also recently started a strategic realignment of its lighting business.

Page 52
Page 42 ff.

On June 12, 2015, OSRAM resolved to carve out its general lighting lamps business. In doing so, we are taking market developments, which are proceeding at different speeds, into account and are enabling both the lamps business and our future core business to better adapt themselves to their specific market requirements. Consequently, OSRAM's core business will in future comprise automotive and specialty lighting, opto semiconductors, and luminaires, lighting systems, and solutions. This move increases the focus of our business model on growth, innovation, and technology leadership. We aim to complete the carve-out of the lamps business from an organizational perspective by April 1, 2016, and from a legal perspective by July 1, 2016.

Since July 1, 2015, our business model has been implemented at an operational level using five business units: Specialty Lighting (SP) and Opto Semiconductors (OS), both of which remained unchanged, Digital Systems (DS), Lighting Solutions (LS), and Lamps (LP). The Luminaires and Solutions business units and the Services unit had already been combined under common management from October 1, 2014, as the Luminaires & Solutions Business Unit. This was renamed Lighting Solutions as of July 1, 2015. As part of the carve-out of the lamps business, the classic lamps and LED lamps business activities became the key components of the new Lamps Business Unit as of July 1, 2015. These had previously been assigned to the Classic Lamps & Ballasts and LED Lamps & Systems business units, respectively. The remaining business activities of the former Classic Lamps & Ballasts and LED Lamps & Systems business unit ballasts and light engines & controls, were bundled in the DS Business Unit.

Specialty Lighting (SP)

The SP Business Unit develops, produces, and sells lamps and systems for various sectors and special applications. In terms of revenue, SP's largest business is automotive lighting using traditional technologies, as well as LED products and products using innovative OLED and laser technologies. Specialty lamps for cinemas, studios, and stage lighting are a further focus. We acquired leading entertainment lighting provider Clay Paky, Seriate (Bergamo), Italy ("Clay Paky") on October 13, 2014, strengthening our business in this area. SP also serves further niche applications such as those that employ light but are not used to provide lighting—for example lamps for cleaning, which use high-intensity UV light to disinfect the surfaces, gases, or fluids they irradiate.

The OLED technology unit has been assigned to the SP Business Unit since the beginning of fiscal 2015, in particular with the aim of developing automotive lighting applications. We also expect in the long run OLEDs to foster growth in special applications.

SP is active in specialty lighting markets that typically have a smaller number of competitors than markets such as general lighting. In the automotive lighting business, SP is the market leader in all regions; its main competitors are Lumileds, Hella, Koito, and Stanley Electrics. OSRAM and our competitor Ushio are the market leaders in specialty lighting and lamps for the cinema, studio, and stage.

SP employed a total of around 6.1 thousand people as of September 30, 2015. The unit's products are marketed globally; the largest revenue share is generated in our EMEA reporting region > B.1.1.2 Organization and Reporting Structure, and the market with the greatest growth potential is APAC > B.1.1.2 Organization and Reporting Structure.

Page 40 f.
Page 40 f.

Opto Semiconductors (OS)

The OS Business Unit develops, produces, and markets components relating to opto-semiconductor technology. This includes both LEDs, which generate visible light for a wide range of lighting applications, and other opto semiconductors, which emit invisible light or receive incoming light and convert it into signals. The main sources of demand for OS products are the automotive industry, and communications and industrial applications.

OS and Nichia have been the leaders in the highly competitive opto semiconductor market for many years. In addition to Lumileds and Cree, the relevant competitors in this segment primarily come from Asia and include companies such as Samsung, Epistar, Everlight, LG Innotek, Seoul Semiconductor, Lite-On, and Toyoda Gosei.

OS employed a total of around 9.2 thousand people as of September 30, 2015. Our APAC reporting region is the largest regional market for sales of OS products, followed by EMEA.

Digital Systems (DS)

The DS Business Unit develops, produces, and markets LED light engines (a combination of an LED module and the related electronic control gear), electronic ballasts for LED modules and traditional lamps, and light management systems. The growing share of the Business Unit's volumes taken by LEDs is causing an increasing shift away from standard products and towards a customized business with involving production-related design-in processes.

The main competitors for LED modules, LED light engines, and electronic ballasts are Philips, Zumtobel, Lutron, and Asian manufacturers such as Toshiba, Panasonic, Samsung, LG, and Delta Electronics. In addition, there is a large number of product specialized manufacturers.

DS employed a total of around 3.0 thousand people as of September 30, 2015. The largest revenue share was generated in the Americas > B.1.1.2 Organization and Reporting Structure.

Page 40 f.

Lighting Solutions (LS)

The LS Business Unit comprises OSRAM's luminaires and solutions business. This area therefore includes both the production and sale of luminaires and the design and implementation of solutions for internal and external lighting, as well as the service business. Our luminaires are primarily used in customer-specific projects in the fields of street lighting and architectural design, as well as professional interior lighting applications.

LS operates in a highly fragmented market, both for luminaires and for solutions: Together, the five leading providers account for less than 30% of the market, which also has a regional focus. The main competitors in Europe are Zumtobel, Philips, Fagerhult, Trilux, Schreder, and Eglo Leuchten. Acuity and Hubbell are the leading competitors in the Americas.

LS employed a total of around 1.9 thousand people as of September 30, 2015. The largest revenue share was generated in EMEA.

Lamps (LP)

The Lamps Business Unit comprises OSRAM's general lighting lamps business. This includes both traditional offerings and LED retrofit lamps (LEDr—classic-format LED-based lamps that are used as a direct replacement for traditional products with standardized sockets). The products are mainly marketed via general and specialized retailers, wholesalers, or directly to major end users (for example professional customers).

The market for traditional lamps is relatively highly concentrated, with three leading companies: Philips, OSRAM, and General Electric have a combined market share of over 50%. Where LEDr lamps are concerned, the three market leaders are joined by a large number of medium-sized and small producers, including low-cost suppliers from Asia.

Lamps employed a total of around 10.1 thousand people as of September 30, 2015. The segment's products are sold worldwide, with the largest share of revenue being generated in EMEA and the Americas.

B.1.1.2 Organization and Reporting Structure

The OSRAM Licht Group comprises the parent company OSRAM Licht AG, which is an Aktiengesellschaft (stock corporation) in accordance with German law, and over 90 subsidiaries and investees, including minority interests > Note 42 | List of Equity Investments in Accordance with Section 313 of the HGB (German Commercial Code) under C.6 in the Notes to the consolidated financial statements. Page 176 ff.

The OSRAM Managing Board is the body with overall responsibility for the management of the business in accordance with the Aktiengesetz (AktG—German Stock Corporation Act). At the level below this, the management of the five business units referred to above has overall responsibility for their respective areas; this covers everything from product development through to product sales, and includes profit and loss responsibility.

The organizational changes at the business units mean that since July 1, 2015, OSRAM's reporting structure for external financial reporting purposes has consisted of four reportable segments and the reconciliation to the consolidated financial statements. The DS and LS business units are combined into the Lighting Solutions & Systems (LSS) segment. Prior-year information was reported in a comparable format. The reconciliation to the consolidated financial statements includes on the one hand corporate items and pensions, which management does not consider to be indicative of the segments' performance. It is also impacted by consolidation processes, the results of OSRAM's Corporate Treasury, and other accounting items > B.2.3.7 Reconciliation to the Consolidated Financial Statements. Page 60 The organizational structure of the reconciliation to the interim consolidated financial statements was amended at the beginning of fiscal 2015; prior-year figures were adjusted accordingly. The OLED research and development project was allocated to the SP Business Unit. The activities connected with specific pre-materials (e.g., the production of fluorescent materials) were allocated to the CLB Business Unit. The real estate assets attributable to the business units were assigned to the business units themselves, and are reported in their assets.

OSRAM Reporting Structure

Reporting segments

Specialty Lighting (SP)	Opto Semiconductors (OS)	Lighting Solutions & Systems (LSS)	Lamps (LP)

Reconciliation to financial statements

Corporate items and pensions	Eliminations, corporate treasury and other reconciling items

In addition, our business is structured by region. OSRAM's global activities (in over 120 countries and with 35 production sites) are divided into three reporting regions: EMEA (Europe, Russia, the Middle East, and Africa), APAC (Asia, Australia, and the Pacific region), and the Americas (the U.S.A., Canada, Mexico, and South America). The breakdown of the key sites is listed below:

Important Locations of OSRAM

as of September 30, 2015	Main technology	Segment assignment
EMEA Europe, Russia, the Middle East, Africa		
Germany, Munich	Corporate headquarter	
Germany, Berlin	High intensity discharge lamps for automobile and general lighting	LP, SP
Germany, Augsburg	Fluorescent lamps	LP
Germany, Regensburg	Opto electronic semiconductors	OS
Germany, Herbrechtingen	Halogen lamps	SP
Germany, Traunreut	Luminaire production	LSS
Germany, Eichstätt	Halogen lamps, LED lamps, high intensity discharge lamps	LP, SP
Russia, Smolensk	Fluorescent lamps	LP
Slowakia, Nové Zámky	High intensity discharge lamps, automobile auxiliary lamps, luminaire production	LP, LSS, SP
Italy, Treviso	Automotive auxiliary lamps, electronic control gear	LSS, SP
Americas U.S.A., Canada, Mexico, South America		
U.S.A., Versailles	Fluorescent lamps	LP
U.S.A., Hillsboro	Automotive headlamps and auxiliary lamps	SP
APAC Asia, Australia, the Pacific		
China, Foshan	Fluorescent lamps, high intensity discharge lamps, halogen lamps for automobile and general lighting	LP, SP
China, Panyu	Electronic control gear for automobile and general lighting	LSS, SP
China, Wuxi	Production of opto electronic semiconductors	OS
Malaysia, Penang	Production of opto electronic semiconductors	OS

Independently of the reporting segments and regions, we subdivide our business at Group level into two categories on the basis of the technologies involved: the "LED-based business" (or "LED business" for short) and the "traditional business." Our definition of the LED business includes LED components and LED products, combinations of LEDs, OLEDs (organic light emitting diodes), lasers, sensors, and drivers, and light management systems for LED lighting solutions and associated services.

B.1.1.3 Legal and Sector-specific Conditions

In addition to the general legal requirements, statutory and regulatory requirements relating to energy-efficient and qualitative lighting are of particular relevance to the OSRAM Licht Group.

At global level, the last few years have been marked by comprehensive regulatory change, for instance the gradual phasing out of incandescent lamps and new requirements for halogen, fluorescent, high-intensity discharge, and LED lamps. More new rules were introduced during the last fiscal year, primarily for halogen lamps: The European Commission upheld its ban on halogen reflector lamps scheduled for 2016, while postponing the ban on halogen bulbs from 2016 to 2018. According to the United Nations Environment Programme (UNEP), over 70% of the world's population have already been affected by legislation promoting more efficient lighting, and this figure is likely to rise to 80% by 2016.

The measures being taken to increase energy conservation impact OSRAM's business at a fundamental level. We are adapting our product portfolio to align it with the updated efficiency requirements and are working continuously to introduce energy-saving products and improve production processes.

OSRAM works with UNEP's public-private partnership "en.lighten-initiative" to promote more efficient lighting. The initiative focuses on emerging and developing countries. A billion people are benefitting from regulations for sustainable lighting in well over 60 partner countries thanks to the work carried out on the initiative to date.

OSRAM is also affected by the Waste Electrical and Electronic Equipment (WEEE) Directive in force in the EU. This 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. Also in Europe, the Restriction of Hazardous Substances (RoHS) Directive limits the use of certain hazardous substances in the manufacture of electrical and electronic equipment. This directive, which also imposes mercury limits for lamps, acts as a model for comparable legislation in other countries and regions. Four further phthalates (plasticizers used in plastics) were added to the RoHS list of restricted substances in June 2015. They must be withdrawn from use in electronic components and cables by mid-2019 at the latest.

Preparations are underway globally to implement the Minamata Convention, an international treaty to reduce worldwide mercury use. Mandatory limits for some lamps will be introduced starting in 2020 at the latest and low-efficiency mercury vapor lamps must be replaced around the world. Further and more comprehensive regulations on the use of materials are expected as a result > B.2.6.2 Ecological Aspects. Page 74 ff.

B.1.2 Group Strategy

B.1.2.1 Strategic Realignment of our Business Model

In fiscal 2015 we made key decisions and took steps to strategically realign our Company.

Our core values are shaped by over a century of company history, during which we have played a key role in driving forward lighting technology. In the past, we have developed new products and established applications—such as automotive lighting or projection—based for example on filament, halogen, or high-pressure discharge technologies. The global lighting market's transition toward semiconductor-based products is continuing > B.2.2.2 Trends in the Lighting Market. Page 51 In the future, technology- and innovation-led applications will be based on semiconductor technologies.

The technology shift has been increasingly impacting and disrupting the lighting value chain. This trend will split the lighting industry markets going forward: on the one hand into volume-driven markets, where consistently high quality and cost efficiency are the crucial competitive factors, and on the other hand into technology markets for professional applications that are characterized by innovation, customer-specific solutions and sustainable growth.

We have decided to shift our strategic focus and move from being an integrated light manufacturer to a dedicated lighting technology provider. In line with this, we plan both to expand our expertise in chip production and to further enhance conversion of our innovative strength in the area of new applications in the visible and invisible light spectrum—such as laser lights in automotive lighting or light-based sensors in security technology—into business success in the future.

B.1.2.2 Strategic Framework

Our decision to carve out the general lighting Lamps business addresses the market trend with its different dynamics, and will enable both the Lamps business and our future core business to better meet the requirements of their specific markets. We expect to complete the carve-out of the Lamps business from an organizational perspective by April 1, 2016, and from a legal perspective by July 1, 2016. After this, we are considering a disposal as a likely option or, alternatively, a partnership or stock market listing.

We are launching the "Diamond" technology, innovation and growth initiative for OSRAM's remaining core business and aim to invest around €3 billion in sustainable growth by 2020. We will invest a cumulative amount of € 2 billion in research and development, and an additional € 1 billion in expanding capacity in the semiconductor business.

Our ambition—assuming stable global economic growth, stable exchange rates and no disruptions to the semiconductor cycle—is to achieve the following targets for OSRAM's core business (excluding Lamps) in fiscal 2020:

- Revenue of between € 5.0 billion and € 5.5 billion,
- Income before interest, taxes, depreciation and impairments of property, plant, and equipment, as well as amortization and impairments of intangible assets, net of reversals of impairments in each case (EBITDA) of € 0.9 billion to € 1 billion,
- Income per share of around € 5 (including repurchased shares).

Please refer to > B.4.1 Report on Expected Developments for our outlook for fiscal 2016. Page 83 ff.
Our ambitions for 2020 translate as follows for the specific segments:

- We will invest in the SP segment to further extend our position as a market leader and innovation driver in automotive lighting, for example by investing in new technologies such as laser and OLED technology, as well as to leverage growth potential. OSRAM expects the market for laser and OLED applications in the automotive industry to have a volume of around € 1.1 billion in 2025. We expect to largely finance the technology shift with funds generated by our traditional products. We will invest increasingly and selectively in our professional applications business to develop this increasingly towards a systems and solutions provider. Our long-term goals for SP are: to continue to outperform global automotive production and to maintain a double-digit EBITDA margin during the market development phase.
- In the OS segment, we will invest up to € 1 billion in the construction of a LED chip factory in Kulim, Malaysia, to significantly expand our market share in the LED market for general lighting. The aim is to achieve economies of scale that will also allow us to continue improving our cost position in the specialist businesses. We plan to bundle our expertise in sapphire and thin film technology (for volume-emitting respectively surface-emitting LED) to expand our established specialist businesses and occupy new market niches. At the same time, we intend to keep our R&D intensity at a high level in particular to improve the performance of our LED chips and our production efficiency. Our long-term goals for OS are: to leverage the benefits of our leading position in chip technology and increase our market share; to enable double-digit growth through large-scale investments; to achieve positive overall free cash flow during the investment phase.
- In the LSS segment, we are focusing on customer-specific, intelligent and technical lighting solutions to meet the growing demand for networked lighting solutions for professional applications such as cities and public buildings. In the Lighting Solutions (LS) business in particular, our aim is to focus our research and development activities on expanding our electronics and systems expertise. We have developed a concrete plan—the LS 800 project—to achieve revenue of around € 800 million (including minor acquisitions) plus an EBITA margin of 8 % (and an EBITDA margin of around 10 %) by 2020. In the Digital Systems (DS) business unit, we plan to create new capacity for electronic ballasts and light management systems over the next two years.

Our aim is to drive forward research and development across all segments—especially in the area of intelligent, networked lighting solutions—and in this way to exploit the synergies between the individual segments to develop overarching innovations.

We also believe our corporate culture has to be realigned, with a greater focus on an entrepreneurial approach and on innovation. This is why we emphasized OSRAM Licht AG's role as a management holding in the past fiscal year; the employment relationships with the employees affected were also reassigned. The costs of the governance function—i.e. functions that clearly relate to governance—will no longer be recharged to our operating segments from fiscal

2016. In future, the operating segments will increasingly bear other costs incurred centrally in proportion to their use of the corresponding services provided by Group headquarters. The aim is to give our segments both greater latitude in conducting their business activities and greater responsibility.

To sum up, OSRAM is using these measures to actively drive forward the technology shift in the Company and is laying the foundations for innovation and sustainable growth following a phase that was focused on profitability, flexibility, and an entrepreneurial mindset.

B.1.3 Performance Management

OSRAM's Managing Board uses a variety of financial and non-financial performance indicators to manage the Company. The most important of these performance indicators (key performance indicators) are determined at the level of the OSRAM Licht Group as a whole. They are related to our strategic goals and are designed to help achieve these at an operational level. They can also influence the remuneration of OSRAM's management, in particular the remuneration of the Managing Board, which is linked to their achievement > A.4.2 Remuneration Report and > B.2.6.3 Social Aspects. In addition, regular reports on the key performance indicators are presented to the Managing Board, who then report to the Supervisory Board. These indicators are used primarily in OSRAM's external financial reporting but are also a useful general vehicle for communicating with all stakeholders.

Page 23 ff.
Page 76 ff.

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

A number of the financial and non-financial performance indicators described in more detail below are what are known as non-IFRS financial measures. Other companies that report similarly named financial measures may calculate these differently > B.2.7 Reconciliation of Key Performance Indicators.

Page 79 ff.

Growth

OSRAM measures the growth of its business volume in terms of both nominal and comparable revenue growth. We calculate the latter by adjusting the percentage change in revenue between the periods being compared for currency translation and portfolio effects > B.2.7 Reconciliation of Key Performance Indicators. Our strategy is to grow profitably and for this we use comparable revenue in particular as a performance indicator, since this presents the Company's operational business performance without the distorting effects produced by translating revenue into euros and by acquisitions and divestments. We use comparable revenue growth for the Group as a whole, as well as at the level of the segments. It is one of the indicators influencing the variable remuneration of the Managing Board.

Page 79 ff.

Profitability

The key performance indicator used to measure our operating profit is the EBITA margin. In order to facilitate the analysis and assessment of operating profitability, we report the EBITA margin adjusted for special items as defined by the Managing Board, especially transformation costs as well as costs in connection with the carve-out of Lamps, in addition to the normal EBITA margin. This performance indicator is particularly important for management in periods with a high level of special items impacting earnings. The EBITA margin is calculated by dividing EBITA or adjusted EBITA by revenue. We use EBITA to evaluate profitability, as it is a widely used indicator of a company's operating effectiveness and, among other things, does not reflect certain effects resulting from acquisitions (such as the amortization of intangibles in connection with acquisitions) that would make it difficult to draw comparison with competitors. We also evaluate the operational performance of our segments on the basis of these performance indicators. The adjusted EBITA margin is also one of the indicators influencing the variable remuneration of the Managing Board; in addition to transformation costs, this takes into consideration additional key issues determined on a case-by-case basis by the Supervisory Board. The method used to calculate EBITA and adjusted EBITA, as well as to reconcile it to net income is explained in > B.2.7 Reconciliation of Key Performance Indicators. Page 79 ff.

Along with EBITA, net income is a key indicator for assessing profitability and changes in the OSRAM Group's results of operations, since it reflects all the other aspects of earnings (financial income (expense), net and taxes, among other things) in addition to our operating activities.

Basic EPS (earnings per share, i.e. net income attributable to shareholders of OSRAM Licht AG divided by the weighted average shares outstanding, basic) is a performance indicator that is directly linked to net income > Note 35 | Earnings per Share under C.6 in the Notes to the consolidated financial statements. Page 168 Basic earnings per share shows the income (loss) attributable to shareholders of OSRAM Licht AG in a particular reporting period and is thus an indicator for OSRAM's profitability—particularly from the point of view of our shareholders. Basic earnings per share therefore also impact the level of the Managing Board's long-term share-based remuneration.

Liquidity

OSRAM uses free cash flow as a liquidity indicator. This is defined as net cash provided by (used in) operating activities less additions to intangible assets and property, plant, and equipment. For us, free cash flow is an indicator for evaluating our ability to generate cash surpluses from our operating business activities. In addition, this indicator shows the extent to which we are able to meet both recurrent and specific cash outflows that are not included in it (such as payments for acquisitions, dividends, or debt servicing). We also evaluate our segments' cash generation performance on the basis of free cash flow. In addition, free cash flow is one of the indicators influencing the variable remuneration of the Managing Board > B.2.7 Reconciliation of Key Performance Indicators. Page 79 ff.

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 over-arching goal is to achieve a ROCE for the OSRAM Licht Group that clearly exceeds our cost of capital which is of currently around 7.5% (previous year: 7.5%). ROCE is an annual indicator that we normally only publish for the fiscal year. It is not reported for the individual segments. For the calculation of ROCE > B.2.7 Reconciliation of Key Performance Indicators. Page 79 ff.

In addition to the above key performance indicators, OSRAM uses other indicators to manage certain financial and non-financial items. The main indicators are described in the following.

Additional Performance Indicators

We are continuing to manage the realignment of the OSRAM Licht Group to reflect the technology shift using OSRAM Push, our comprehensive, enterprise-wide continuous improvement program. We started the second phase of the OSRAM Push program (OSRAM Push) at the beginning of fiscal year 2015 in response to the ongoing changes in market conditions > B.2.2.2 Trends in the Lighting Market and are implementing further process improvements and structural adjustments. Page 51 The measures affect not only production capacity for traditional general lighting products, but also sales, administration, and other indirect functions throughout the Company.

We are using the following temporary performance indicators to monitor the progress of OSRAM Push.

- **Transformation costs** which, in the management's opinion, result from the underlying shift in the lighting market, plus the related corporate programs and strategic restructuring activities.
- **Job reduction in connection with OSRAM Push**, in conjunction with the associated plant closures and the necessary cost savings in indirect functions.
- **Cost reductions achieved with OSRAM Push measures**, either via the above-mentioned transformation measures or continuous improvement of operating productivity in all segments.

The majority of both the transformation costs and the job reductions are attributable to the Lamps segment, which we are planning to separate. The cost savings made through OSRAM Push are the most significant indicator with regard to OSRAM's future core business. Although OSRAM Push in its current form will no longer be used to model and manage our technology, innovation and growth initiative, Diamond > B.1.2 Group Strategy in the future, the methodology of the continuous improvement program to ensure operating efficiency for both OSRAM and for the Lamps business will remain relevant. Page 42 ff.

Until further notice, we will continue to pursue, manage and report on the level of target achievement for our performance indicators under OSRAM Push at Group level.

In addition to the performance indicators under OSRAM Push, key performance indicators include the financial performance indicators described in the following.

EBITDA is calculated on the basis of EBITA and is defined as EBITA before depreciation and impairments of property, plant, and equipment, net of reversals of impairments > B.2.7 Reconciliation of Key Performance Indicators. This performance indicator will play an increasingly important role in the future, including with respect to Diamond, our technology, innovation and growth initiative. Page 79 ff.

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. To assess our capital structure, we use net debt/net liquidity divided by EBITDA > B.2.4.3 Financing and Liquidity Analysis. We additionally use the equity ratio, which is calculated as total equity as a percentage of total assets; this also gives an insight into OSRAM's capital structure and thus its ability to withstand crises. The method used to calculate this indicator can be found in the section entitled > B.2.7 Reconciliation of Key Performance Indicators. Page 64 ff. Page 79 ff.

The net operating working capital turnover ratio is an indicator that shows how efficiently net capital is used to generate revenue. The calculation of this indicator can be found in section > B.2.7 Reconciliation of Key Performance Indicators. Page 79 ff.

The share of revenue accounted for by LED-based products ("LED share" for short) serves as a benchmark for the technological development of our product portfolio during the transition to semiconductor-based technologies > B.2.3.1 Revenue Development. Page 54 f.

B.2 Business Performance in 2015

B.2.1 Overall Assessment by the Managing Board of the Current Economic Situation

Fiscal 2015 was a very successful year for OSRAM. The Managing Board and the Supervisory Board will therefore propose a dividend of €0.90 per share to the General Meeting. OSRAM's business performed even better than in the previous year in many respects, and we also made significant progress with the Company's strategic realignment. Our actions and our success continued to be shaped by the ongoing shift in the lighting market toward semiconductor technology. At an operational level, we met the resulting challenges through our OSRAM Push program, the successful implementation of which laid the foundations for our business success in 2015. We achieved all our key objectives, helped in part by the economic environment, and in particular by the changes in exchange rates. An adjusted EBITA margin of over 10% marks a clear improvement in our operating profitability compared with the previous year. Our free cash flow exceeded the prior-year figure by a clear margin. The equity ratio rose further, to around 52%. Our net assets, financial position, and results of operations, mean we are well placed to meet the coming challenges. At a strategic level, we set a new course in the past fiscal year. By carving out the general lighting lamps business, we embarked on a journey to a new OSRAM, which will capture additional growth potential—both in the dynamic and technology-driven general lighting markets and in the lucrative niches where OSRAM is already well positioned.

The dramatic changes in the lighting market are playing out faster than expected and continued to accelerate during the past fiscal year. We anticipated this at the end of fiscal 2014 by extending our OSRAM Push program. In the second quarter of 2015, we also honed our strategic focus. The challenges in the lighting market contrasted with a generally supportive economic environment in fiscal 2015. The positive trend in our net assets, financial position, and results of operations was helped in particular by exchange rate movements and falling prices for raw material important to OSRAM.

At around €5.6 billion, revenue remained almost stable on a comparable basis in fiscal 2015. In nominal terms, this represents clear growth. Once again, we expanded our LED business significantly, raising its share to 43% (previous year: 36%). Revenue performance in our segments was largely in line with our planning, although LSS in particular trailed expectations due to the decline in the luminaires business. Special items—in particular transformation costs of €238.9 million in connection with OSRAM Push—impacted EBITA by over €100 million more than in the previous year. By this measure, the decline in EBITA was moderate. On an adjusted basis (excluding special items), we therefore exceeded last year's forecast significantly; the adjusted EBITA margin rose to 10.2% (previous year: 8.7%). Again with the exception of LSS, which nevertheless more than halved its negative adjusted EBITA, all segments contributed to this growth by generating a positive operating margin. The exceptionally healthy trend in our operating profitability was also reflected in net income. Instead of the expected sharp fall, both net income and earnings per share (EPS) showed only a relatively moderate decline. Likewise, while capital employed remained stable, ROCE only dropped to 8.2% (previous year: 9.3%). We are therefore extremely satisfied with the performance from our results of operations > B.2.3 Results of Operations. Page 53 ff.

In contrast to the original expectations of a decline, OSRAM's free cash flow increased to €299.0 million (previous year: €216.0 million). This was attributable to both the SP and the OS segments, while Lamps made a smaller contribution and LSS had a negative impact. As a result, our net liquidity rose to €641.2 million as of September 30, 2015 (previous year: €487.3 million). We are therefore very satisfied with the development of our financial position > B.2.4 Financial Position. Page 61 ff. Net income further lifted our equity ratio to 52.1% (previous year: 51.0%). We believe our asset structure puts us in a very strong position going forward > B.2.5 Net Assets. Page 67 ff.

This means that we met and in some cases exceeded our forecasts for the OSRAM Licht Group's key performance indicators for fiscal 2015; with regard to earnings, we had already anticipated this performance in our financial reporting for the second quarter of 2015 by raising our forecast for the adjusted EBITA margin. The upside deviations from our earnings and free cash flow forecasts were also due to the weakness of the euro against the U.S. dollar, which we had not anticipated on this scale.

B.2.1.1 Comparison Between the Actual and Forecast Course of Business

Target Achievement 2015

	Initial position Fiscal 2014	**Expected developments** Fiscal 2015	**Target achievement** Fiscal 2015	**Evaluation**
Comparable revenue growth (adjusted for currency translation and portfolio effects)	0.8%	Comparable revenue is expected on the same level as in the prior year.	(1.0)%	Outlook achieved
EBITA margin before special items	8.7%	We expect the adjusted EBITA margin on the same level as in fiscal 2014.		Outlook overachieved and updated
		revised as of April 16, 2015: The Managing Board now expects an adjusted EBITA margin of above 9.0% for fiscal 2015.	10.2%	Outlook achieved
Net income and basic EPS (earnings per share)	€193.1 million and €1.80 per share	Based on sharply increasing transformation costs net income will sharply decrease; likewise basic EPS will decline.	€171.2 million and €1.59 per share	Outlook overachieved
ROCE	9.3%	ROCE—analog to net income—will likewise be sharply declining.	8.2%	Outlook overachieved
Free cash flow	€216.0 million	Free cash flow is expected with a positive in the three-digit millions of euros, although it will fall short of the prior year level.	€299.0 million	Outlook overachieved
OSRAM Push targets:	Phase I (2012–2014)	Phase II (2015–2017)		
Transformation costs	Cumulated €599 million—thereof €101 million in 2014	€29 million of cumulated €450 million of transformation costs until September 30, 2017, were realized in 2014—the highest yearly amount of remaining transformation costs are anticipated for fiscal 2015.	€239 million	Outlook achieved
Cumulated job reduction until 2017	Cumulated 8.7 thousand FTE—thereof 2.1 thousand FTE in 2014	We plan a job reduction of roughly 7.8 thousand jobs until September 30, 2017—therefore—depending on timely consultations and negociations with employee representatives—in fiscal 2015 again a clear job reduction will occur, whereas we expect the major part of the job reduction in connection with OSRAM Push phase II will occur in 2016 and 2017.	2.4 thousand FTE	Outlook achieved
Cost reduction	Cumulated €871 million = 73%—thereof €438 million in 2014	We expect a cumulated cost reduction of overall roughly €1.3 billion until September 30, 2014—thereof about €400 million in fiscal 2015.	€468 million	Outlook overachieved

B.2.1.2 Dividends

We aim to continue to pay our shareholders attractive dividends that reflect market conditions. As fiscal 2015 was a very successful year, the Managing Board, in agreement with the Supervisory Board, will propose to the General Meeting that the net retained profits of OSRAM Licht AG for fiscal 2015 be appropriated as follows: a dividend of €0.90 per no-par value bearer share entitled to dividends for the past fiscal year at the date of the General Meeting, with the remaining amount to be carried forward. Payment of this dividend is subject to approval by the General Meeting on February 16, 2016. A dividend of €0.90 was also distributed for fiscal 2014.

The proposed dividend corresponds to a total distribution of approximately €94 million, based on the number of shares outstanding as of September 30, 2015. This corresponds to an expected distribution ratio of 56.6% of the share of net income for fiscal 2015 attributable to OSRAM Licht AG shareholders (€166.4 million).

The Managing Board is seeking to maintain the dividend distribution at a level of at least €0.90 for fiscal 2016. As a general rule, our dividend policy aims for a dividend distribution ratio of between 30% and 50% of net income in the coming years > B.4.1 Report on Expected Developments, as long as these dividend payments do not conflict with long-term, sustainable business performance. Net income may be adjusted for certain extraordinary non-cash effects when determining the proposed amount to be distributed.

Page 83 ff.

Dividend Payout Ratio

		Fiscal	
		2015	**2014**
Dividend payout per share	in €	0.90	0.90
Shares outstanding, and entitled to payment as of September 30	in pieces	104,648,138	104,587,255
Total dividend payout	in € million	about 94	about 94
Net income attributable to shareholders of OSRAM Licht AG	in € million	166.4	187.9
Dividend payout ratio		**56.6%**	**50.1%**

B.2.2 Events and Developments Responsible for the Course of Business

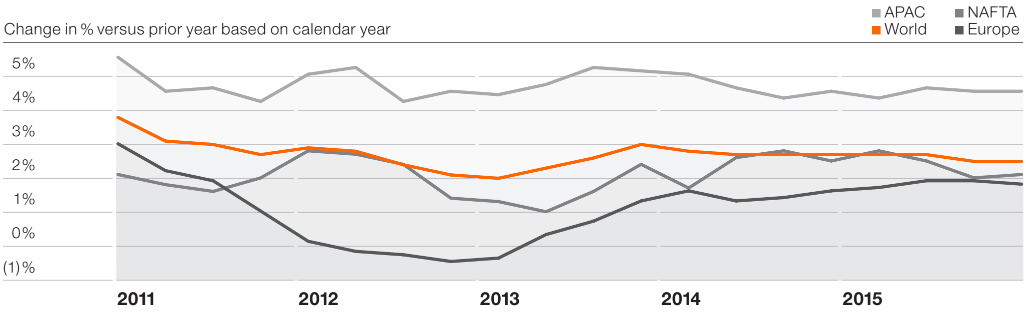
B.2.2.1 Macroeconomic Developments

The global economic environment was marked by a stabilized yet moderate upward trend during the past fiscal year. Global economic growth was mixed, however. The advanced economies were supported by the low oil price and favorable financing conditions due to the monetary policy pursued by the leading central banks. Negative effects also eased due to debt reduction and budgetary consolidation, while labor markets improved. In the emerging economies, on the other hand, the economic picture became gloomier as the year progressed. While structural problems and economic imbalances acted as a brake in some countries, in others the fall in commodity prices and a deterioration in external financing terms held the economy back.

Taken together, this caused IHS Global Insight to lower its forecasts for calendar year 2015 as a whole and predict economic growth of 2.6%, slightly less than the prior-year growth rate of 2.7%. In the first quarter of the calendar year (the second quarter of our fiscal year 2015), a slight slowdown in economic momentum meant that economic output increased by just 2.0%, primarily because of a weather-related downturn in the U.S.A. Europe showed modest growth of around 2% in the first two quarters of the calendar year, supported by the actions of the European Central Bank and the low euro exchange rate. The Asia-Pacific region continued to make the largest contribution to global economic growth. In the third quarter of the calendar year, the outlook dimmed in an environment of heightened uncertainty, due among other things to China's economic performance.

The slowdown in global economic growth is also partly reflected in the OSRAM Licht Group's business performance although, as in the previous year, the general economic environment was overlaid by developments in the lighting market.

Real GDP Growth 2011–2015

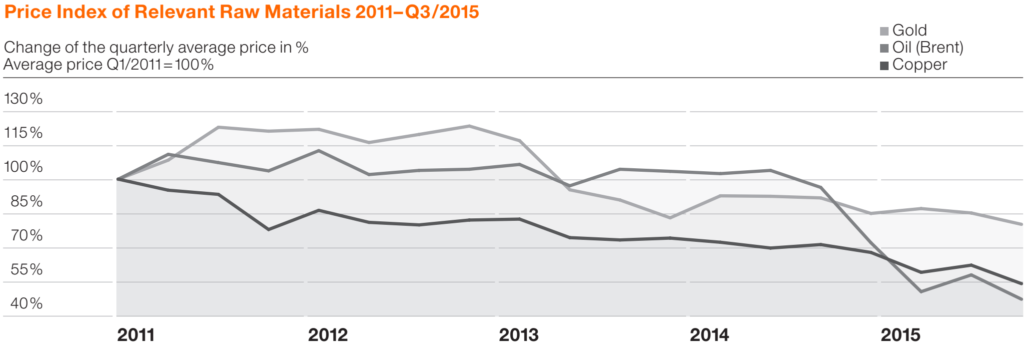


Source: IHS Global Insight, September 2015. The figures for Q4/2015 are based on forecasts by IHS Global Insight.

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. OSRAM largely hedges its exposure to commodity price risk by purchasing commodity derivatives > Note 32 | Financial Risk Management under C.6 in the Notes to the consolidated financial statements. Prices for energy, cooper, and gold, all key inputs for OSRAM products, declined in fiscal 2015, partly because of subdued economic growth. In particular, the oil price, an energy price indicator, almost halved from USD 102 per barrel at the beginning of fiscal 2015 to a historic low of USD 52 per barrel most recently. In the same period, the copper price fell from USD 6,906 to USD 5,302 per ton, while the gold price declined by 12%. Other key OSRAM inputs such as rare earths and xenon were also on a downward price trajectory, which was favorable for OSRAM. Overall, this had a positive impact on earnings.

Page 162 ff.

Price Index of Relevant Raw Materials 2011–Q3/2015

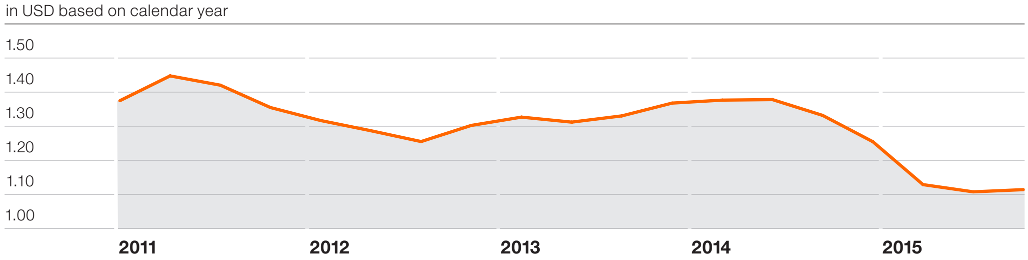


Source oil price: U.S. Energy Information Administration; Source copper, gold: Bloomberg.

The euro declined against the U.S. dollar, falling from USD 1.26 at the end of the last fiscal year to USD 1.12 on September 30, 2015. This made European products much cheaper in a global market comparison, which was significantly supportive of exports from the eurozone. Movements in other currencies, above all the Hong Kong dollar and the Chinese yen, also had a strong, positive impact on OSRAM's revenue performance. Conversely, the weak Russian ruble had a negative impact, although this was limited due to the volume of our revenue. Currency effects also had a significant positive impact on our group results in the past fiscal year > B.2.3.2 Earnings Development.

Page 55 ff.

Development of the U.S. Dollar against the Euro 2011–Q3/2015



Source: Average rates for each quarter based on data from the European Central Bank, October 2015.

B.2.2.2 Trends in the Lighting Market

Our assessments of trends in the global lighting market are based on forecasts by Frost & Sullivan, from September 2015.

The lighting market continues to see structural growth over and above the overall economy. In calendar year 2015 as a whole, the global lighting market is set to record a moderate rate of increase.

Semiconductor-based general lighting products continue to show significant growth in the double-digit percentage range, while all traditional lighting technologies are seeing significant double-digit percentage declines. This trend reflects the accelerated shift in the lighting market toward energy-efficient technologies.

In automotive production, the growth rate is falling. An increase of just 0.8% is expected for calendar year 2015 as a whole compared with growth of 3.4% in the previous year. The slowdown in production in China and restrained demand in South East Asia (above all in Thailand and Indonesia) and South America are and have been significant contributors to this trend. Source: IHS Automotive Production Forecast, September 2015. Against this backdrop, traditional automotive lighting technologies continued to turn in a stable performance, while LED products grew significantly, likewise in the double-digit percentage range.

Investment in global residential construction increased by 2.7% in calendar year 2015 and investment in non-residential construction by 3.6%. Source: IHS Construction Forecast, September 2015.

The trends in the lighting market described above are clearly reflected in our business performance, particularly in general lighting. Thus the revenue performance of our Lamps segment mirrors the general market trend when broken down by lighting technology. While the traditional lamps business contracted by 11.7% year-on-year in fiscal 2015 on a comparable basis, our LED lamps business grew by 26.8% > B.2.3.6 Lamps. Our profitable segments in particular are dependent on trends in the automotive market, with an increasing focus on Asia. A notable example was SP, which grew faster than the market in the past fiscal year due to its broad regional diversification and the business in the accessories and spare parts market > B.2.3.3 Specialty Lighting. The increase in construction spending was not reflected in our revenues, as the LSS segment's performance was overlaid by portfolio adjustments in unprofitable businesses > B.2.3.5 Lighting Solutions & Systems.

Page 59
Page 57
Page 58f.

B.2.2.3 Other Significant Events Responsible for the Course of Business

Organizational Realignment

On June 12, 2015, the Supervisory Board of OSRAM Licht AG approved the carve-out of the general lighting lamps business. This is OSRAM's response to the accelerated change in the lighting market, involving a greater focus on technology markets characterized by innovation, tailor-made solutions, and sustainable growth. The carve-out of the lamps business represents a profound break for OSRAM's business, as in some cases business units that have evolved together over a period of more than 100 years and so are structurally intertwined are being separated. The carve-out therefore cuts through significant processes, systems, and companies. Expenses of €25.5 million in total were incurred for the carve-out of the lamps business in fiscal 2015; this figure includes transaction costs in the amount of €4.3 million. Having involved the employee representatives at an early stage in the project to carve out the lamps business, we reached a binding agreement on the social framework for the planned carve-out as a result of intensive and constructive dialog.

OSRAM Push Program

The implementation of measures forming part of our comprehensive, enterprise-wise continuous improvement program, OSRAM Push, was once again key to the performance of our business and also directly to our results of operations in fiscal 2015. Our process improvements and structural changes in the past calendar year concentrated on further adjusting production capacity for traditional general lighting products, bundling processes at our indirect functions, and reorganizing our sales functions in general lighting. We paved the way for the planned workforce reductions by reaching an agreement following fair, cooperative consultation and negotiation with the employee representatives.

We also streamlined our luminaires and service portfolio so as to divest ourselves of unprofitable businesses. In addition, we laid the organizational foundations for revising responsibility for corporate costs > B.2.3.8 Changes to the Segment Structure in Fiscal 2016.

Page 60

€238.9 million of transformation costs affecting OSRAM's EBITA were incurred in implementing these measures in fiscal 2015 and affected Lamps and corporate items in particular. With regard to the workforce reductions, more than 500 jobs were terminated in Germany, affecting the Group headquarters and the general lighting production sites in particular. The cost savings achieved through OSRAM Push measures in the past fiscal year included savings made in purchasing, with the trend in raw materials prices having a supportive effect.

Project Progress OSRAM Push[1]

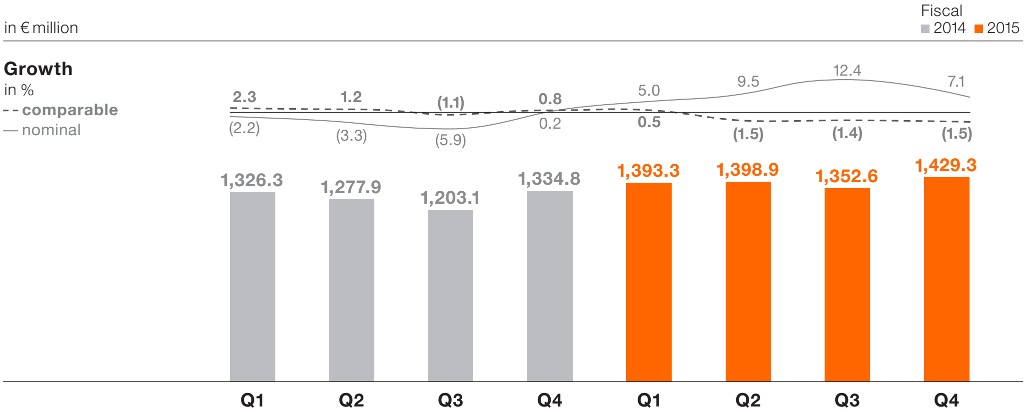
	Status 9/30/2015	Progress	Target cumulated until 9/30/2017
Transformation costs[2]	€268 million	60%	€450 million
Job reduction	2.4 thousand jobs	31%	7.8 thousand jobs
Cost reduction by OSRAM Push measures	€468 million	36%	€1.300 million

[1] The information shown here reflects the project's cumulative progress.
[2] Including €28.9 million already recognized in fiscal 2014.

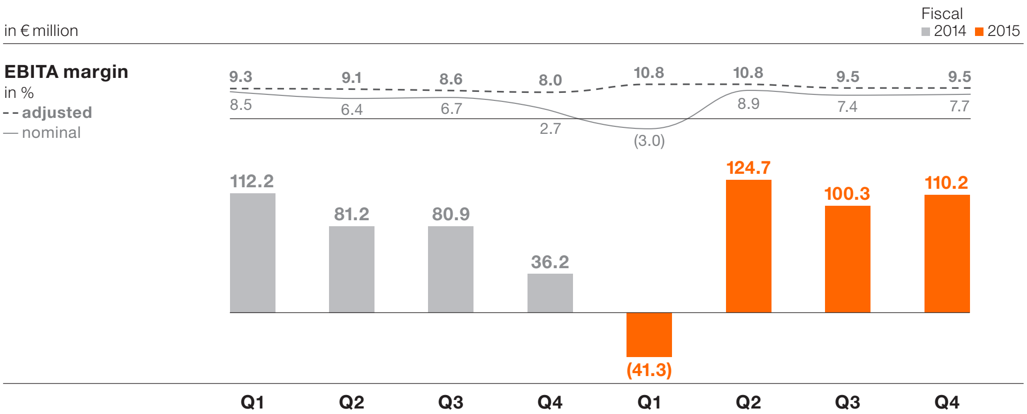
B.2.3 Results of Operations

The OSRAM Licht Group's results of operations performed exceptionally well in fiscal 2015. EBITA was almost on a par with the previous year at just under €300 million, despite being impacted by special items (in particular transformation costs), which rose sharply year-on-year. The improvement in our operating profitability is reflected in the adjusted EBITA margin of 10.2%, an increase of 140 basis points compared with the prior-year figure. This trend was also mirrored in net income, which—measured in terms of the increase in special items depressing earnings—showed only a subdued decline. This and our ROCE of 8.2% exceeded our own expectations. This success was founded on the systematic implementation of OSRAM Push, although our business was also helped by exchange rate movements and falling raw materials prices. All in all, we are extremely satisfied by the performance from our results of operations.

Revenue Development by Quarters



EBITA Development by Quarters



B.2.3.1 Revenue Development

On a comparable basis, the OSRAM Licht Group's revenue remained largely stable year-on-year at €5,574.2 million in fiscal 2015. In nominal terms, on the other hand, we recorded a clear increase in revenue.

The comparable revenue performance reflects the subdued pace of the global economy, which fell slightly short of expectations. The increases in revenue in the SP and OS segments almost fully offset the decreases at Lamps and LSS. For information on the performance of the individual segments, B.2.3.3 Specialty Lighting to B.2.3.7 Lamps.

Page 57 to page 60

Our nominal revenue performance, meanwhile, reflects the strong tailwind for our business from the changes in exchange rates compared with the previous year, in particular as a result of the significant fall in the value of the euro against the U.S. dollar. Of our overall revenue growth, 7.9% was attributable to currency translation effects, which were reflected in our segments to varying degrees of intensity, depending on the key sales markets in each case. An additional 1.5% boost to the nominal change in our revenue resulted from portfolio effects due to our acquisition of Clay Paky and only affected SP.

Revenue by Segments

	Fiscal		Change	
in € million	2015	2014	nominal	comparable
Specialty Lighting	1,849.5	1,551.1	19.2%	5.1%
Opto Semiconductors	1,292.6	1,124.5	14.9%	5.2%
Lighting Solutions & Systems	955.1	914.2	4.5%	(2.7)%
Lamps	2,000.5	1,986.4	0.7%	(5.7)%
Reconciliation to consolidated financial statements	(523.6)	(434.1)	20.6%	11.7%
OSRAM	**5,574.2**	**5,142.1**	8.4%	(1.0)%

From a regional perspective, too, the main factors relating to the general economic environment are only reflected in OSRAM's revenue performance to a limited extent. This is primarily true of our revenues in the APAC reporting region, whose performance on a comparable basis (–3.8% compared with the previous year) at OSRAM does not reflect this region's status as a driver of global economic growth. As regards our reporting regions in general, there was a clear shift in their shares of OSRAM's total revenue compared with the previous year. The trend seen in recent years, in which EMEA, our largest reporting region in terms of volume, has been increasing its share to the detriment of the Americas, was broken in the past fiscal year. EMEA's percentage share of total revenue declined by around 300 basis points, translating almost exclusively into an increase for the Americas. This development is also due to the change in the exchange rate between the euro and the U.S. dollar.

On a comparable basis, revenue in EMEA remained largely stable, with the increases in Eastern Europe not quite offsetting the modest decline in the rest of Europe. Generating over 37% of OSRAM's total revenue, Europe as a whole accounts for the largest share of the revenue in this reporting region. The EMEA region saw the bulk of the portfolio effects from the acquisition of Clay Paky. As was the case at Group level, the increases in revenue (on a comparable basis) in the SP and OS segments almost fully offset the decreases at Lamps and LSS. The strongest fall in revenue in EMEA was at Lamps.

In the APAC reporting region, positive currency translation effects outweighed a moderate comparable decline in revenue by a factor of more than three. This decline in revenue was mainly due to a decrease of more than 30% in the traditional lamps business, which—together with a modest decline at LSS, also due to the trend in traditional products—could not be offset by the increase in the other businesses. The moderate decline in China (including Hong Kong) and Taiwan contrasted with a higher percentage increase in Japan. Revenue in India declined significantly.

Including currency translation and portfolio effects, revenue in the APAC region showed a clear increase of 10.2%.

Compared with the previous year, the Americas recorded a modest rise in revenue on a comparable basis in fiscal 2015. A sharp increase for LED lamps and expressly positive revenue growth in the SP and OS segments offset the exit from the traditional maintenance business and the luminaires business in the NAFTA region, as well as the downward trend in the traditional lamps business. Here, too, positive currency translation effects—which, at 15.1%, were the highest of all regions—led to a significant nominal increase in revenue.

Revenue by Regions
(by customer location)

in € million	Fiscal 2015	Fiscal 2014	Change nominal	Change comparable
EMEA	2,293.3	2,269.8	1.0%	(1.0)%
thereof Germany	788.6	781.7	0.9%	(0.5)%
APAC	1,359.9	1,234.1	10.2%	(3.8)%
thereof China (including Hong Kong) and Taiwan	755.6	674.0	12.1%	(3.0)%
Americas	1,921.0	1,638.3	17.3%	1.1%
thereof U.S.A.	1,409.5	1,155.1	22.0%	2.3%
OSRAM	**5,574.2**	**5,142.1**	8.4%	(1.0)%

From a technological perspective, the structural change in the composition of our business continued undiminished due to the shift in the lighting market. The share attributable to the LED business increased to €2,373.9 million or 42.6% of OSRAM's total revenue in fiscal 2015. A year earlier, it was 36.2% or €1,860.5 million. The decline in our traditional products, mainly in general lighting, continued to accelerate, recording a comparable decrease of 11.0%. By contrast, LED revenue increased by a significant 16.8%, also on a comparable basis; in percentage terms, the strongest growth in the LED business was in general lighting and in lighting systems and control gears. In addition to the revenue growth at OS, there was also a tangible increase in the LED share at SP.

B.2.3.2 Earnings Development

Earnings Development

in € million	Fiscal 2015	Fiscal 2014	Change nominal
Specialty Lighting	245.4	224.7	9.2%
Opto Semiconductors	229.9	193.8	18.6%
Lighting Solutions & Systems	(42.1)	(92.9)	(54.7)%
Lamps	(48.4)	23.5	n/a
Reconciliation to consolidated financial statements	(90.8)	(38.7)	134.7%
EBITA OSRAM	**293.9**	**310.4**	(5.3)%
EBITA margin	5.3%	6.0%	(80) bps
therein special items	(273.2)	(138.5)	97.2%
therein transformation costs	(238.9)	(129.9)	83.9%
therein carve out costs[1]	(25.5)	0.0	n/a
Adusted EBITA margin (for special items)	10.2%	8.7%	140 bps
Financial result[2]	**(24.7)**	**(4.9)**	> 200%
Amortization	(30.5)	(26.3)	16.0%
Income (loss) before income taxes	**238.8**	**279.2**	(14.5)%
Income taxes	(67.6)	(86.1)	(21.5)%
Net income (loss)	**171.2**	**193.1**	(11.3)%

[1] Therein transaction costs of €4.3 million in fiscal 2015.
[2] Income (loss) from investments accounted for using the equity method, net, interest income, interest expense, and other financial income (expense), net.

OSRAM's reported EBITA saw a moderate decrease in fiscal 2015, although it improved—in some cases sharply—in all segments except Lamps. These increases were offset by the high level of special items, however, which mainly impacted Lamps and, to a much lesser extent, the corporate items in the reconciliation to the consolidated financial statements.

Overall, special items reduced EBITA by €273.2 million (previous year: €138.5 million), over two-thirds of which were recognized in the first quarter of fiscal 2015. They mainly comprised €238.9 million in transformation costs relating to OSRAM Push (previous year: €129.9 million). A gain in the mid double-digit million euro range that accrued in the fourth quarter of 2015 from the sale of our former Group headquarters in Munich had an offsetting effect here. In addition, costs were incurred for the carve-out of the lamps business in the amount of €25.5 million, again primarily in the fourth quarter of 2015, including transaction costs of €4.3 million > also B.2.7 Reconciliation of Key Performance Indicators. Page 79ff.

In the consolidated statement of income, approximately three-quarters of the special items, mainly transformation costs, were reflected in cost of goods sold and services rendered, primarily in the Lamps segment. Nevertheless, gross profit remained stable at €1,617.2 million in fiscal 2015, as all other segments achieved an increase. The gross profit margin (gross profit as a percentage of revenue) decreased to 29.0% as against 31.4% in the previous year. Adjusted for special items, the gross profit margin was down slightly year-on-year, with a mainly volume-based decline in the Lamps segment being offset by economies of scale and productivity effects in the LSS segment, again in connection with OSRAM Push.

A further considerable and, in comparison with the prior year, larger portion of the transformation costs was recognized in marketing, selling, and general administrative expenses, primarily in the corporate items. Together with negative currency effects, this led to a clear increase in marketing, selling, and general administrative expenses. From an operational perspective (i.e., excluding special items), the absolute figure for marketing, selling, and general administrative expenses saw only a slight increase year-on-year, which was due to negative currency effects; by contrast, they declined as a percentage of revenue, particularly in the Lamps segment.

Another, very much smaller share of the transformation costs contributed to the moderate increase in research and development expenses, again primarily in the Lamps segment. Adjusted for special items, research and development expenses remained level year-on-year, with an increase primarily in the SP and OS segments being offset by savings at LSS and Lamps.

In fiscal 2015, EBITA was influenced by events outside of OSRAM's core business in the net amount of €55.6 million (previous year: €–12.6 million); these events are reflected in the other operating result (other operating income less other operating expense). They were due primarily to the gain on the disposal of our former Group headquarters, which, as part of the transformation costs, we have allocated to special items. In the prior-year period, both other operating income and other operating expense were largely dominated by legal disputes.

EBITA adjusted for special items improved substantially. The adjusted EBITA margin increased to 10.2% from the prior-year figure of 8.7%. This exceptionally good operating performance is attributable to improvements in almost all segments and primarily reflects the sustained high/improved EBITA levels in the SP and OS segments. Overall, the growth in earnings reflected the structural cost improvements realized at Lamps in particular from the measures taken as part of OSRAM Push in relation to actual and future volume development. In addition, at Group level the fiscal year saw, on balance, clearly positive currency effects.

OSRAM's income before income taxes declined significantly year-on-year in fiscal 2015. However, the decline was smaller than expected and, as described above, was mainly the result of increased negative special items. Another, much more minor factor was the roughly €20 million decline in the financial result. The main change as against fiscal 2014 was due to the €32.0 million gain reported in the previous year in connection with the sale of OSRAM's 50% interest in its former Valeo Sylvania joint venture. Although, at €171.2 million, net income was down significantly due to a reduction of 2.5 percentage points in the effective tax rate compared with the previous year, it declined less sharply than income before taxes. In line with this, basic earnings per share likewise fell significantly, from €1.80 in the prior-year period to €1.59 in the reporting period.

The return on capital employed (ROCE) dropped to 8.2% in fiscal 2015 compared with 9.3% in the previous year. This was in line with our forecast that ROCE would drop, although the decline was smaller than expected. Consequently, we also met our target of generating ROCE clearly in excess of the unchanged cost of capital of 7.5%. The decline in ROCE is primarily attributable to the fact that income before interest and after taxes was lower than in fiscal 2014, while average capital employed remained at the same level. For the calculation of ROCE, > B.2.7 Reconciliation of Key Performance Indicators.

Page 79ff.

B.2.3.3 Specialty Lighting

Segment Data SP

in € million		Fiscal 2015	Fiscal 2014	Change nominal	Change
Total revenue		1,849.5	1,551.1	19.2%	5.1%
EBITA		245.4	224.7	9.2%	
EBITA margin		13.3%	14.5%	(120) bps	
Employees as of September 30	in thousand FTE	6.1	5.8	5.6%	

The SP segment recorded a moderate year-on-year rise in revenue on a comparable basis in fiscal 2015. The growth is attributable to a positive trend in all regions. From a technological perspective, the LED business grew by around one-fifth overall, while revenue from traditional products declined modestly. The increase in revenue at SP came mainly from the automotive business; although we recorded above-market growth rates throughout the fiscal year, demand for our products was increasingly affected by lower demand in China towards the fiscal year-end. The display/optics business turned in a stable revenue performance on a comparable basis. Here, we expanded our position in entertainment lighting by acquiring and successfully integrating Clay Paky, a leading provider of lighting solutions for shows and events. Nominal revenue growth was 19.2%, including positive currency translation effects of 9.1% and portfolio effects due to Clay Paky of 5.0%.

SP segment EBITA was up 9.2% on the previous year to over €245 million in fiscal 2015. This was attributable mainly to volume effects and economies of scale and also to significantly positive currency-related effects. Exchange rate effects declined in the last months of the fiscal year since there were no further significant movements of the U.S. dollar against the euro. The EBITA margin weakened in the fourth quarter, with the figure for the full year remaining below the high prior-year level, at 13.3%. This was due mainly to factors that will extend into future periods, such as the portfolio mix (the increased significance of business with LED components sourced internally from OS), as well as to expenses for the two innovative technologies, lasers and OLEDs. The decline in the adjusted EBITA margin to 14.3% (previous year: 15.1%) was smaller due to higher special items in fiscal 2015.

Overall, the SP segment turned in an encouraging performance in fiscal 2015 that exceeded our earnings expectations by a clear margin. Only its comparable revenue performance fell slightly short of our planning, which was mainly due to the trend in the automotive market.

B.2.3.4 Opto Semiconductors

Segment Data OS

in € million		Fiscal 2015	Fiscal 2014	Change nominal	Change Change
Total revenue[1]		1,292.6	1,124.5	14.9%	5.2%
External revenue		767.3	687.7	11.6%	
EBITA		229.9	193.8	18.6%	
EBITA margin		17.8%	17.2%	50 bps	
Employees as of September 30	in thousand FTE	9.2	8.8	4.8%	

[1] Including intersegment revenue of €525.3 million (previous year: €436.8 million).

The OS segment recorded a moderate year-on-year rise in revenue on a comparable basis in fiscal 2015. This growth is attributable to a positive trend in all regions. The primary contributor was the EMEA region, which achieved clear growth. With regard to the OS segment's products, the largest increases were achieved in the automotive and industrial business; another growth driver was the infrared components business. Revenue performance in these three areas was also helped by price trends. Including positive currency translation effects of 9.7%, nominal revenue increased significantly overall.

OS segment EBITA was up significantly on the high prior-year figure in fiscal 2015. The EBITA margin also continued to climb, rising to 17.8%. The trend in procurement prices, a high level of productivity and capacity utilization, and a very healthy portfolio mix were major contributors to this. Significant currency effects also had a positive impact on the results of operations.

Comparable revenue growth was in line with our expectations and we even beat the market trend. Earnings exceeded our expectations by far. We are therefore very satisfied with performance in the fiscal year. From an operational perspective, this also goes for our LED facility in Wuxi, China, where we were able to ramp up production without any problems in fiscal 2015.

B.2.3.5 Lighting Solutions & Systems

Segmentkennzahlen LSS[1]

in € million		Fiscal 2015	Fiscal 2014	Change nominal	Change comparable
Total revenue		955.1	914.2	4.5%	(2.7)%
EBITA		(42.1)	(92.9)	(54.6)%	
EBITA margin		(4.4)%	(10.2)%	580 bps	
Employees as of September 30	in thousand FTE	4.8	4.9	(1.7)%	

[1] The LSS segment was established in July 2015; prior-period information is reported on a comparable basis.

The newly established LSS segment recorded a moderate year-on-year decline in revenue on a comparable basis. This was due to two causes or trends. Firstly, the decline in the luminaires and solutions business exceeded growth in lighting systems and control gears. Secondly, the change in revenue—across all businesses—was marked by the general trend away from traditional technology and toward LED products. The LED share of the segment's total revenue was 55.2% (previous year: 40.6%). In the case of lighting systems and control gears, the growth in LED products exceeded the decline in traditional lines by far. The significant decrease in the luminaires business was mostly attributable to our focus measures—discontinuing the loss-making luminaires business in the NAFTA region and, to a lesser extent, after-effects of exiting the traditional maintenance business in the U.S.A. Lower market prices and expiring subsidies in Germany for efficient street lighting also contributed to the decline. Including positive currency translation effects of 7.2%, revenue increased by 4.5% on a nominal basis.

The negative EBITA reported by LSS more than halved year-on-year. The same goes for the reported EBITA margin, which improved from –10.2% to –4.4%. In line with the business performance described above, the larger contribution to this change came from control gears, which reached break-even. Despite a significant improvement, the EBITA margin in the luminaires and solutions business was still in the negative double-digit percentage range. This was primarily due to the low level of revenue, which resulted in diseconomies of scale. Currency-related effects also had a negative, albeit much smaller impact on the results of operations. At –3.4%, the EBITA margin adjusted for special items also showed a significant improvement in fiscal 2015 (previous year: –8.7%).

This business performance means that we failed to meet our targets for the LSS luminaires business. Due to a disappointing showing, we were unable to implement our plan to achieve revenue at the comparable prior-year level and a significant improvement in reported EBITA—even reaching break-even on an adjusted basis—despite implementing our focus strategy. In fiscal 2016, we intend to place even greater focus on smart technical applications, and hence reverse the trend.

B.2.3.6 Lamps

Segment Data LP[1]

		Fiscal		Change	
in € million		**2015**	**2014**	nominal	comparable[2]
Total revenue		2,000.5	1,986.4	0.7%	(5.7)%
EBITA		(48.4)	23.5	n/a	
EBITA margin		(2.4)%	1.2%	(360) bps	
Employees as of September 30	in thousand FTE	10.1	11.8	(14.3)%	

[1] The Lamps segment was established in July 2015; prior-period information is reported on a comparable basis.

On a comparable basis, revenue in the new Lamps segment fell clearly year-on-year in fiscal 2015, with the decline in traditional products due to the accelerated transition to LED technology exceeding the substantial growth in LED lamps. From a regional perspective, the Americas recorded low single-digit comparable growth, due to strong demand for traditional halogen lamps and for LED lamps as replacement products for traditional technologies being phased out in the North American market. While, in EMEA, the significant growth in LED lamps failed to fully an also significant decline in traditional lines, APAC showed a substantial decline overall, as the transition to LED technology is at its fastest in this region and demand in this market is particularly price-sensitive. At 6.4%, currency translation effects had a clearly positive impact on Lamps revenue, as a result of which nominal revenue remained largely stable overall.

Lamps segment EBITA was heavily impacted by transformation costs in fiscal 2015. These almost doubled year-on-year, to € 183.3 million in total (previous year: € 86.8 million), due in particular to provisions for personnel-related measures in the areas of production, sales, and administration. Related cost savings only partly took effect in this fiscal year. As a result, the EBITA margin was expressly negative, while the adjusted EBITA margin rose by 110 basis points to 6.7% (previous year: 5.6%). The adjusted EBITA margin in the traditional business held steady, while LED lamps improved substantially but remained in negative territory. The latter was attributable in particular to substantially negative currency effects, as a large proportion of purchasing for LED lamps takes place in U.S. dollars.

The Lamps segment's results of operations reflect the rapid ongoing shift toward semiconductor-based lighting. We have mastered the challenges posed by the decline in the traditional business very well, partly because we have managed to participate substantially in the shift in revenue toward the LED business. This is reflected in the overall improvement in operating earnings and the excellent way in which earnings have been translated into free cash flow. Although a considerable portion of the transformation costs will only be recognized in the statement of cash flows in the future, the sharp year-on-year increase in free cash flow to € 179.5 million reflects strong asset management and sound liquidity development. Overall, therefore, we are satisfied with the Lamps segment's business performance in fiscal 2015.

B.2.3.7 Reconciliation to the Consolidated Financial Statements

The reconciliation to the consolidated financial statements of the OSRAM Licht Group comprises "Corporate items and pensions" and "Eliminations, Corporate Treasury, and other reconciling items."

Corporate items consist of items that are not directly attributed to the segments because the Managing Board of OSRAM Licht AG does not consider them to be indicative of the segments' performance. Among other things, these include certain legal matters, expenses incurred as part of OSRAM Push, costs associated with the carve-out of the lamps business, and to a modest extent subsequent costs associated with OSRAM's going public. 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 performed by Corporate Treasury.

In fiscal 2015, the EBITA column of the Corporate items and pensions line item includes €–82.5 million (previous year: €–30.5 million) relating to corporate items, as well as €–7.4 million (previous year: €–7.3 million) relating to pensions. The deterioration in EBITA for the corporate items compared with the previous year is primarily due to the following:

1 Transformation costs in fiscal 2015 were up year-on-year at €–28.9 million (previous year: €–21.3 million). In this context, costs for personnel-related measures and consulting services in connection with OSRAM Push were largely offset by revenue in the mid double-digit million euro range that accrued in connection with the sale of the OSRAM Licht Group's former headquarters in Munich.

2 Costs for the carve-out of the lamps business in the amount of €25.4 million (previous year: €– million) also had an impact; this figure includes transaction costs in the amount of €4.2 million.

3 The additional impact of expenses connected with the scrapping of a machine under construction for the Americas reporting region and the associated pre-material, as well as the impairment loss on a corresponding machine for the EMEA region > Note 17 | Property, Plant, and Equipment under C.6 in the Notes to the consolidated financial statements. Page 142 f.

4 Both fiscal years were impacted by expenses in connection with changes in the OSRAM Licht Group's Managing Board and with share-based remuneration, in each case by an amount in euros in the mid single-digit million range.

Overall, corporate items include special items of €–60.2 million (previous year: €–28.7 million).

B.2.3.8 Changes to the Segment Structure in Fiscal 2016

The OSRAM Licht Group's organizational structure and the allocation of corporate costs were changed at the start of the new fiscal 2016. In future periods, the information in the 2015 segment reporting will be adjusted in line with the updated presentation:

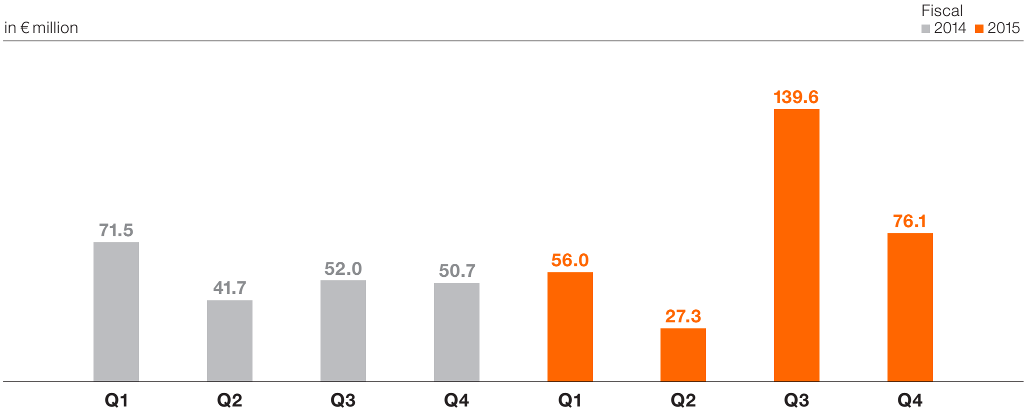
- The activities in connection with specific pre-materials (e.g., the production of fluorescent materials), which were previously reported in the Lamps segment, were allocated to the SP segment effective October 1, 2015.
- The "Lightify" product portfolio for private end users was allocated to the Lamps segment effective October 1, 2015 (previously part of LSS).
- As of fiscal 2016, the costs of Group headquarters will basically be charged in line with the principle of origination-based allocation. Consequently in future, these will bear costs incurred centrally in proportion to their use of the corresponding services provided by Group headquarters. Costs for the governance function, i.e., for functions that are clearly of a management nature, will no longer be allocated to our operating segments. We intend this to give our segments greater latitude in conducting their business activities, and in future will recognize at Group level an amount in EBITA in the mid double-digit million euro range that affects the segments to different extents.

B.2.4 Financial Position

We are very satisfied with the development of the OSRAM Licht Group's financial position in fiscal 2015. Our already-solid financial position continued to improve. Our free cash flow of around €300 million exceeded the prior-year figure and therefore our own expectations even though we also increased our capital expenditures significantly. We repaid about € 100 million (net) of debt. OSRAM's net liquidity increased to over €640 million as of September 30, 2015. Overall, our financial position reflects the OSRAM Licht Group's sustained financial stability. Together with the external funding options available to us, we have sufficient flexibility to respond appropriately to the varied financial requirements of our business.

Free Cash Flow[1] by Quarters

in € million



[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.

B.2.4.1 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 must 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 provides financial services, ensuring 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. Excess liquidity at 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. The risk strategy and financial management principles are defined and monitored by a risk committee.

For further information on the extent and management of financial risks, > Note 32 | Financial Risk Management under C.6 in the Notes to the consolidated financial statements. For information on financing, > Note 23 | Debt under C.6 in the Notes to the consolidated financial statements.

Page 162 ff.
Page 145 f.

B.2.4.2 Cash Flow and Capital Expenditure Analysis

Development of Cash Flows

in € million	Fiscal 2015	Fiscal 2014
Free Cash Flow		
Specialty Lighting	233.0	187.3
Opto Semiconductors	238.0	181.3
Lighting Solutions & Systems	(58.2)	(120.6)
Lamps	179.5	37.4
Reconciliation to consolidated financial statements	(293.3)	(69.5)
Free Cash Flow OSRAM	**299.0**	**216.0**
thereof: Additions to intangible assets and property, plant and equipment	280.8	243.2
Cash flows from		
Operating activities	579.8	459.1
Investing activities	(298.5)	(157.2)
Financing activities	(228.5)	(176.1)

Free Cash Flow

All segments contributed to the positive trend in free cash flow.

In the SP segment, the improvement in earnings caused free cash flow to rise by a substantial € 45.7 million. At the same time, capital expenditures rose by € 25.8 million. Among other things, these resulted from the capitalization of development costs for new products and spending on new production capacity. In addition, SP also invested in rationalizing production.

OS lifted its free cash flow by around one-third as against the prior-year figure, despite a sharp increase in additions to intangible assets and property, plant, and equipment. The improvement in earnings and the release of funds from net working capital, particularly inventories, were the contributors to this positive result. Among other things, the OS segment invested in further extending the new LED assembly facility in Wuxi, China, and on expanding production capacity in Penang, Malaysia.

Free cash flow in the LSS segment remained negative, as in the prior-year period, despite a sharp improvement. Funds released from net working capital, due to the decrease in inventories in particular, meant that free cash flow rose even more sharply than EBITA year-on-year.

Positive free cash flow in the Lamps segment was up sharply year-on-year. Whereas high transformation expenses led to a decrease in EBITA in fiscal 2015 and associated cash outflows, there was by a release of net working capital, particularly in inventories thanks to the optimization program that we launched. Cash outflow related to the transformation is expected to continue in future periods.

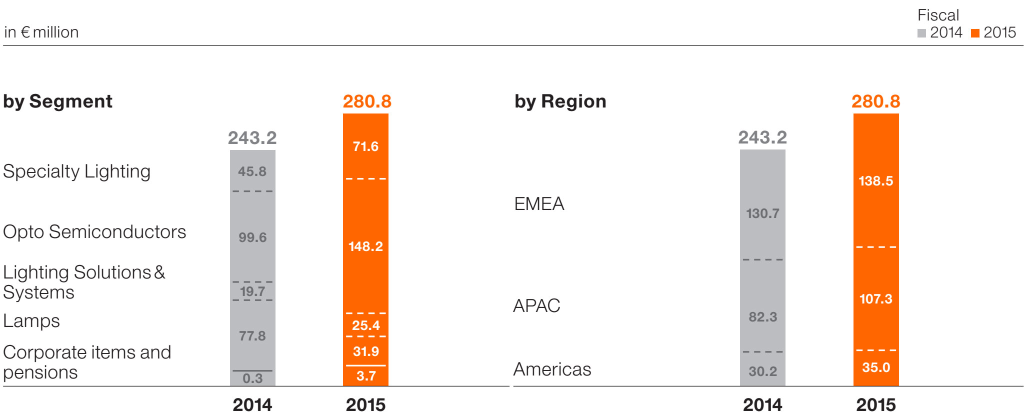
Overall, the segments' free cash flow rose by € 306.9 million year-on-year, while capital expenditures increased simultaneously by € 34.2 million.

Negative free cash flow in the Corporate items and pensions item in the reconciliation to the consolidated financial statements widened by €205.2 million year-on-year, in particular due to higher income tax payments and an additional allocation of funding to pension plans' plan assets in the amount of €58.0 million. Higher cash outflows for restructuring measures were also recognized in the reporting period in connection with the transformation. In addition, payments were made in the current fiscal year to settle legal proceedings, whereas the prior-year figure also included cash inflows from the settlement of legal proceedings. The sharp increase in noncurrent and current liabilities in connection with workforce adjustments under OSRAM Push, primarily in Germany, will continue to result in cash outflows in future periods.

In fiscal 2015, the negative free cash flow in Eliminations, Corporate Treasury, and other reconciling items in the reconciliation to the consolidated financial statements primarily comprised cash outflows attributable to liquidity management activities by Corporate Treasury designed to counter currency risk in the intragroup financing of OSRAM's operating business.

Due to the above-mentioned effects described above of the release of funds from net operating working capital, particularly in the Lamps and SP segments, the net operating working capital turnover ratio (revenue divided by the net carrying amount of inventories, trade receivables, and trade payables) increased from 4.2 in the previous year to 4.9 in fiscal 2015.

Additions to Intangible Assets and Property, Plant and Equipment



Total Group-wide capital expenditures rose significantly year-on-year, with the APAC region's relative share continuing to increase.

Other Investing Activities

As well as the additions to intangible assets and property, plant, and equipment presented above, OSRAM acquired a 100% interest in Clay Paky on October 13, 2014; this has been allocated to the SP segment. The final purchase price amounted to €85.4 million (including €7.3 million in cash acquired). For further information on the Clay Paky acquisition > Note 4 | Acquisitions and Disposals under C.6 in the Notes to the consolidated financial statements. Page 132

Divestments

Cash flows from investing activities in fiscal 2015 include an inflow from the sale of the OSRAM Licht Group's former headquarters in Munich in the mid double-digit million euro range.

In fiscal 2014, OSRAM received a payment of €79.6 million from the sale of its 50% interest in the Valeo Sylvania joint venture and of the loans granted to Valeo Sylvania by OSRAM, which were part of the net investment in the joint venture.

B.2.4.3 Financing and Liquidity Analysis

Net Liquidity

in € million	September 30, 2015	2014
Short-term debt and current maturities of long-term debt	37.4	43.6
+ Long-term debt	49.8	138.2
Total debt	**87.2**	**181.8**
Cash and cash equivalents	727.0	667.7
+ Available for sale financial assets	1.4	1.4
Available for sale financial assets	**728.4**	**669.1**
Net Liquidity	**641.2**	**487.3**
– Pension plans and similar commitments	463.5	444.4
Adjusted net debt/net liquidity	**177.7**	**42.9**

In fiscal 2015, a loan agreement was entered into with the European Investment Bank. One €50.0 million variable-rate tranche had been drawn down as of September 30, 2015. Unused credit lines in the amount of €150.0 million were also available under this loan agreement as of September 30, 2015 > Note 23 | Debt under C.6 in the Notes to the consolidated financial statements. Page 145 f.

The €140.0 million syndicated term loan outstanding as of September 30, 2014, was fully repaid in the first quarter of fiscal 2015. In line with the terms of the agreement, this cannot be drawn down again.

OSRAM has access to a variable-rate revolving credit line of €950 million, which may also be drawn down in U.S. dollars or, with the approval of the banks, in other currencies. Contractual changes to the revolving credit line were agreed in February 2015, under which the terms and conditions for OSRAM improved and the original maturity (February 1, 2018) was extended until February 16, 2020. In addition, after the first two years OSRAM has the option to extend the maturity for a further year in each case.

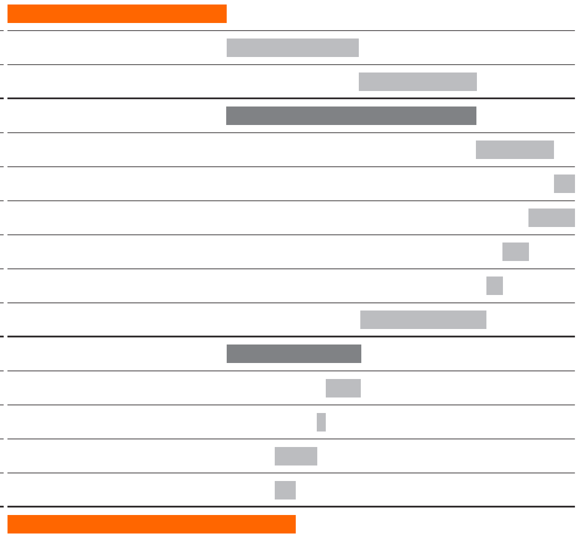
The change in short-term debt results from the drawdown and repayment of short-term credit lines, especially by OSRAM companies in countries that cannot take part in Group financing because of national restrictions on capital transfers.

Distribution of the dividend to the shareholders of OSRAM Licht AG for fiscal 2014 resulted in a cash outflow from financing activities of €94.1 million.

A total of €20.0 million was paid in cash at the closing date to acquire additional shares in our subsidiaries Chung Tak Lighting Control Systems (Guangzhou) Ltd., Guangzhou/China, and OSRAM Lighting Control Systems Ltd., Hong Kong/Hong Kong. This amount was recognized under cash flows from financing activities in the consolidated statement of cash flows. For further information, > Note 4 | Acquisitions and Disposals under C.6 in the Notes to the consolidated financial statements. Page 132

Development of Net Liquidity
Fiscal 2015

in € million	
Net liquidity as of September 30, 2014	**487.3**
EBITA	293.9
Depreciation	262.9
EBITDA	**556.8**
Change in net working capital[1]	172.9
Change in other assets and liabilities	46.6
Income Taxes paid	(102.8)
Sepcial allocation to pension funds	(58.0)
Other cash flows from operating activities[2]	(35.7)
Additions to intangible assets, property, plant and equipment	(280.8)
Free Cash Flow	**299.0**
Acquisitions, net of cash acquired	(77.1)
Acquisition of non-controlling interests	(20.0)
Dividends paid to shareholders of OSRAM Licht AG	(94.1)
Other investing and financing activities[3]	46.1
Net liquidity as of September 30, 2015	**641.2**



[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] Also includes noncash effects, e.g., from currency translation, in addition to cash effects (in particular a payment in the mid double-digit million euro range from the sale of our former Group headquarters in Munich).

As part of its debt management and due to financial covenants included in loan agreements, OSRAM measures its debt ratio using 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. For the calculation of these two indicators, > B.2.7 Reconciliation of Key Performance Indicators.

Page 79 ff.

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, 2015:

Payments from Contractual Obligations

in € million	**Total**	Less than 1 year	1 to 5 years	After 5 years
Debt[1]	88.4	37.6	32.7	18.1
Purchase obligations	914.3	863.7	50.6	–
Operating leases	223.5	43.4	104.2	75.9
Total contractual obligations	**1,226.2**	**944.7**	**187.5**	**94.0**

[1] Including interest payments.

B.2.4.4 Financing of Pension Plans and Similar Commitments

OSRAM's principal pension and other post-employment benefit plans relate to Germany and the U.S.A.; OSRAM also has less significant benefit plans in other countries. These plans are largely funded. As of September 30, 2015, the underfunding of OSRAM's defined benefit and other post-employment benefit plans amounted to a total of €460.7 million (previous year: €440.7 million). The funded status of our pension plans and similar commitments (including unfunded plans) is therefore 78.6%. As of September 30, 2015, the net present value of the future benefit entitlements and the fair value of the plan assets amounted to €2,149.6 million (previous year: €2,022.5 million) and €1,688.9 million (previous year: €1,581.8 million), respectively.

The €20.0 million deterioration in the funded status as of September 30, 2015, is mainly the result of exchange rate effects in the U.S.A. and the loss on plan assets excluding amounts included in net interest. The deterioration was partly offset by the allocation of an additional €58.0 million to fund plan assets and the application of updated mortality tables in the U.S.A. The employer contributions to the externally funded pension plans for fiscal 2015 amounted to €98.5 million.

To further finance our global funded pension plans, we intend to allocate additional funding of approximately €250 million in fiscal 2016 from the sale proceeds resulting from the planned disposal of our investment in Foshan Electrical and Lighting Co. Ltd., Foshan, China ("FELCO") > B.2.5.2 Explanations of Acquisitions and Disposals. Page 68

For additional information on OSRAM's pension plans, > also Note 24 | Pension Plans and Similar Commitments under C.6 in the Notes to the consolidated financial statements. Page 146ff.

B.2.5 Net Assets

As of September 30, 2015, the OSRAM Licht Group's total assets amounted to around €4.8 billion, slightly more than at the end of the previous fiscal year. With a ratio of fixed to total assets approaching 39%, we have a balanced asset structure that gives us a sufficient degree of flexibility. Thanks to its exceptionally good earnings performance, OSRAM's equity increased once again, by over 3% to around €2.5 billion. This means that the OSRAM Licht Group has an equity ratio of over 52%. Our horizontal statement of financial position reflects an extremely solid financing structure. This stability is underlined by our net liquidity, which rose to over €640 million. Consequently, OSRAM's net asset position continued to improve overall compared with the previous year. We therefore believe that we are in an excellent position going forward.

B.2.5.1 Statement of Financial Position Analysis

Having risen by €55.7 million as of the end of fiscal 2015, the OSRAM Licht Group's total assets were up slightly compared to September 30, 2014, at €4,765.2 million. The downward movement of the euro against the functional currencies of OSRAM companies not located in the eurozone resulted in an increase of around €66 million in total across all items in the statement of financial position, disregarding specific changes.

Cash and cash equivalents rose by almost 9% to €727.0 million in fiscal 2015 due to the positive trend in free cash flow. Inventories declined by around 14% to under €1 billion thanks to the success of our continuous asset management. In connection with the planned disposal of our investment in FELCO > B.2.5.2 Explanations of Acquisitions and Disposals, the investment was classified as held for sale and no longer accounted for using the equity method as it had been in the previous year. Overall, our total current assets increased slightly as a result. Page 68

Noncurrent assets remained at the prior-year level despite the decline in investments accounted for using the equity method. This was mainly because goodwill and other intangible assets increased by €66.2 million in total as a result of our acquisition of Clay Paky > B.2.5.2 Explanations of Acquisitions and Disposals. Our total noncurrent assets therefore account for around 39% of our total assets, a similar percentage to the previous year. Page 68

On the liabilities and equity side, current liabilities and provisions remained almost on a par with the last fiscal year. Here, the decline in trade payables was offset by an increase in other current liabilities of a similar size. The latter was primarily the result of the increase in employee-related accruals, mainly in connection with the Push corporate program.

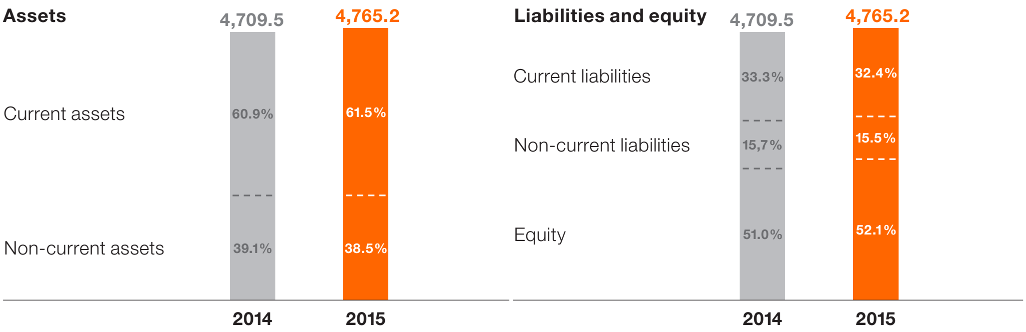
Noncurrent liabilities and provisions also remained almost unchanged year-on-year overall. The €88.4 million decrease in long-term debt—due in particular to the repayment in full of the syndicated term loan—was almost fully offset by an increase in liabilities from pension plans and similar commitments to €463.5 million and higher other liabilities, mainly in connection with provisions for workforce adjustments in Germany.

Equity rose by 3.4% to €2,482.1 million, despite the distribution of a dividend for fiscal 2014 in the amount of €94.1 million. This increase was the result of higher-than-expected earnings, more specifically total comprehensive income of €191.4 million. This lifted the equity ratio (equity to total assets) to 52.1% as of September 30, 2015.

Balance Sheet Structure

in € million

September 30,
2014 2015



Considerable 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 in particular from research and development activities, spending on which amounted to €344.9 million in fiscal 2015 (previous year: €331.4 million). In addition, OSRAM has entered into cross-licensing agreements with competitors, which allow the reciprocal use of patents > B.2.6.1 Economic Aspects / Research and Development, Patents. Alongside noncancellable operating leases, OSRAM's main liabilities that are not recognized in the statement of financial position include obligations under purchase agreements, as well as guarantees > B.2.4.3 Financing and Liquidity Analysis and > Note 27 | Other Financial Commitments and Contingent Liabilities under C.6 in the Notes to the consolidated financial statements.

Page 71 ff.
Page 64 f.
Page 155

B.2.5.2 Explanations of Acquisitions and Disposals

In October 2014, OSRAM acquired a 100% interest in Clay Paky, a leading provider of entertainment lighting for shows and events.

In January 2015, we acquired additional shares in the subsidiaries Chung Tak Lighting Control Systems (Guangzhou) Ltd., Guangzhou, China (previously 58.5%) and OSRAM Lighting Control Systems Ltd., Hong Kong/Hong Kong (previously 65.0%). This increased OSRAM's stake in both companies to 100%.

In September 2015, we contractually agreed to sell our 13.47% interest in FELCO to a subsidiary of Guangdong Rising Assets Management Co. Ltd. The transaction still requires the approval of the State-owned Assets Supervision and Administration Commission in the province of Guangdong, China, and is expected to close in the first quarter of fiscal 2016.

For information on these transactions, > also Note 4 | Acquisitions and Disposals under C.6 in the Notes to the consolidated financial statements.

Page 132

B.2.6 Sustainability

Our strategic decisions are based on the integrated concept of the three pillars of sustainability—economy, environment, society. These provide a holistic framework for our mindset and actions.

We take responsibility for our business activities throughout the world. This includes the enhancement of our product portfolio and our general dealings with customers, suppliers, and employees, as well as our own production activities—primarily in relation to the environment and resources, as well as occupational health and safety. In all of these areas, we help to reduce negative impacts and strengthen positive effects using appropriate guidelines, management systems, organization, and measures.

The success of our sustainability activities was repeatedly confirmed by external sources in fiscal 2015. For example, sustainability investment specialists RobecoSAM acknowledged our performance with a Bronze Class award; we were also included in the company's Sustainability Yearbook 2015. Our shares were listed in the Dow Jones Sustainability Index (DJSI) World, a key benchmark for financial investors, for the second consecutive time. We also remained a member of the FTSE4Good Index and were included in the STOXX Global ESG Leaders index for the first time. In addition, we were once again awarded oekom Prime Status. This is presented to companies classed as sustainability leaders in their respective sectors during the oekom Corporate Rating.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

Corporate Responsibility Prime
rated by oekom research

ROBECOSAM
Sustainability Award
Bronze Class 2015

Member 2015/2016
STOXX
ESG LEADERS INDICES

Excerpt of Facts and Figures Related to our Sustainability Performance in Fiscal 2015 and as of September 30, 2015, respectively

as of September 30, 2015

Appreciation of our sustainability performance
Dow Jones Sustainability Index World 2015 (Industry: Electrical Components and Equipment)
FTSE4Good Index
oekom Prime Status
RobecoSAM Bronze Class Award 2015
RobecoSAM Sustainability Yearbook 2015
STOXX Global ESG Leaders Index

	2015	2014
Economic aspects		
Compliance		
Notifications of possible compliance violations	64	71
Compliance investigations (substantial)	11	15
Disciplinary consequences	19	9
Closed cases from previous notifications	60	71
Classroom trainings	5,558	2,886
Research and development, patents		
Employees research and development	2.5 thousand	2.4 thousand
Research and development expenses	€344,9 million	€331,4 million
Research and development intensity	6.2%	6.4%
Share of reasearch and development expense for LED technologies	75%	75%
Patents and patent applications	about 17,500	about 17,800
Patent families	about 6,300	about 6,300
Procurement		
Purchasing volume (goods and services acquired from third parties)	about €2.9 billion	about €2.9 billion
Number of signed codes of conduct	about 2,900 (which covered 90% of our purchasing volume)	about 2,800 (which covered 93% of our purchasing volume)

Excerpt of Facts and Figures Related to our Sustainability Performance in Fiscal 2015 and as of September 30, 2015, respectively

as of September 30, 2015

Customer relationships and marketing		
Employees sales	4.2 thousand FTE	4.6 thousand FTE
Share of revenue of single biggest customer	4.4%	3.9%
Share of revenue of top 50 customers	45%	49%
Production and quality management		
ISO 9001 certificatoin	All production and development locations	All production and development locations
ISO TS 16949 certification	Locations, which supply automotive customers	Locations, which supply automotive customers
Ecological aspects		
ISO 14001 certification	All production locations	All production locations
Energy and climate		
Primary energy consumption	3,649,000 GJ	4,226,300 GJ
Electricity	2,588,867 GJ	2,887,563 GJ
CO_2 emissions primary energy	203,559 t	233,891 t
CO_2 emissions electricity	369,019 t	386,271 t
ISO 50001 certificaton	Germany: all production locations France: Molsheim	Germany: Regensburg (OS), Augsburg, Berlin, Schwabmünchen, Munich (headquarters) France: Molsheim
Water		
Absolute water consumption	3,288,299 m³	3,816,694 m³
Waste		
Recyclable waste	30,665 t	35,689 t
Waste for disposal	11,396 t	13,195 t
Social aspects		
Employees		
Employees by segments	Page 76	Page 76
Employees by regions	Page 76	Page 76

Sustainability Management and Organization

Organizationally, the interdisciplinary and company-wide topic of sustainability is directly anchored at senior management level via the Chief Sustainability Officer. The tasks to be performed and focus issues are developed and prepared by the Corporate Sustainability Office together with the content owners concerned. They are then presented and discussed at the Sustainability Council, which is made up of representatives of the regions and business units, as well as the heads of the corporate functions relevant to sustainability. The Council approves the proposed resolutions on sustainability to be submitted to the Managing Board. The Corporate Sustainability Office is responsible for preparing Sustainability Council meetings, and manages the process of implementing decisions.

The Sustainability Council meets twice per fiscal year. The focus in the last fiscal year was on the materiality analysis and the resulting consequences for the corresponding business areas.

Stakeholder Engagement and Materiality Analysis

Regular dialogue with different interest groups (stakeholders) provides us with feedback on our actions. In addition to our shareholders and potential investors, we are in regular contact with our employees, customers, consumers, and suppliers, as well as political and social institutions. This enables us to help publicize sustainability concepts, among other things.

The Corporate Sustainability Office also used stakeholder engagement to expand the materiality analysis (identification and assessment of key sustainability topics) during fiscal 2015. After the Council had taken OSRAM's and stakeholders' viewpoints into account and assessed sustainability topics from both an internal and external perspective, we incorporated external stakeholders in the materiality analysis for the first time, particularly, in relation to the perspective from outside the Company. Representative members of each stakeholder group assessed preselected sustainability topics, and the results were discussed and confirmed by the Sustainability Council. In the environmental dimension, the key topics are product responsibility, operational eco-efficiency, and climate strategy. From the social perspective, they are labor practices, occupational health and safety, and human capital management.

Reporting

In fiscal 2014 we reported our sustainability activities on our website for the first time in accordance with the G4 Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI). These comprehensive guidelines set standards with regard to transparency and the clear and comprehensible selection of company-specific sustainability aspects. The publication of this information provides our stakeholders with information on the key sustainability topics at OSRAM, our sustainability management, and our sustainability performance. We are also using it to prepare for the EU requirements regarding the disclosure of non-financial information.

This is also reflected on our website at » www.osram.com/sustainability, which provides additional information and examples of sustainability topics at OSRAM that extend beyond the reporting requirements for this management report.

B.2.6.1 Economic Aspects

Compliance

Compliance with existing laws and with uniform Group-wide regulations is part of our DNA and is a prerequisite for business success. Infringements of existing anti-corruption or antitrust rules run counter to our core values. OSRAM's compliance system is designed to prevent potential violations or to detect existing violations and, if necessary, to introduce the appropriate preventative measures for the future (Prevent—Detect—Respond). The system's key components are codes of conduct for employees and managers, topic-specific training and communication, and risk assessments and inspections at OSRAM's units.

A total of 5,558 employees around the world received personal compliance training in the past fiscal year. We also introduced mandatory web-based training for sensitive functions.

All employees and external contacts can use the "Tell OSRAM" whistleblower hotline to securely and anonymously pass on information about potential violations to our compliance department. The compliance department pursues all information on violations and, if concrete indications exist, conducts internal investigations.

Research and Development, Patents

OSRAM's innovative strength is a core foundation for its medium- and long-term economic sustainability. As a leading provider in the global lighting industry, we occupy a strong position in research and development (R&D), particularly in the fast-growing LED business.

The shift in the lighting market means that this business is constantly growing in significance. We responded to this by further increasing the proportion of R&D expenditure for LED-related topics in the past fiscal year. This moderate increase is only apparent on an adjusted basis, since R&D transformation costs had an increased effect in the traditional business in fiscal 2015. On a reported basis, the ratio of R&D expenditure for LED products to total R&D expenditure remained stable. We have systematically aligned part of the Corporate Innovation function on the area of forward-looking lighting technologies, and in particular on networked and intelligent light, in order to safeguard our position as an innovation leader in this development area as well. For example, new structures were developed allowing technical specialists to work together with market experts to better understand the new market requirements and to rapidly incorporate these into products.

In fiscal 2015, we continued with the following key areas of our past R&D activities:

Key Areas of OSRAM's R&D activities

Fiscal 2015

Pre-development of innovative materials, processes, and semiconductor components	Development of platforms, e.g. to reduce complexity	Extension of the LED luminaire portfolio for professional and consumer applications, for example wireless communication with and between devices
Research and development of epitaxy, chip technology, converters, and housing designs for visible and infrared LEDs in all performance classes	Various sorts of application-specific LED or laser-based light sources, especially for general lighting (including LED lamps) and automotive forward lighting, e.g. for matrix headlight systems	More complex lighting systems based on luminaires, sensors, intelligent controls, algorithms, and new forms of user interfaces, such as those used in Lightify, an intelligent wireless lighting control system operated via a smartphone or tablet
High-efficiency visible and infrared lasers for projection and sensor applications such as adaptive cruise control (ACC) systems in cars	Intelligent controls and integration of drivers and circuits in corresponding components and platforms	
OLEDs (organic light emitting diodes)		

Collaboration with scientific partners around the world is a key part of our R&D activities. We are co-operating with various research institutions, universities, and other companies in almost 100 projects of various sizes, including in 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 addition, our actively participation in around 50 academic bodies ensures close networking with the university research community. Our R&D project portfolio is constantly changing, for example in line with the trends towards smart cities or the Internet of Things.

Our R&D teams also achieved a large number of significant breakthroughs in fiscal 2015. A few highlights are given below.

- OSRAM's OmniPoint, offers a complete lighting solution in the form of a single downlight installed in the center of a room. The customer uses a tablet to define the areas to be illuminated on demand. This LED lighting solution was named Most Innovative Product of the Year at Lightfair in New York.
- The new 810 nm infrared LED enables biometric iris recognition to be introduced for the first time in cellphones. It paves the way for compact, energy-efficient designs for reliable iris scanning in mobile devices.
- OSRAM again emphasized its role as an innovation and technology leader in automotive lighting: The new BMW M4 Concept Iconic Lights show car makes OSRAM the first manufacturer to use OLEDs (organic light emitting diodes) in rear lights.

The lighting industry, and in particular the LED industry, is characterized by a significant number of patent cross-license agreements between manufacturers. In the past, we had already entered into cross-license agreements or non-assertion agreements with companies such as Samsung, Nichia, Philips, Toyoda Gosei, LG, Cree, and Sharp.

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 strategy for patents ensures that we drive forward license agreements for technologies that are of interest to us, in line with our corporate strategy. The decrease in individual intellectual property rights already observed in the past few years is due to the adjustment of the patent portfolio that has already been performed due to the shift from traditional lighting to LED-based lighting technologies.

Procurement

The supply chain plays a key role for us in sustainability. It requires a high degree of flexibility, particularly in view of the technology shift. Our procurement function is managed globally but is organized regionally with regard to certain raw materials groups. On the one hand, this type of organization enables us to optimally supply the production and sales units, and to stay in close contact with suppliers, across all of the business units. On the other, global pooling enables us to achieve economies of scale that make a substantial contribution to the Company's productivity.

For us, sustainability in the supply chain means implementing our high environmental, social, and ethical standards in our business relationships with our suppliers. A key part of this is our Code of Conduct for Suppliers. Like our own Business Conduct Guidelines, it incorporates the most important international standards and conventions and addresses significant topics such as compliance, the environment, human rights, and conflict minerals. In addition to their acceptance of our Code of Conduct, we require our suppliers to provide relevant self-disclosures and compliance audits are performed to check these. In addition, we hold supplier days in various regions to exchange information with our suppliers. Another cornerstone of our supplier management is the expertise of our employees, which we expand by providing specialized training.

One of the aspects of a sustainable supply chain that has recently gained special relevance is the issue of "conflict minerals". We addressed this by introducing a corresponding policy and expanding our Code of Conduct for Suppliers to include this issue in 2013. We ensure the necessary transparency in our supply chain through appropriate systems and processes, which we constantly adapt and expand.

Production and Quality Management

Our own manufacturing activities are a further mainstay of our business activity. Our production expertise is based on longstanding experience and the consistent development of our footprint. The production sites are located mainly in Europe, the Asia-Pacific region, and North America. The transition from traditional lighting to LED products requires a decrease in vertical integration and greater use of standardized electronic components.

We are increasing the speed and efficiency of our production processes, and, where appropriate, are building up new core competencies through and for our in-house manufacturing. One example of this is the ramp-up of the production of luminaire components: Following OSRAM's decision to strategically expand its core competences in the areas of plastic optics and lamination technologies, the past fiscal year saw the start of in-house manufacturing after a short implementation phase. By developing the associated technical expertise, OSRAM is ensuring that it remains competitive for the long term by cutting its production costs and creating unique selling points.

Sustainability plays a particularly important role in terms of the products that OSRAM sells to its customers. In line with our brand promise "Innovation & Quality," we aim to ensure that our products meet the highest quality standards and perform reliably. At OSRAM, a series of "Quality First" measures accompany products across their whole life cycles, irrespective of whether the value is created in our own production facilities or beforehand at our suppliers. Internationally recognized quality management systems are used to monitor every stage efficiently and to make any necessary adjustments consistently and transparently. We are only able to ensure very high, constant product quality by systematically implementing our own requirements in this way.

Customer Relationships and Marketing

Our relationships with many of our customers go back many years, and we use our Key Account Management system to systematically and continuously maintain them. OSRAM uses the Net Promoter Score (NPS) to measure customer satisfaction with our sales performance. Based on an annual survey of a representative group of customers, this reveals how likely customers are to recommend OSRAM as a supplier to other companies. In the past fiscal year, we successfully maintained our NPS results at a high level compared with our competitors.

In fiscal 2015, our main OSRAM brand and the OSRAM logo were registered as trademarks in every country where trademarks can be protected. Our products were primarily marketed under this brand. Products are also sold under the SYLVANIA brand in North America; we sell opto semiconductors under the special OSRAM Opto Semiconductors brand. Traxon and Siteco are special brands in the markets for professional luminaires and light management systems; we market these as part of the OSRAM brand portfolio with the addition "AN OSRAM BUSINESS."

Our key brand communication targets and activities aimed to continuously strengthen our brands and OSRAM's positioning. One project from the past fiscal year stands out as a prime example of our efforts and testifies to our expertise in all things light-related: OSRAM and its subsidiary Clay Paky not only provided most of the cutting-edge lighting technology at the Eurovision Song Contest 2015, they also expanded the concept using OSRAM Lightify. An OSRAM app enabled visitors to the Eurovision Village to vote in real time, influencing the lighting of the famous square in front of Vienna city hall and the facade of the city hall itself. The colors reflected the viewers' mood.

B.2.6.2 Ecological Aspects

For OSRAM, environmental protection includes a sustainable approach to energy saving, water conservation, waste disposal and chemicals, as well as monitoring emissions. In addition, great importance is placed on environmentally friendly design and product recycling. These objectives are anchored in our EHS (Environmental Protection, Health Management and Safety) policy which is binding on all operating sites worldwide. It defines our environmental policy guidelines and targets for the Company. In order to monitor ongoing compliance with our environmental targets, we have introduced clear areas of responsibility with corresponding management powers, in line with the international ISO 14001 standard. We regularly receive a matrix certificate for this for all of our global production sites from an external body.

The following performance figures relate to all locations that exceeded the defined thresholds for parameters such as energy consumption, volumes of waste, or water consumption.

Energy and Climate

Within the OSRAM Group, energy efficiency is how we measure both our products and lighting solutions, and our production facilities, on a day-to-day basis. One example is our Energy Efficiency Project, under which a global active team has been devoted to implementing energy-saving and efficiency measures at all plants since 2013. The team continued to devote itself to energy-saving measures with the same high level of commitment in fiscal 2015, enabling a roughly 3% increase in global energy productivity at the end of the fiscal year. This relates to both primary and secondary energy consumption, further reducing the Company's worldwide CO_2 emissions.

Actual primary energy consumption fell significantly to 3,649,000 GJ (gigajoules) compared with 4,226,300 GJ in the prior year. Similarly, total electricity consumption saw a moderate reduction to 2,588,867 GJ (previous year: 2,887,563 GJ). This directly impacted CO_2 emissions, which amounted to 203,559 tons (previous year: 233,891 tons) for primary energy consumption and 369,019 tons (previous year: 386,271 tons) for electricity.

For example, we commissioned a further combined heat and power (CHP) plant in Eichstätt at the beginning of 2015. It joins the existing CHP plants in Regensburg, Herbrechtingen, and Schwabmünchen. This enables us to achieve sizeable savings that are not only welcome from an environmental perspective, but also cut costs. These CHP plants not only use directly produced waste heat for heating and providing process heat—they also use absorption refrigeration systems to transform this thermal energy into process cooling. Further CHP plants are currently being planned, for example for Schwabmünchen, to support our plants with electricity, heat, and process cooling generated onsite.

ISO 50001 matrix certification was issued to all plants in Germany in the past fiscal year. It was resolved to introduce ISO 50001 energy management at all other European plants in order to achieve further increases in energy efficiency through systematic management.

Water

In the area of lighting manufacturing, water is mainly used for cooling and pollution is therefore minimal. However, responsible and conservative use of water is still very important to us. We make sure that contaminated water is either purified by us or fed into local waste water treatment plants. In addition, we have set ourselves the target of reducing our overall water consumption.

We again recorded a significant reduction in absolute water consumption in fiscal 2015. Water consumption was 3,288,299 m^3 in the past fiscal year (previous year: 3,816,694 m^3), a year-on-year reduction of 528,395 m^3 (14%).

Waste

Prevent waste, recycle waste, dispose of waste: these principles in this order are a key component of our approach to waste management in our plants, and they also make economic sense. In the past fiscal year, OSRAM produced 30,665 tons of recyclable waste worldwide (previous year: 35,689 tons) and 11,396 tons (previous year: 13,195 tons) of waste for disposal. The absolute reduction in both types of waste is attributable among other things to past plant closures and relocations that have already been performed.

Packaging

The design process, which includes packaging, makes a significant contribution to waste prevention early on. OSRAM has clear guidelines for the design and procurement of packaging. Packaging should be made from environmentally sustainable materials that can be easily recycled or disposed of. In addition, its volume and weight should be limited to the amount required to protect the contents. This means that, for the majority of our products, folding boxes are used for primary packaging and corrugated cardboard boxes for shipment packaging. The cardboard and paper used to produce these packaging components currently have a recycled content of more than 80%.

We implemented a pack-on-demand process in the past fiscal year, initially at the Molsheim site. This is aimed at meeting specific customer requirements, achieving higher packing densities, and as a result reducing costs and the number of transports. It means that the majority of lamps are only packed and stamped with the customer or OSRAM brand once a corresponding order has been received.

Product Responsibility

OSRAM is working to reduce the use of critical substances wherever technically and economically viable, a process that also goes beyond the legal requirements. We are actively championing the introduction of globally harmonized substance restrictions. For example, we are supporting the goal of uniformly introducing the stricter, mandatory European mercury limits continued in the Restriction of Hazardous Substances (RoHS) Directive in lighting industry products worldwide, including via the Minimata Convention on Mercury. OSRAM fully complies with these limits › B.1.1.3 Legal and Sector-specific Conditions. Page 41 f.

The RoHS directive, which also imposes mercury limits for lamps, serves as a model for comparable legislation in other countries and regions. Four further phthalates (plasticizers used in plastics) were added to the list of restricted substances in June 2015. They must be withdrawn from use by mid-2019 at the latest. We do not use phthalates in our own production processes, but are also required to ensure that this is the case throughout our supply chain. We have developed and implemented a dedicated SAP tool that enables us to monitor the use of critical substances at the component level and to ensure long-term legal compliance given the constantly increasing requirements.

In the past, we conducted life cycle analyses for certain typical products in order to evaluate the overall impact of OSRAM products on the environment. The methodology used for these analyses was based on the international ISO 14040 and ISO 14044 standards.

Recycling

The aim of product recycling is to recover as many sorted materials as possible in order to conserve limited resources and to protect the environment through the professional disposal of hazardous substances. Anticipating the concept of recycling at an early product development stage means that a large proportion of OSRAM's lamp components are recyclable. As a result, OSRAM ensures that over 90% of its lamp components can be recycled.

OSRAM meets its obligation as a manufacturer to take back products, (e.g. under the European WEEE (Waste Electrical and Electronic Equipment) directive), by participating in organizations, companies, and foundations that were specially set up for this purpose. Fluorescent lamps and discharge lamps contain small amounts of mercury and valuable raw materials. LED lamps and luminaires also contain valuable raw materials, along with electronic components. This is why it is important that the products are collected and recycled or disposed of safely.

B.2.6.3 Social Aspects

In addition to the economic and ecological aspects, OSRAM also fulfills its social responsibilities as a global enterprise, completing our holistic approach to sustainability.

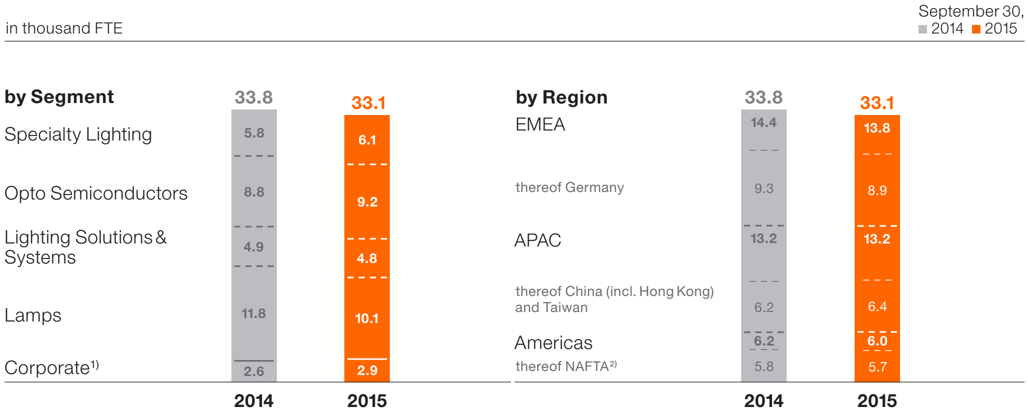
We respect the human rights of all employees and expressly oppose child labor, as well as unethical and antisocial business practices. We do not discriminate with regard to ethnic origin, gender, religion, social background, disability, political views, or sexual orientation. We respect local laws on wages and salaries in all countries in which we are active. Our employees throughout the world have the right to freedom of organization and assembly. In countries where employee representative bodies have been established, we set great store by working as closely and constructively as possible with employee representatives. We seek to offer our employees a safe working environment on fair terms. Where redundancies are unavoidable as part of the technological shift and associated restructuring measures, OSRAM tries to manage these in as socially responsible a manner as possible.

Employees

Highly motivated, performance-driven employees are crucial to the successful development of our business, particularly against the background of the above-mentioned fundamental technology shift in the lighting market. Our employees are one of our key resources. Market changes made redundancies necessary in fiscal 2015, particularly in traditional general lighting.

Employees

in thousand FTE



[1] Group management employees and employees of other global corporate functions.
[2] NAFTA comprises employees in the U.S.A., Canada, and Mexico.

Sustainable business success at a global level is only possible if we systematically encourage and develop the right employees, facilitate their continuing professional development, motivate them, and ensure they remain with OSRAM. In order to maintain our leading position in the lighting market, we offer our employees at all levels in the company a wide range of programs and training opportunities to further their personal and professional development. We use classroom formats, e-learning modules, and blended learning for this, depending on the content and focus of the training.

We draw on a wide range of tools to select and develop managers. These range from company-specific, internal group programs, through individual measures such as coaching or team development, down to external professional development opportunities. One example is our Essentials of Leadership program, which optimally prepares first-time managers for their future roles. Over the course of six months, they are familiarized with the basics of successful people management. The program comprises virtual elements and locally held events.

We have relaunched our Talent Management@OSRAM program to develop our high potentials and top performers, both at global and local level. High potentials are initially nominated as part of our performance management process. Our talent management activities revolve around development plans focusing on concrete target functions, as well as regular support from experienced mentors. In addition, we offer our high potentials a wide range of development opportunities that enable them to grow into the jointly defined target function during their three-year membership of the talent pool.

In order to position the company as an even more attractive employer for technology specialists, we provide highly qualified technology staff with a Key Expert career program. This is an alternative to the traditional management career path and provides the opportunity to focus on technical challenges and to contribute expert knowledge to the Company's strategic orientation. In fiscal 2015, a further six experts (previous year: 20 experts) were nominated; these are assigned to twelve defined core technology areas, such as semiconductors, electronics, and lighting modules.

Diversity for OSRAM means creating the opportunity for employees from different cultures, and with different backgrounds, religions, genders, and skills to work together. In addition, we are convinced that diversity is a prerequisite for generating competitive advantage in a competitive global environment. We use and offer a range of channels to ensure that the benefits brought by this diversity are developed in a sustainable manner. For example, different employee groups can exchange information and ideas in various Group-wide networks. In fiscal 2015 we invited undergraduate and post-graduate students to Light Spectrum, an event providing information on new technical developments and attractive career opportunities at workshops in Munich, Shenzhen, and Hillsboro.

Occupational Safety

Strict management and the orderly documentation and monitoring of processes, equipment, methods, and procedures, together with appropriate training programs, are essential to implementing OSRAM's commitment to providing a safe, healthy working environment for all employees and to minimizing the risk of accidents at work or of employment-related illnesses.

All OSRAM employees have an obligation and responsibility to be mindful of safety at all times, wherever they are. In order to monitor ongoing compliance with our occupational safety targets, we have introduced a management system that meets the requirements of the internationally recognized OHSAS 18001 standard.

Risk assessments have to be carried out for all areas of operation by the responsible line managers, supported by trained safety representatives. In addition, we have established occupational health and safety committees at all relevant sites, in accordance with local legal requirements or on a voluntary basis. We introduced a new communication system in fiscal 2015 to share information and action plans following an accident. This "I care!" safety warning system is a new way to raise awareness of health and safety concerns. We also launched our "I care!" Best Practices to share excellence in the areas of environment and health and safety at OSRAM.

Social Commitment

As a global enterprise, we not only engage with numerous cultures and societies—we also actively take responsibility locally. As part of this commitment, OSRAM supports a variety of initiatives in education, science, art, and culture, as well as social and humanitarian projects. OSRAM also promotes employee involvement in charitable campaigns. Our employees support a variety of different projects through fundraising activities and personal involvement.

One example of OSRAM's social commitment is the international LIO ("Light is OSRAM") art award. OSRAM aims to stimulate an aesthetic and artistic discussion with young artists about the significance of light in people's lives. In fiscal 2015 it was held in collaboration with the Köln International School of Design (KISD) with the theme "Light connects. In the public space." The winning installation and the other works submitted will be displayed at a launch event to be held at the Deutsches Museum in Munich in December 2015.

In our award-winning Umeme Kwa Wote off-grid lighting project in Kenya, we completed the construction of all eight planned energy stations in collaboration with our project partners in the past fiscal year. In addition to this project, we are a member of the Global Off-grid Lighting Association (GOGLA) and are helping to shape the development of the off-grid lighting market.

Another example of our social commitment is the donation of €50,000 and LED lamps for tornado victims in fiscal 2015. This is one of the largest single donations for victims of the tornado that hit the Aichach-Friedberg district in Germany.

B.2.7 Reconciliation of Key Performance Indicators

This section illustrates the calculation of some of the performance indicators presented under B.1.3 Performance Management In the case of non-IFRS performance indicators, this also includes a reconciliation to the most comparable IFRS performance indicator in each case.

Page 44 ff.

Comparable Revenue Growth

Comparable Change in Revenue[1]

Nominal revenue growth − currency effects − portfolio effects = comparable revenue growth

2015: 8.4% − 7.9% − 1.5% = −1.0% **2014:** −2.8% − (−3.6%) − 0.0% = 0.8%

Currency Translation Effects

$$\frac{\text{Revenue in reporting period at exchange rate in reporting period} - \text{Revenue in reporting period at priorperiod exchange rate}}{\text{Priorperiod revenue at priorperiod exchange rate}}$$

2015: $\frac{5{,}574.2 - 5{,}168.8}{5{,}142.1} = 7.9\%$ **2014:** $\frac{5{,}142.1 - 5{,}331.9}{5{,}288.7} = -3.6\%$

Portfolio Effects from Acquisitions

$$\frac{\text{Revenue of acquired company in reporting period}}{\text{Priorperiod revenue (OSRAM Licht Group/segment/region/technology)}}$$

2015: $\frac{77.5}{5{,}142.1} = 1.5\%$ **2014:** No acquisitions at OSRAM

Portfolio Effects from Divestments

$$\frac{\text{Priorperiod revenue of company divested}}{\text{Priorperiod revenue (OSRAM Licht Group/segment/region/technology)}}$$

2015: No divestments at OSRAM **2014:** No divestments at OSRAM

[1] Portfolio changes during the fiscal year have a pro rata effect in the period following the acquisition/divestment, since the portfolio effects only occur in the year of the portfolio change 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 portfolio change.

EBITA, EBITDA, and EBITA Margin

EBITA and EBITDA

in € million	Fiscal 2015	Fiscal 2014
Net income	171.2	193.1
Income taxes	67.6	86.1
Financial result	24.7	4.9
thereof: Income (loss) from investments accounted for using the equity method, net	(5.4)	(35.9)
Interest income	(3.0)	(3.2)
Interest expense	29.6	40.8
Other financial income (expense), net	3.5	3.2
Amortization[1]	30.5	26.3
EBITA[2]	**293.9**	**310.4**
Depreciation[1]	262.9	245.8
EBITDA[3]	**556.8**	**556.2**

[1] Net of reversals of impairment.
[2] OSRAM defines EBITA (earnings before interest, taxes and amortization) as the gain/loss before financial results (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 writedowns.
[3] OSRAM defines EBITDA (earnings before interest, taxes, depreciation, and amortization) as EBITA before depreciation and impairments of property, plant, and equipment, net of reversals of writedowns.

EBITA Margin and EBITA Margin, Adjusted

	Fiscal	
in € million	2015	2014
Revenue	5,574.2	5,142.1
EBITA	293.9	310.4
EBITA margin	**5.3%**	**6.0%**
Special items	(273.2)	(138.5)
thereof: Transformation costs[1]	(238.9)	(129.9)
Costs associated with the separation of the lamps business	(25.5)	–
therein transaction costs	*(4.3)*	–
Acquisition related costs	(2.8)	(0.9)
Legal and regulatory matters	1.3	(25.4)
Subsequent costs for going public of OSRAM Licht AG, net[2]	(1.6)	22.9
Costs associated with changes in the Managing Board of OSRAM Licht AG	(5.8)	(5.2)
EBITA, adjusted	567.1	448.9
EBITA margin, adjusted	**10.2%**	**8.7%**

[1] In fiscal 2014, transformation costs from the second phase of OSRAM Push were recognized in the amount of € 28.9 million.
[2] Fiscal 2014 was impacted in particular by income from the settlement of legal disputes that arose in connection with going public, and both fiscal years were impacted by costs incurred in connection with the transaction bonus program.

Return on Capital Employed

Capital Employed

			30. September
in € million	2015	2014	2013
Total equity	2,482.1	2,400.8	2,169.3
Long-term debt	49.8	138.2	295.0
Short-term debt and current maturities of long-term debt	37.4	43.6	55.9
Pension plans and similar commitments	463.5	444.4	358.5
Cash and cash equivalents	(727.0)	(667.7)	(522.1)
Capital employed	**2,305.8**	**2,359.3**	**2,356.6**

Return on Capital Employed

	Fiscal	
in € million	2015	2014
Income (loss) before interest after taxes		
Net income (loss)	171.2	193.1
Interest (income) expense, net[1]	26.6	37.6
Taxes on interest[2]	(7.5)	(11.6)
Income (loss) before interest after taxes	**190.3**	**219.1**
Calculation of tax rate		
Income (loss) before income taxes	238.8	279.2
Income taxes	67.6	86.1
Tax rate[3]	**28.3%**	**30.8%**
ROCE		
Income (loss) before interest after taxes	190.3	219.1
Average capital employed[4]	2,332.6	2,358.0
ROCE	**8.2%**	**9.3%**

[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 the net interest income (expense).
[3] The tax rate is calculated by dividing the income taxes by income (loss) before income taxes (as reported in each case 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 capital employed at the beginning of the reporting period and the capital employed at the end of the reporting period.

Performance Indicators for OSRAM Push

Transformation Costs

in € million	Fiscal 2015	2014
Personal measures	(210.3)	(61.9)
Inpairment losses and losses on disposals of property plant and equipment, inventory valuation costs in connection with the discontinuation of business activities, project costs and cost for our global shared services organization as well as other costs; partly this was offset by gains of selling the real estate assets of our prior headquarter in Munich.	(28.7)	(68.0)
Transformation costs	**(238.9)**	**(129.9)**

To determine the **job reductions** resulting from the OSRAM Push program, all employees who leave the Company in the context of a specific project are allocated to that project. This project allocation makes it possible to determine the global job reductions achieved as part of these projects.

The **cost savings** from OSRAM Push measures may relate to the transformation of the Company—such as savings made through job reductions and plant closures—or arise from operational improvements along the value chain, such as productivity improvements, product-related improvements such as cost-related adjustments to production, and savings made on the purchasing side such as price reductions. Only sustainable measures for the 12-month period are reported.

Capital Structure

Capital Structure Data

in € million	September 30, 2015	2014
EBITDA	556.8	556.2
Net liquidity	641.2	487.3
Net liquidity as % of EBITDA	**1.2**	**0.9**
Adjusted net liquidity	177.7	42.9
Adjusted net liquidity as % of EBITDA	**0.3**	**0.1**

Equity Ratio

Equity Ratio

in € million	September 30, 2015	2014
Total equity	2,482.1	2,400.8
Total assetsv	4,765.2	4,709.5
Equity ratio	**52.1%**	**51.0%**

Net Operating Working Capital Turnover Ratio

Net Operating Working Capital Turnover Ratio

$$\frac{\text{Revenue}}{\text{Inventories + trade receivables – trade payables}}$$

2015: $\frac{5{,}574.2}{(986.8 + 897.7 - 748.6)} = 4.9$ **2014:** $\frac{5{,}142.1}{(1{,}152.1 + 857.5 - 798.6)} = 4.2$

B.3 Report on Events After the Balance Sheet Date

On November 10, 2015, the Supervisory Board of OSRAM Licht AG approved a share repurchase with a volume of up to 9.81% of the Company's capital stock, but with a maximum value of €500 million. This is expected to begin in the first quarter of the 2016 calendar year and will last for between 12 and 18 months. The shares may be used for any purpose permitted in accordance with the authorization by the General Meeting dated June 14, 2013.

Other than the above, no transactions of particular significance or with material effects on the net assets, financial position, and results of operations have occurred since the end of the reporting period, September 30, 2015.

B.4 Report on Expected Developments and Associated Material Risks and Opportunities

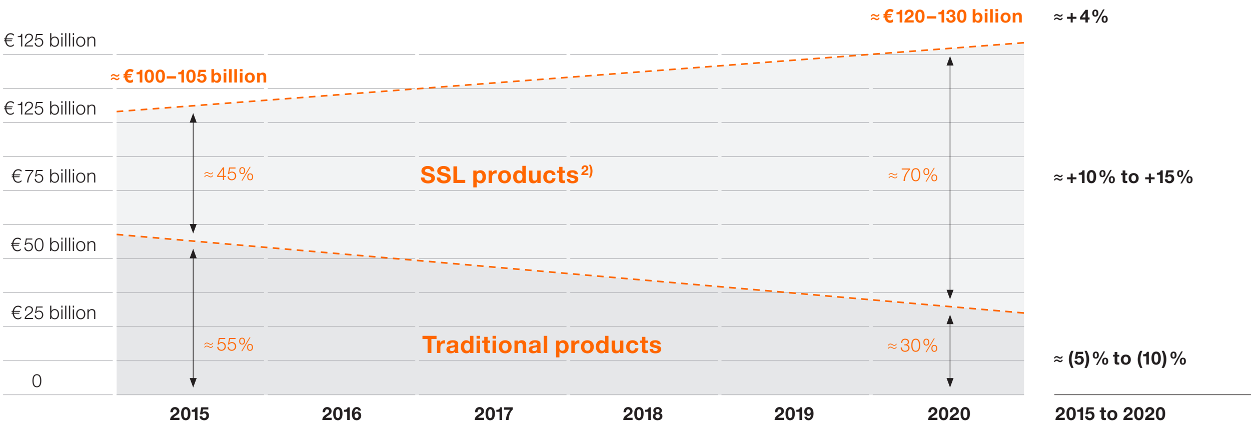
B.4.1 Report on Expected Developments

B.4.1.1 Future Economic and Sector-specific Developments

According to forecasts by IHS Global Insight, global economic growth in calendar year 2016 is expected to increase by around 3%. While a slight decline in growth is forecast for Brazil and Russia, the positive trend in the U.S.A. and Europe is likely to gather pace. The anticipated growth in the eurozone in 2016 should be bolstered by monetary policy stimulation, the continued relative weakness of the euro, and the slowly improving labor market. However, the forecasts for global economic growth remain exposed to considerable downside risks. Key risk factors include developments in China, given the country's rising debt burden and production overcapacity, which could impact other Asian countries, and the geopolitical crises in the Middle East and Africa. Added to this are the ongoing high debt levels in the eurozone, risk aversion among companies in developed countries, and the impact of a potential normalization of the Federal Reserve's monetary policy (particularly on the emerging markets), which could also curb global economic growth. A potential deterioration in the performance of key industries, such as the automotive industry, could also negatively impact economic development.

World Lighting Market[1]

Source: Estimates by OSRAM based on data from Frost & Sullivan, September 2015



[1] Including general lighting, automotive lighting, and specialty lighting.
[2] SSL products include LED, OLED, infrared, and laser products.

Independent of the general economic cycle, the transformation of the global lighting market is likely to continue and to remain largely dominated by the technology shift from traditional light sources to semiconductor-based lighting. As these trends develop, we believe that the market will become increasingly differentiated—on the one hand into volume-driven markets in which consistently high quality and cost efficiency are crucial competitive factors, and on the other into technology-driven professional markets, which are characterized by innovation, customer-specific solutions and sustainable growth.

B.4.1.2 The Group's Focus in the Coming Fiscal Year

In fiscal 2015, OSRAM decided to realign its business model and carve out the lamps business. This will ensure that its business areas are in a position to face the future challenges associated with the differentiation in the lighting industry described above. The implementation of this organizational realignment will be a major focus in fiscal 2016 > B.1.2 Group Strategy. Page 42 ff.

In line with this, the coming fiscal year will see the launch of our Diamond initiative, which will concentrate on technology, innovation, and growth for our future core business, with a particular focus on the OS and SP segments in fiscal 2016. In the LSS segment, the primary objective will be steering the lighting business back to growth, after concentrating on exiting loss-making business areas in the past fiscal year.

With regard to our Lamps segment, in 2016 we intend to create a new, independent company that serves the general lighting market with products based on traditional and LED technologies. In addition to establishing the organizational and legal structures for this, activities will focus on developing a lighting business that will be transacted via general and specialist retailers. We expect that the carve-out will be completed from an organizational perspective by April 1, 2016, and from a legal perspective by July 1, 2016. After this, we are considering a disposal or, alternatively, a partnership or stock market listing as potential options. Nevertheless, our forecasts assume that the business will belong to the OSRAM Licht Group for the whole of fiscal 2016. The effects of a potential sale are therefore not included in the forecast. Overall, in the coming fiscal year we expect to see special items of up to € 100 million as a result of the organizational and legal carve-out, which will be reported in corporate items. In addition, further transaction costs in the low double-digit million euro range could arise during the selling process.

The separation from the lamps business also directly impacts our OSRAM Push program, since most of the measures—especially the production-related ones—directly concern the traditional segment of the general lighting business. The cost savings made at an operating level through OSRAM Push are a significant indicator with regard to OSRAM's future core business. Although OSRAM Push in its current form will no longer be used to model and manage our technology, innovation and growth initiative, Diamond > B.1.2 Group Strategy in the future, the methodology of the continuous improvement program to ensure operating efficiency for both OSRAM and for the Lamps business will remain relevant. Page 42 ff.

Transformation costs in the total amount of € 450 million are expected in the period up to 2017. Of these, an amount in the three-digit million euro range is expected for fiscal 2016, down sharply on the € 238.9 million incurred in fiscal 2015. The majority of these costs will be attributable to Lamps, with a further substantial portion expected to affect the corporate items. At the same time, we anticipate gross OSRAM Push savings of roughly € 400 million. The job reductions that still have to be made are expected to be clearly above the level observed in fiscal 2015.

B.4.1.3 Expected Revenue and Earnings Trends

We are anticipating the following revenue growth for our segments—in each case on a comparable basis—on the back of the forecast economic environments and our planned measures and initiatives. At SP, we do not expect our innovation and technology initiative to have a noticeable impact on revenue in fiscal 2016, and as a consequence we are predicting only moderate revenue growth. Growth in total revenue (internal and external) at OS is expected to be in the mid to high single-digit percentage range—assuming an improved economic situation in Asia. Our expectation for LSS is of a distinct reversal in the comparable revenue growth trend on the back of our growth initiatives. The clear decline in revenue observed at Lamps in fiscal 2015 will probably continue due to market developments. Based on the segment trends described above, we expect OSRAM's overall revenue—likewise on a comparable basis—to be down slightly year-on-year in fiscal 2016.

Against the backdrop of earnings trends at our segments, we are expecting that SP's reported EBITA to decline substantially as against the prior year, which was characterized by significant positive currency effects. The decisive factor is that there will be a substantial increase in research and development expenses as part of the Diamond initiative; at the same time, the increasing share of the LED-based products business and the ramp-up costs for innovative laser and OLED technologies are expected to curb earnings development. Based on the growth forecast presented above, reported EBITA at OS is expected to be down slightly year-on-year, due among other things to a significant increase in research and development expenses; likewise, the expectations are of a decrease in the margin due to mix-related factors. The reported EBITA margin at LSS is expected to remain in moderately negative territory. We are assuming that reported EBITA at Lamps will move closer to break-even level despite substantial transformation costs and the establishment of independent administration functions. The negative reported EBITA for the corporate items in the reconciliation to the consolidated financial statements is expected to sharply decrease. This is due on the one hand to the increased costs for the carve-out of Lamps, while on the other we will leverage OSRAM Push to give the segments greater latitude in conducting their business activities and reduce the cost allocations to the segments for Group management by a total amount in the mid double-digit million euro range; this will be charged to the corporate items > B.2.3.8 Changes to the Segment Structure in Fiscal 2016. Page 60

Taking into consideration the segment trends, the significant increase in research and development expenses at Group level as part of the Diamond initiative, and structural effects from the transformation and realignment, we expect a substantial year-on-year decline in the overall adjusted EBITA margin for the OSRAM Licht Group for fiscal 2016, adjusted for special items (primarily transformation costs and expenses associated with the carve-out of the Lamps business).

Despite the drop in EBITA, which is mainly attributable to special items, we are expecting a sharp increase in net income due to income from the sale of our investment in FELCO; this will also be boosted by a significant decrease in the Group's tax rate in connection with the sale of the investment. Likewise, ROCE is forecast to increase. Earnings per share (EPS) are expected to outpace net income due to the planned share repurchase > B.3 Report on Events After the Balance Sheet Date. Page 82

B.4.1.4 Expected Financing and Liquidity Situation, and Planned Capital Expenditures

We anticipate negative free cash flow in the low to mid three-digit million euro range in the coming fiscal year, due to a number of factors. On the one hand, the transformation costs incurred as part of OSRAM Push affect cash outflows after they have impacted earnings, meaning that we are expecting a sharp increase in cash outflows. In addition, the majority of the costs associated with carving out the lamps business are expected to be recognized in cash in the next fiscal year. Likewise, we will make further significant investments in property, plant, and equipment and in research and development as part of the Diamond initiative, which will affect the OS segment and the corporate items in particular. Our investments will increase sharply as a result. The gains from the sale of our investment in FELCO will not impact free cash flow. We expect to use the majority of the net cash inflows in the amount of approximately €300 million for an additional allocation of funding to our pension plans; we already pulled forward an allocation of funding in the amount of €58.0 million to fiscal 2015. As a consequence, free cash flow will also decrease by the remaining additional allocation of funding to pension plans in fiscal 2016.

Despite the expected trend in free cash flow and the planned share repurchase, we assume that OSRAM will continue to report net liquidity and hence an extremely stable financial profile in the next fiscal year, offering us adequate financial flexibility to meet the requirements of our business and to further implement our growth and innovation strategy in the coming years. This is due in particular to the expected cash inflow and the sale of the investment.

B.4.1.5 Overall Assessment of Expected Developments

Fiscal 2016 will be a year of change for OSRAM. The carve-out of our lamps business represents a move away from a significant part of our roots and a tradition spanning over 100 years. We believe this is an inevitable consequence of the changes on the global lighting market. However, we are conducting this strategic realignment in the knowledge that it will lead to the best business model for all of OSRAM's business areas. Just as we are systematically implementing the business model for our future core business through our Diamond initiative for technology, innovation, and growth, we will also ensure that the soon-to-be independent lamps businesses is optimally prepared for the upcoming challenges. These investments in the future will, as discussed, probably be reflected in our business performance in fiscal 2016. We are convinced that they will pay off. Our share repurchase program > B.3 Report on Events After the Balance Sheet Date is an expression of this conviction and proof of the confidence we have in OSRAM's sustainable and healthy growth—as is the dividend for fiscal 2015 in the amount of €0.90 per share that we will propose to the General Meeting in February 2016. We are also aiming for a dividend of at least €0.90 in the following fiscal year. Since net income is likely to rise sharply, we expect that the distribution will be at the lower end of the range specified in our dividend policy. However, it should be noted that annual net income will probably only increase due to the sale of the investment > B.2.1.2 Dividend.

Page 82
Page 49

The table below provides an overview of our Group forecasts for our key performance indicators:

Expected Developments 2016

	Starting point Fiscal 2015	**Expected developments** Fiscal 2016
Comparable revenue growth (adjusted for currency translation and portfolio effects)	(1.0)%	For fiscal 2016 we expect revenue on a comparable basis to be slightly below prior year level.
Adjusted EBITA margin (adjusted for special items—mainly transformation costs and costs for the separation of Lamps)	10.2%	We expect the adjusted EBITA margin substantially below the high level of fiscal 2015, mainly due to increasing research and development expenses in connection with Diamond as well as structural effects of the separation of Lamps and the ongoing transformation.
Net income	€171.2 million	Due to the gain from sales of the investment in FELCO the net income will presumably increase sharply.
Basic earnings per share (EPS)	€1.59	Due to the planned share buyback basic earnings per share will possibly increase more than net income.
Return on capital employed (ROCE)	8.2%	ROCE—analog to net income—will presumably increase sharply.
Free cash flow	€299.0 million	Free cash flow is expected with a low to medium negative in the three-digit millions of euros, due to the intended special funding of pension plans and strongly increasing capital expenditure.

In addition to the macroeconomic trends presented above, our forecast is based on OSRAM Licht Group's multi-year business plan. This assumes that Lamps will remain a segment within the OSRAM Group in fiscal 2016. We have not taken into account the economic risks presented under the economic and sector-specific developments. Our forecast is based on a U.S. dollar exchange rate of 1.15. It thus assumes a stabilization of the foreign exchange trend, reducing the impact of currency effects on our business in the future compared with fiscal 2015 > Note 32 | Financial Risk Management under D.6 in the Notes to the consolidated financial statements. In addition, based on the lighting market model described, our plans assume that the shift in the lighting market will take place at a certain speed. The forecast also makes various assumptions regarding regulatory requirements on phasing out traditional products > B.1.1.3 Legal and Sector-specific Conditions. We also expect customer price reductions of around 6% for OSRAM as a whole in fiscal 2016, with OS experiencing an above-average decline, although still less than 10%. We have assumed a 3.5% increase in costs in Germany, mainly related to personnel expenses. We anticipate a Group tax rate of 24% for fiscal 2016. The forecast figures are based on the Group structure at the end of fiscal 2015 and assume that the Lamps segment will be included in the OSRAM Licht Group for the whole of fiscal 2016. The changes within the segment structure that have already been resolved and the allocation of central costs > B.2.3.8 Changes to the Segment Structure in Fiscal 2016 have been taken into account in the forecast.

Page 162 ff.
Page 41 f.
Page 60

As a matter of principle, this forecast is based on the assumption that our newly developed products will be successful on the market. We have also assumed that the State-owned Assets Supervision and Administration Commission of Guangdong province, China, will approve the sale of our equity interest in FELCO. In addition, the earnings forecast assumes that we will achieve the cost savings defined in the OSRAM Push program > B.2.2 Events and Developments Responsible for the Course of Business. Furthermore, the impact of legal and regulatory issues is not taken into account in this forecast.

Page 49 ff.

Deviations from these assumptions, as well as any risks and opportunities that arise > B.4.2 Report on Risks and Opportunities may result in discrepancies between actual business performance and the forecast.

Below

B.4.2 Report on Risks and Opportunities

B.4.2.1 Risk and Opportunity Management System

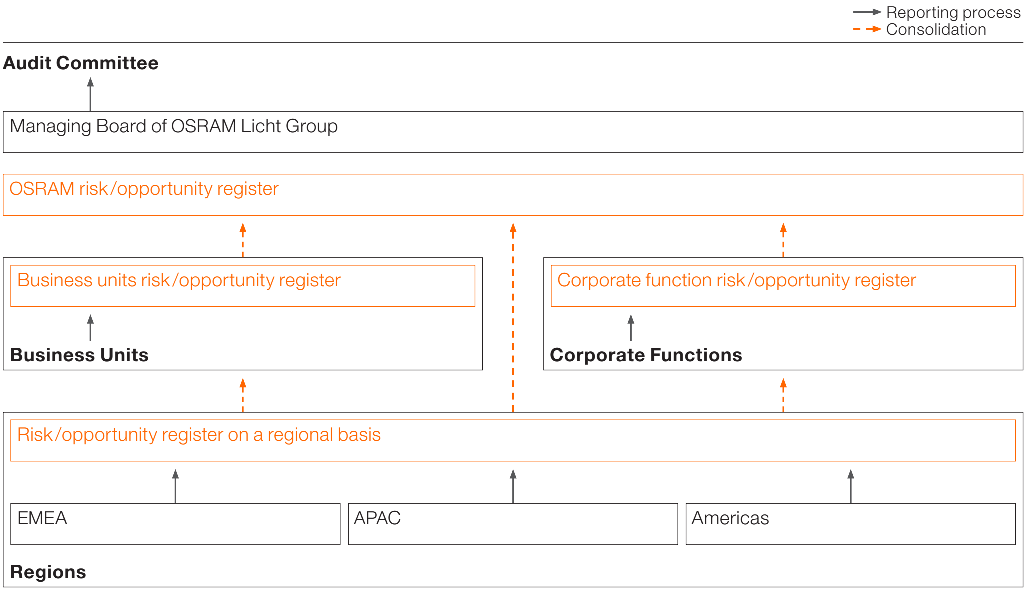
OSRAM uses systematic risk and opportunity management (hereinafter “risk management”) to identify, assess and manage risks and opportunities. We use a coordinated set of risk management and control systems which support us in the early recognition of risks jeopardizing the continuity of OSRAM’s business or the achievement of our strategic, operating, financial, and compliance goals and targets, and in implementing the necessary measures. This also applies conversely to opportunities. The Supervisory Board’s Audit Committee is responsible for monitoring the effectiveness of this system. Group Internal Audit also reviews compliance with the corporate policies regarding risk management in its regular audits of selected entities. The findings of these audits are taken into account in the continuous improvement process for our risk management system. This ensures that we have an appropriate and effective risk management system that keeps the Managing Board and Supervisory Board fully and promptly informed of material risks and opportunities.

Our risk management system is based on a comprehensive, interactive, and management-oriented Enterprise Risk Management (“ERM”) approach, which builds on the worldwide accepted “Enterprise Risk Management—Integrated Framework” developed by the “Committee of Sponsoring Organizations of the Treadway Commission” (“COSO”). The ERM process is thus connected with the Group’s financial reporting process and closely integrated with our internal control system, which consequently incorporates corporate strategy, the efficiency and effectiveness of our business operations, the reliability of our financial reporting, as well as compliance with relevant laws and regulations.

The risk management system aims to ensure that all relevant business risks and opportunities throughout the Group are captured. Any event that can have a (negative or positive) influence on business performance beyond the scope of our business planning represents a risk or an opportunity. The time frame is generally three years.

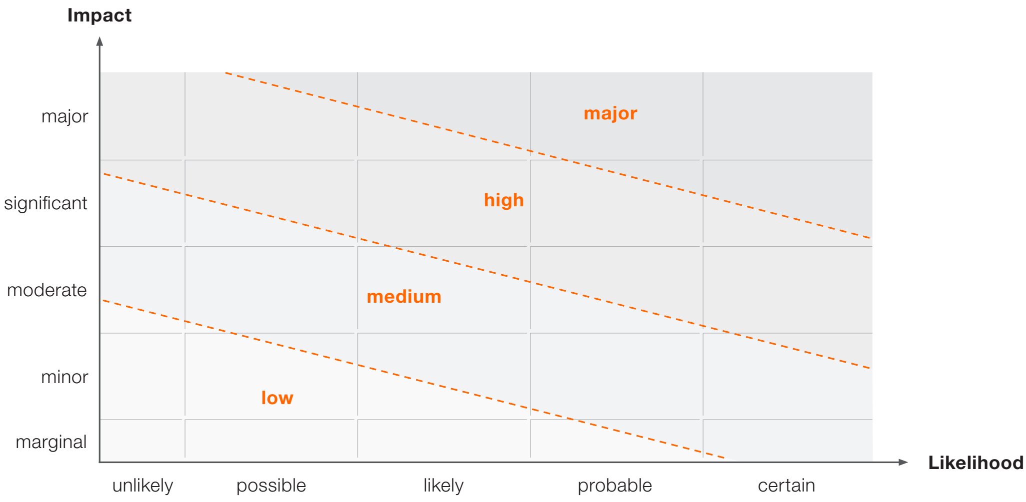
In order to ensure a comprehensive assessment, the bottom-up identification and assessment process is flanked by quarterly discussions with the management of the business units and regions (top-down process). This top-down element ensures that potential new risks and opportunities are discussed at the management level outside of regular reporting and, if relevant, are included in the reporting process. Reported risks and opportunities are analyzed for potential cumulative effects and aggregated in the OSRAM Risk/Opportunity register. Reporting generally takes place on a quarterly basis, but is complemented by ad hoc reporting as necessary.

Risk Management Process within the OSRAM Licht Group



In order to determine the significance of risks and opportunities for OSRAM, we assess them based on both their impact on our business activities and their likelihood. We use the net principle, meaning that we assess risks in the context of measures that have already been implemented and taken effect. Measures that are planned or are in the process of being implemented do not reduce gross risk.

Heatmap: Risk Classification



Based on the assessment, risks are classified as “major,” “high,” “medium,” or “low.” We do not generally quantify risks in monetary terms if a qualitative description of the impact on our business activities and net assets, financial position, and results of operations (including failure to achieve business objectives, reputational damage, and their ability to tie up management resources) is more appropriate for the risk classification.

We assign responsibility for all reported risks and opportunities. The person responsible first decides on a general response strategy and then develops, implements, and monitors specific appropriate response measures. For example, we take out appropriate levels of insurance against potential cases of damage and liability risks in order to reduce our exposure and to avoid or minimize possible losses.

The Managing Board has grouped responsibility for risk management and the internal control system in a corporate department to ensure the integration and harmonization of existing control activities in line with legal and operating requirements. This department produces a quarterly report on the material consolidated risks and opportunities, which the Managing Board uses to evaluate the risk and opportunity situation across the Group.

B.4.2.2 Risks

Below, we describe the risks that could have particularly adverse effects on our business, and on our net assets, financial position, and results of operations, or that are highly likely to occur. Of the following reported risks, one is classified as "major", with the remainder classified as "high". The order in which they are presented within the categories reflects the current estimate of OSRAM's relative exposure and thus gives an indication of the significance of these risks at present for OSRAM. The current estimate of the level of risk may change over time. At present, we do not expect to incur any risks that in isolation or in combination would appear to jeopardize the continuity of our business. The identification and assessment of some of the risks described for fiscal 2015 have changed. In this respect it should be noted that Strategic Investments and Bringing innovations to the market have been identified as significant new risks. Regulatory risks associated with the potential remediation of contaminated sites are considered to be less pronounced compared with the prior year.

Where it is not explicitly stated that a risk relates to an individual segment, the risks described concern the OSRAM Licht Group as a whole.

Strategic Risks

Market Developments

The lighting industry is facing a far-reaching technology shift toward semiconductor-based lighting. This shift is changing the market, which may have a material impact on our competitive position. The speed and extent of this shift are uncertain. Apart from OS, all segments are affected by these developments.

The shift could mean in certain circumstances that we are unable to offset a sharper than planned decline in revenue from traditional products with revenue growth from LED products in good time. This applies in particular to markets where we hold a leading market position based on our traditional products. Apart from the general lighting area we also see the risk of a sharper decline in the area of traditional automotive lighting. In addition, some of our established market access points could be lost, negatively impacting our competitive position.

We are systematically countering this risk through specific targets set as part of OSRAM Push › B.2.2 Events and Developments Responsible for the Course of Business. We adequately addressed this risk in fiscal 2014 with the conclusion of the first phase of OSRAM Push and have successfully built on this with the program's second phase in fiscal 2015. In addition, the plans that have been announced to carve out the Lamps business are designed to systematically counter this risk by ensuring more room to manoeuver on the market and improved strategic options.

Page 49 ff.

Failure to implement these measures may have a clear adverse effect on our business and on our net assets, financial position, and results of operations.

Market Dynamics and Competitive Environment

Developments in the lighting industry are leading to consolidation and commoditization dynamics. We see an increased risk of consolidation at the start and in the middle of the value chain, in particular due to slower market growth and strong competition. In the medium term there is also a risk that possibilities for manufacturers to differentiate themselves on the basis of technological expertise or brand value could diminish. As a result, we could see a situation where manufacturers of LED components and products for general lighting are forced to differentiate themselves more on price than was previously the case, leading to a price war between competitors who want to utilize their production capacity and who pursue a strategy to win market share. It should be taken into account in this context that some participants in the volume market for general lighting LED chips receive public subsidies, which can be used to their advantage when competing on price. In particular, we believe that this risk affects the large-scale investments that we are planning in connection with the construction of our semiconductor production facilities in Kulim, Malaysia.

As part of OSRAM Push, we regularly check whether we can offset price and inflation risks through productivity measures, something we succeeded in doing in fiscal 2015 > B.2.2 Events and Developments Responsible for the Course of Business and > B.2.3 Results of Operations. We also review the market for appropriate investments in exogenous growth on an ongoing basis. Furthermore we intend to to ensure our competitiveness by implementing the Diamond initiative for technology, innovation and growth; however, the measures implemented under Diamond itself also involve certain risks, given its investments in new technologies and products > B.4.2.2 Risks / Strategic Investments and > B.4.2.2 Risks / Launch of New Products. For example, we are investing in the construction of a new LED chip factory in Malysia to open up additional growth potential.

Page 49 ff.
Page 53 ff.
Below
Page 93 f.

Failure to implement these measures may have a clear adverse effect on our business and on our net assets, financial position, and results of operations.

Strategic Investments

OSRAM aims to ensure future sustainable growth with its Diamond initiative for technology, innovation, and growth. We will invest an additional € 1 billion in building capacity in the semiconductor industry, among other things.

These investments entail risks if they fail to generate the planned level of revenue, which could be the case if there is insufficient market demand for our future products > B.4.2.2 Risks / Bringing Innovation to the Market, > B.4.2.2 Risks / Launch of New Products and > B.4.2.2 Risks / Market Dynamics and Competitive Environment. This is especially true for the planned construction of the new semiconductor factory in Kulim, Malaysia, but also if we fail to translate our research and development investments into successful new products.

Page 93
Page 93 f.
Above

The quality of the margins generated by constructing semiconductor production capacity in particular is largely dependent on capacity utilization. Expanding our own production capacity and parallel activities by our competitors could lead to overcapacities in the market. On the one hand, this could result in the under-utilization of our own production facilities, and on the other to increased price pressure in the market > B.4.2.2 Risks / Price Pressure.

Page 91

Failure to ensure success of our strategic investments might have a clear adverse effect on our business and on our net assets, financial position, and results of operations.

Economic Situation

The cyclical nature of the lighting business and the changing general economic environment have led to significant volatility in demand for our products in the past and, therefore, our revenues and results of operations. This trend 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 a very wide range of segments of the general lighting sector such as residential, office, hospitality, outdoor, architectural and industrial lighting, the automotive sector, displays, and the entertainment industry. Most of these are affected by changes in the economic environment relatively early in the economic cycle. The main exception is the luminaires business; this is more exposed to the construction industry, which is affected relatively 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. In particular, uncertainties with respect to a sharper decline in China and a subdued outlook for the industrialized nations must be taken into account. 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.

Due to our cyclical business environment, we make conscious investment decisions and carefully consider whether to make or buy. We also closely monitor the economic situation and have developed alternative courses of action as part of the OSRAM Push program > B.2.2 Events and Developments Responsible for the Course of Business to ensure that we are able to react to a change in demand at all times.

Page 49 ff.

Failure to implement these measures may have a clear adverse effect on our business and on our net assets, financial position, and results of operations.

Price Pressure

Prices for lighting products have historically been subject to price erosion. This trend could accelerate, both in traditional products and in particular in relation to the LED business. If these price declines cannot be fully compensated by rising volumes of sold products, we will need to achieve productivity improvements and reduce our costs. At least initially, we would only be able to achieve this to a limited extent in segments with a high investment volume. For example, in the event of simultaneous expansions in capacity by our competitors, our investments in sapphire technology (for volume LEDs) at OS could lead to overcapacities in the market. In turn, this could result in price declines in excess of our expectations and thus impact our result of operations.

To ensure our productivity, 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.

We have also initiated specific projects to improve transaction-based and value-based pricing in the area of sales and distribution.

Failure to implement these measures might have a clear adverse effect on our business and our net assets, financial position, and results of operations.

Adjustments to the Organization and the Industrial Footprint

OSRAM is reacting to the stronger than anticipated momentum of the technology shift with measures aimed at making our processes more flexible and reducing our fixed cost base. The risk here is that the resources affected (particularly management resources and employees) will be tied up too much during implementation of these measures, temporarily compromising the operational performance of our business. In addition, there is a risk that the resolved measures may be implemented behind schedule. The transformation activities that we have announced could also aggravate risks relating to personnel, processes, and systems. The adjustment both of our organization and of our industrial footprint could face resistance from the employees concerned.

We are also countering this risk through the OSRAM Push program and the carve-out of the lamps business. Both projects are steered by systematically monitoring the progress of its implementation.

Failure to implement these measures may have a clear adverse effect on our business and on our net assets, financial position, and results of operations.

Adjustments to the Business Model

The transition toward semiconductor-based products 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 LED components and LED products resulting from the forward integration of LEDs (integration of light sources in lamps, luminaires, and/or lighting systems).

The greater longevity of LED products is expected to convert a previously stable replacement lighting business into a new installation business over the next several years. The trend toward more durable light sources will lead to lower replacement demand. Instead of supplying replacement light bulbs, the importance of LED products and complete lighting systems, and of supplying the manufacturers of such systems on a new installation basis, is likely to increase. In turn, this requires us to align our research and development resources with this development. Moreover, we need to adapt and educate our sales force to develop the necessary technical know-how to be responsive to a new installation business model that will require in particular networking with architects, lighting advisors, and builder-owners. Since luminaires (with integrated light sources) are becoming a more and 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 in demand. If the realignment of the LSS segment takes longer than expected, this could also lead to delays in adapting the business model.

We are countering this risk by developing and complying with a list of measures for the LSS segment and strategically realigning our business model via the Diamond initiative for technology, innovation, and growth > B.1.2 Group Strategy. Page 42 ff.

Failure to implement these measures may have an adverse effect on our business, financial position, and results of operations.

Operational Risks

Shortage of Qualified Employees

Competition for qualified employees among companies that rely heavily on engineering and technology is intense. The loss of qualified employees or an inability to attract, retain and motivate highly skilled employees required for the operation, transition, and expansion of our business could limit our ability to conduct research successfully and to develop and sell marketable products. Competition for qualified personnel is particularly intense in the areas of R&D, engineering, and the project business (qualified LED sales people). We could also lose senior managers who are important to our business and for the structural changes required. We see challenges in retaining key employees in Asia and the U.S.A. in particular.

Succession planning, identifying and developing talent, and dedicated employee development programs are therefore a global focus. Among other things, we have a concept for developing talent and our Open Mentoring program > B.2.6.3 Social Aspects. Page 76 ff. We have also expanded our social media presence and are using these channels to recruit new employees in order to sustainably secure our position as an attractive employer.

Failure to implement these measures may have a clear adverse effect on our business and on our net assets, financial position, and results of operations.

Bringing Innovations to Market

Innovation cycles in many areas of the lighting industry are becoming increasingly short. In this environment, having a first-mover advantage when launching technical innovations such as laser and OLEDs on the market is a key factor in achieving sustainable success.

There is nothing routine about this process, as in many cases it involves breaking completely new ground. Specific challenges include dealing with technical problems that arise during the transition to series production, as well as first mover costs, such as those related to the necessary approval procedures. This could lead to the risk of it not always being possible to deliver top-quality innovative solutions to our customers in a timely manner. In addition to our innovative laser and OLED technologies, this risk also affects our investments in sapphire technology (for volume LEDs) at OS.

We counter this risk with a clear project structure for the development and launch of innovations, close consultation with customers and, where appropriate, external experts, and with careful monitoring by the managers responsible.

Failure to implement these measures may have a clear adverse effect on our business and on our net assets, financial position, and results of operations.

Launch of New Products

The lighting industry is facing rapid changes in technology, frequent new product introductions, shorter and 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 optimize 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 R&D. The successful implementation and introduction of new products depends on a number of factors, such as:

- Developing technical innovations and protecting them using patents, so as to be able to manufacture commercially attractive products;
- Correctly assessing market demand and prevailing standards;
- "Phase in" and "phase out" processes that are optimally aligned with this;
- The acceptance of new technologies in the markets in which we operate; and
- The sale of sufficient volumes to cover fixed costs.

If our competitors succeed in developing their current products and technologies more quickly or to sell them in greater numbers than ourselves, this could have negative implications for the products offered by us. This risk affects all OSRAM segments, but in particular those requiring high future investment volumes for new technologies and products. The same is true if alternative products or technologies are launched on the market that are more attractively priced, of a higher quality, more functional, or more competitive for other reasons than ours.

To counter this risk, we apply an integrated product roadmapping process, which is based on our analysis of trends as well as of market and customer requirements. We also use a multi project management approach to launch products in all segments.

Failure to implement these measures may have an adverse effect on our business, financial position, and results of operations.

Legal and Compliance Risks

As an international technology company, we are exposed to various legal risks. These include contractual risk, liability risk in connection with non-contractual matters (e.g., advertising claims), and the risk of third parties making claims or bringing legal action for violations of their trademark, patent, or other rights. Legal risks also include risks that could arise from the failure to meet contractual obligations or the refusal of approval by public authorities, e.g., in connection with the closing of the deal sell our investment in Foshan Electrical and Lighting Co. Ltd., Foshan/China (FELCO). For further information on specific legal proceedings > Note 28 | Legal Proceedings in the Notes to the consolidated financial statements. 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 in advance. However, our insurance does not provide cover for reputational damage. In addition, legal disputes and proceedings could cause us to suffer losses that exceed the insured sum, are not covered by the insurance, or exceed any provisions for legal disputes. Finally, no assurance can be given that we will still be able to obtain adequate insurance cover on economically appropriate terms in the future.

Page 155 f.

Failure to implement these measures might have a clear adverse effect on our business and on our net assets, financial position, and results of operations > Note 27 | Other Financial Commitments and Contingent Liabilities and > Note 25 | Provisions under C.6 Notes to the consolidated financial statements.

Page 155
Page 154

Financial Market Risks

The OSRAM Licht Group is exposed to a variety of financial market risks which are continuously monitored and managed separately by our Treasury department, and a variety of strategies, particularly the use of derivative financial instruments, are employed to reduce these > Note 32 | Financial Risk Management under C.6 Notes to the consolidated financial statements.

Page 162 ff.

B.4.2.3 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 risks. Of the opportunities reported below, three are classified as “high”, five as “medium”, and two as “low”. The order in which the opportunities are presented within the categories reflects the current estimate of OSRAM’s relative exposure and thus provides an indication of the opportunities’ current importance for OSRAM. This current estimate of our exposure to the opportunity may change over time. Changes have occurred with respect to our opportunities since fiscal 2014. We rated the opportunities arising from Strategic acquisitions and partnerships higher. Furthermore Project financing opportunities was included as an opportunity into this report.

Where it is not explicitly stated that an opportunity relates to an individual segment, the opportunities described concern the OSRAM Licht Group.

Strategic Opportunities

Customizing Products for Local Markets

Most of our product portfolio meets high regional or supraregional 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 the 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. We see particular growth opportunities for intelligent lighting in the Asian region.

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.

If this opportunity (rated as high) materializes, it may have a clear positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Expertise Along the Entire Value Chain

We believe that our combined know-how in the areas of traditional and LED technology, together with our deep understanding of lighting applications, will be important success factors in our transition to LED products. Based on our technological and innovation strength, we believe that we have a leading revenue position in most lighting technologies and applications. OSRAM offers a comprehensive product portfolio including both traditional and LED products. In our opinion, this provides 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 right across our balanced sales channel mix. In addition, we have optimized our operating processes and have a well-established global sourcing and manufacturing footprint designed to ensure accelerated, market-driven product launch times based on 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 in the areas of luminaires and complete lighting solutions. We see an opportunity here for further selective forward integration plus the expansion of our offering of value-added services.

We expect to be able to utilize this opportunity thanks to our product development activities, which use a modular platform strategy based on roadmaps to coordinate and align markets and trends, products and technologies, and resources and competencies, as well as our R&D activities > B.2.6.1 Economic Aspects / Research and Development, Patents. Page 71 ff.

If this opportunity (rated as high) materializes, it may have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Strategic Acquisitions and Partnerships

We believe that our present platform, including Siteco, Traxon, and Clay Paky, means we are well positioned to deploy our 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.

To ensure we can utilize this opportunity, we review the market for appropriate investments in endogenous and exogenous growth on an ongoing basis. In addition, we have entered into partnerships, for example in connection with our "Lightify" lighting system.

If this opportunity (rated as high) materializes, it might have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Accelerated Introduction of Lighting Applications, Products, and Technologies

In recent 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 market position is strengthened by our systematic, forward-looking investments in innovative lighting technologies. Our efforts also extend to optimizing our business processes. We want to structure our processes so as to accelerate product launch speeds, giving us a competitive edge and allowing us to achieve higher price points.

To take advantage of this opportunity, we use an integrated roadmapping process, which is based on an analysis of trends as well as of market and customer requirements. We also use a multi project management approach to launch products in all segments.

If this opportunity materializes, it may have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Expansion into Adjacent Market Segments

We offer future-oriented products and solutions along the entire lighting value chain. The products thus cover a number of application areas, such as residential, office, industrial, gastronomy, outdoor, and architectural uses. In addition to the products and solutions already available, we have ideas and development projects for what are currently white spots on the map, such as intelligent lighting or applications above and beyond light. We see the opportunity here for further growth in market segments that do not belong to the traditional lighting value chain. This includes in particular areas relating to biometric and UV-sensors or gesture control.

We are able to benefit here from our strong R&D Position > B.1.2 Group Strategy. This is reflected in the external awards we have won, among other things > B.2.6 Sustainability. We also aim to safeguard our goal of sustainable technological leadership via our Diamond initiative for technology, innovation, and growth.

Page 42 ff.
Page 69 ff.

If this opportunity materializes, it might have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Opportunities Related to Organizational and Process-related Improvements

Continuous improvement of key business processes with respect to agility, speed, and cost-efficiency is essential to ensure our sustained profitability. We believe that we have not yet fully exhausted the possibilities for further optimizing our cost structures and the quality of our business processes within the Group. It is therefore our goal to create a more efficient and effective organization through harmonization and consolidation.

We see further potential for organizational improvements by streamlining our sales and distribution structures and making them more customer-focused, with the aim of ensuring better and faster service.

As part of our continuous improvement program, OSRAM Push > B.2.2 Events and Developments Responsible for the Course of Business, we are implementing a dedicated project to ensure that we utilize this opportunity.

Page 49 ff.

If this opportunity materializes, it may have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Operational Opportunities

Efficiency Gains in the Traditional Lamps Business

Our product portfolio includes a large number of traditional products that meet various customer needs, including different sockets and wattages. This offers opportunities for specifically cutting costs and production facilities in the traditional product area by limiting the product range to the essentials, i.e., by reducing the complexity of the portfolio and the products available. Stabilizing selling prices is particularly important here.

To utilize this opportunity, we have launched an initiative to reduce complexity in sales and distribution, warehousing, and production. We also use a centralized price management system.

If this opportunity materializes, it may have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Other Opportunities

Personnel Opportunities

Highly qualified specialists and managers are crucial to OSRAM's success. Among other things, we use 360-degree feedback to develop these employees. We also aim to foster a sense of loyalty to OSRAM and do so by conducting global employee surveys, for example. Based on the results, specific action plans and measures have been or are being developed to shape and take forward the change process within the Company. We want the surveys to tell us how successful we have been so far. At the same time, it is important for us to identify subjects and areas where we still need to make adjustments or improvements. This feedback helps us to manage the current change process sustainably and in a focused manner.

Our corporate Human Resources department analyzes the results and keeps close track of the progress made in implementing the measures.

If this opportunity materializes, it may have a positive impact on our business activities as well as on our net assets, 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 that are important for products in 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 held by the OSRAM Licht Group relate especially to technical solutions for LED components and products as well as to technical solutions for traditional light sources, related electronics, and the components and pre-materials used.

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 one-way licenses in certain fields for which we receive license fees. We see opportunities in this area to grant licenses to other interested parties.

To utilize this opportunity, we systematically pursue our patent strategy.

If this opportunity (rated as low) materializes, it might have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

Project Financing Opportunities

In our industry, many projects involve the installation of new or replacement lighting solutions that increase energy efficiency and longevity to an extent that more than offsets the required investment. However, initial funding represents a barrier for many potential project customers.

We intend to use the opportunity to resolve this challenge for potential customers by providing intelligent financing models.

If this opportunity (rated as low) materializes, it might have a positive impact on our business activities as well as on our net assets, financial position, and results of operations.

B.4.2.4 Overall Assessment of Risks and Opportunities

The OSRAM Licht Group consolidates all risks and opportunities reported by its various regions, business units, and corporate functions as part of its risk and opportunity assessment process, which is conducted on a quarterly basis. Compared to the prior year there was no significant modification to the overall assessment of risks and opportunities at Group level. Risks result particularly from the shift to LED technology, the failure or delay in implementing the countermeasures defined as part of OSRAM Push, the impact of the faster rate of change on the market, and the competitive environment. We see our key opportunities in currently unoccupied local markets, in new products as well as along the value chain, but also in adjacent market segments, especially in additional services with respect to forward integration. Furthermore we do see improved opportunities for Strategic acquisitions and partnerships by our focused strategy. Taking into account the likelihood and the potential impact of the risks described in this report, and given our sound balance sheet structure and current business outlook, the Managing Board does not foresee any material danger to the viability of the OSRAM Licht Group as a going concern. Further support for this assessment comes in particular from our financing structure › B.2.4.3 Financing and Liquidity Analysis. Page 64 f.

The Managing Board remains confident that the Group's earnings strength forms a solid basis for our future business development and provides the resources needed 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 does not expect to incur any risks that either individually or in the aggregate would appear to endanger the continuity of our business.

B.4.2.5 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 combined management report comply with all relevant requirements.

The accounting-related internal control system ("control system") used by OSRAM is based on the same framework developed by COSO as our ERM system › B.4.2.1 Risk and Opportunity Management System. The two systems are complementary and can each reveal gaps or risks within the other, contributing to their elimination or avoidance. Page 87 ff.

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, 2015. 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 Accounting and Controlling 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 combined management report. Where necessary, our accounting policies and chart of accounts are adjusted accordingly. The local accounting departments are informed about current topics affecting accounting and the process of preparing the financial statements in monthly closing letters, which are intended to help avoid errors in the financial statements and facilitate adherence to 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 to the majority of the subsidiaries worldwide, including 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 with specialist knowledge, such as in relation to the valuation of pension obligations.

The consolidated financial statements are prepared in the consolidation system by the responsible employees in the Group Consolidation department on the basis of the closing data reported. The steps to be performed are subject to extensive manual and system controls. The causes of any validation or warning messages must be corrected by the unit delivering the data before approval.

The basic principle is that of dual control. Furthermore, the closing data must undergo certain approval processes at all levels. Variance analyses and analyses of the composition of and changes in the individual items are also carried out. 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.

Individual access authorizations protect the data in the accounting-related IT systems against unauthorized access, changes and use. All of the entities included in the consolidated financial statements are subject to the corporate guidelines on information security.

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 Group headquarters and the effectiveness of the relevant control systems on a quarterly basis. In addition, we have established a Disclosure Committee comprising the heads of certain central corporate units, whose task it is to check material financial and non-financial data before publication.

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 ERM system, are assured.

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, the ERM system, and the Internal Audit function, and the audit of the financial statements by the auditors. 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 combined management report with the Managing Board and the auditors.

Additional Information Regarding OSRAM Licht AG's Single-entity Financial Statements (HGB)

As the parent company of the OSRAM Licht 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 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 control system apply only to the consolidated financial statements under IFRS.

B.5 Takeover-related Disclosures, Remuneration Report and Corporate Governance Declaration

B.5.1 Takeover-related Disclosures

The takeover-related disclosures and explanatory report for fiscal 2015 are published in accordance with section 289 (4) and section 315 (4) of the Handelsgesetzbuch (HGB—German Commercial Code).

Structure of the Common Stock

As of September 30, 2015, the Company's capital stock amounted to € 104,689,400 (previous year: € 104,689,400). The capital stock is composed of 104,689,400 (previous year: 104,689,400) 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.

The same rights and obligations attach to all shares. Details of the rights and obligations of the shareholders are contained in the provisions of the AktG, in particular in sections 12, 53 a ff., 118 ff., and 186 of the AktG.

Restrictions Affecting the Voting Rights or the Transfer of 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. 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. 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 May 2015 under an employee participation program in Germany to employees of participating OSRAM Licht Group companies (comprising OSRAM Licht AG and its direct and indirect subsidiaries) are subject to a six-month lock-up period ending as of the end of November 20, 2015.

In connection with the initial listing of OSRAM Licht AG shares on July 8, 2013, members of the Managing Board of OSRAM Licht AG and other senior executives of the OSRAM Licht Group were granted a transaction bonus in the form of OSRAM Licht 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 and the second and third tranches as of July 2014 and July 2015, respectively. Where such an advance transfer of shares was made or will in future be made, a mandatory holding period of four years from the date of listing on the stock exchange applies to these shares.

Interests in the Capital Exceeding 10% of the Voting Rights

Siemens Beteiligungen Inland GmbH, which has its registered office in Munich and which to our knowledge is a wholly-owned subsidiary of Siemens Aktiengesellschaft, whose registered offices are in Berlin and Munich, has notified us that it holds 17,797,198 shares, 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 has issued or issues shares to employees as part of employee participation programs, 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 Codetermination Act). 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, as specified in section 84 (2) of the AktG and Article 5 (2) of the Articles of Association.

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 and, 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 also 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 disapplied

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 this may also be done in such 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 grant 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 were disapplied, 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 71 d and 71 e of the AktG, account for more than 10% of the capital stock at any point. The acquisition of OSRAM Licht 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, the resolution of the General Meeting dated February 26, 2015, authorized the Managing Board, with the approval of the Supervisory Board, to also use certain equity derivatives (put options, call options, and forward purchase contracts, as well as combinations of these derivatives) to acquire OSRAM Licht shares under the above-mentioned authorization. Any share purchases using such derivatives are capped at 5% of the capital stock existing as of the date on which the General Meeting adopted the resolution, or—if this amount is lower—the capital stock existing each time the authorization is exercised. The maturity of equity derivatives may not exceed 18 months in each case, and the transaction must be selected in such a way as to ensure that acquisition of the OSRAM Licht shares by means of the equity derivative does not take place after February 28, 2018.

In addition to selling treasury shares acquired on the basis of the above-mentioned or earlier authorizations via the stock exchange or via an offer to all shareholders, the Managing Board was also authorized by way of the resolutions of the General Meeting of June 14, 2013, and February 26, 2015, 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 Licht shares are sold is not significantly lower than the quoted market price of an OSRAM Licht share at the time of sale,
4 to use them to fulfill acquisition obligations or acquisition rights to OSRAM Licht 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 option 5 above, the shares acquired by way of the authorization dated June 14, 2013, 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 accordance with section 186 (3) sentence 4 of the AktG on the basis of the authorizations in line with options 3 and 4 may not, together with other shares issued or sold during the effective period of these authorizations until their utilization in accordance with or in line with this statutory provision, exceed in total 10% of the capital stock at this time.

In addition, the Supervisory Board was authorized to use the acquired treasury shares to service acquisition obligations or acquisition rights to OSRAM Licht 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.

As of September 30, 2015, the Company held 41,262 treasury shares (previous year: 102,145).

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 a revolving credit facility with a volume of €950 million and a loan agreement with the European Investment Bank for a credit facility with a volume of €200 million. These loan agreements provide 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 these termination rights were to be exercised, this could result in the funding for the OSRAM Licht 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, 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. 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 bonus actually received, the calculation of the severance payment shall include the monetary value of the stock awards granted, based on the last fiscal year ended prior to the termination of the contract in each case. The severance payment shall be reduced by 15% of the portion of the severance 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 shall be 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 Licht shares from the transaction bonus granted at the time of the initial listing shall remain unaffected and shall be transferred on the scheduled date in each case. Members of the Managing Board are 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 less than twelve months before the member of the Managing Board retires.

OSRAM Licht AG has not agreed any compensation arrangements with its own employees or with the members of the managing boards, managing directors, or 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 subsidiaries OSRAM GmbH and OSRAM Beteiligungen GmbH).

B.5.2 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 compensation paid to the members of the Managing Board. It also describes the principles and amount of the compensation 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 4.2.4, 4.2.5, and 5.4.6 subsection 3 of the "German Corporate Governance Code" are contained in A.4.2 Remuneration Report. The remuneration report is a component of the combined management report.

Page 23 ff.

B.5.3 Corporate Governance Declaration

The corporate governance declaration in accordance with section 289 a of the HGB is a component of the combined management report and is published on our website under www.osram-licht.ag/en/corporate_governance/german_corporate_governance_code/. The corporate governance declaration can also be found in A.4.3 Corporate Governance Declaration in Accordance with Section 289 a of the HGB.

Page 35 ff.

B.6 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").

B.6.1 Business and Operating Environment

OSRAM Licht AG is a management holding company that provides uniform management, and hence is actively involved in the day-to-day business operations of its subsidiaries. The governance function for the OSRAM Licht Group was implemented at OSRAM Licht AG at the legal and formal level as well in the past fiscal year by transferring the corresponding employees to OSRAM Licht AG. As a result, OSRAM Licht AG employed around 70 full-time equivalents (FTEs) as of September 30, 2015, (previous year: 0 FTEs).

OSRAM Licht AG directly and indirectly holds shares in over 90 companies, including minority interests. The economic environment for OSRAM Licht AG largely corresponds to that for the OSRAM Licht Group and is described in > B.1.1 Business Activities and Structure of OSRAM Licht Group and > B.2.2 Events and Developments Responsible for the Course of Business.

Page 38 ff.
Page 49 ff.

B.6.2 Results of Operations

Income Statement of OSRAM Licht AG in Accordance with German Commercial Code

in € thousand	Fiscal 2015	Fiscal 2014
Research and development expenses	(193)	–
General administrative expenses	(31,861)	(19,407)
Other operating income	4,344	5,320
Other operating expense	(3,126)	–
Operating profit (loss)	**(30,836)**	**(14,088)**
Income (loss) from investments, net	163,679	165,600
Interest income	0	21
Interest expense	(1,876)	(1)
Other financial income	(307)	(231)
Income (loss) from ordinary activities	**130,661**	**151,302**
Taxes on income and earnings	25,995	–
Net income	**156,657**	**151,302**
Income carried forward	92	10,439
Allocation to other retained earnings	(62,528)	(67,520)
Unappropriated profit	**94,220**	**94,220**

In fiscal 2015, the General administrative expenses line item mainly contained personnel expenses due to the transfer of employees, expenses for the General Meeting and the Supervisory Board, expenses for share-based payment programs for the employees of 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 of the OSRAM Licht Group.

Other operating income is related to the recharging of administrative expenses to and the reimbursement of costs for the buyback of OSRAM treasury shares by affiliated companies. Other operating expenses in fiscal 2015 included an increase in the obligation towards members of the Managing Board and employees under the bonus programs. In the previous year, a decrease in this obligation in the amount of € 1,070 thousand was recognized in other operating income as a result of OSRAM Licht's share price performance.

The Income (loss) from investments, net line item includes an advance distribution in the amount of € 59,167 thousand made by the affiliated company OSRAM Beteiligungen GmbH (previous year: € 150,000 thousand), an advance distribution in the amount of € 32,004 thousand made by the affiliated company OSRAM GmbH (previous year: € 15,600 thousand) as well as the transfer of profits of OSRAM Beteiligungen GmbH, Munich (Germany) in the amount of € 72,508 thousand.

As of September 30, 2015 the company reported tax income in the amount of € 25,995 thousand (previous year: € 0) due to deductible investment income tax accruing to it in its capacity as consolidated tax group parent at the level of OSRAM Beteiligungen GmbH.

B.6.3 Net Assets and Financial Position

Statement of Financial Position of OSRAM Licht AG in Accordance with German Commercial Code (Condensed)

in € thousand	September 30, 2015	September 30, 2014
Assets		
Noncurrent assets		
Financial assets	2,600,334	2,609,770
Current assets		
Receivables and other current assets	222,993	32,191
Cash and cash equivalents	17	0
Total assets	**2,823,344**	**2,641,961**
Liabilities and Equity		
Equity	**2,487,548**	**2,422,060**
Accruals and provisions		
Pensions and similar commitments	9,415	5,070
Other provisions	15,303	6,534
Liabilities		
Liabilities to affiliated companies	301,783	203,927
Other liabilities and trade payabels	9,294	4,371
Total liabilities and equity	**2,823,344**	**2,641,961**

The Receivables and other current assets line item increased by a good € 190 million as against September 30, 2014, primarily due to higher receivables from affiliated companies in the amount of € 175,335 thousand (previous year: € 1,002 thousand).

Equity rose by € 65,448 thousand, from € 2,422,060 thousand to € 2,487,548 thousand. On the one hand, the increase is due to the net income for the fiscal year of € 156,657 thousand and, on the other, to the € 2,900 thousand rise in paid-in capital, due to the issuance of treasury shares. This was partly offset in fiscal 2015 by the distribution of the dividend in the amount of € 94,129 thousand.

The Supervisory Board and Managing Board are proposing that a dividend of € 0.90 per share, amounting to approximately € 94 million in total, be distributed to shareholders from the net retained profits.

The provisions for pensions and similar commitments include pension commitments to the Managing Board and to the employees transferred to OSRAM Licht AG in fiscal 2015. The Other provisions line item increased by €8,769 thousand to €15,303 thousand, and mainly contains share-based remuneration obligations for the Managing Board. The increase is mainly due the share price valuation as of September 30, 2015.

Liabilities to affiliated companies largely comprise liabilities under OSRAM's cash pooling system.

The Other liabilities line item mainly comprises personnel-related liabilities for wages and salaries in the amount of €5,301 thousand (previous year: €2,243 thousand), as well as other liabilities incurred during the fiscal year.

B.6.4 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 > B.4.2 Report on Risks and Opportunities. **Page 87 ff.**

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 > B.4.2.5 Key Features of the Accounting-related Internal Control and Risk Management System. **Page 98 ff.**

B.6.5 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 primarily dependent on the business development of and distributions made by Group companies. On the basis of our Group forecast for fiscal 2016, we expect that OSRAM Licht AG's net income for fiscal year 2016 will be sufficient to allow a further dividend of €0.90 per share from the net retained profits to be proposed in fiscal 2016 > B.4.1 Report on Expected Developments. **Page 83 ff.**

C

Consolidated Financial Statements of OSRAM Licht AG for Fiscal 2015 According to IFRSs

The following English consolidated financial statements are translations of the German consolidated financial statements.

C.1 Consolidated Statement of Income

OSRAM Licht Group
Consolidated Statement of Income
For the fiscal years ending September 30, 2015 and 2014

in € million	Note	2015	2014
Revenue		5,574.2	5,142.1
Cost of goods sold and services rendered		(3,957.0)	(3,528.8)
Gross profit		1,617.2	1,613.4
Research and development expenses		(344.9)	(331.4)
Marketing, selling and general administrative expenses		(1,064.4)	(985.3)
Other operating income	Note 6	63.4	40.6
Other operating expense	Note 7	(7.8)	(53.2)
Income (loss) from investments accounted for using the equity method, net	Note 8	5.4	35.9
Interest income	Note 9	3.0	3.2
Interest expense	Note 9	(29.6)	(40.8)
Other financial income (expense), net	Note 9	(3.5)	(3.2)
Income before income taxes		**238.8**	**279.2**
Income taxes	Note 10	(67.6)	(86.1)
Net income		**171.2**	**193.1**
Attributable to: Non-controlling interests		4.8	5.2
Shareholders of OSRAM Licht AG		166.4	187.9
Basic earnings per share (in €)	Note 35	1.59	1.80
Diluted earnings per share (in €)	Note 35	1.58	1.79

Minor differences may occur due to rounding.
The accompanying Notes are an integral part of these consolidated financial statements.

C.2 Consolidated Statement of Comprehensive Income

OSRAM Licht Group
Consolidated Statement of Comprehensive Income
For the fiscal years ending September 30, 2015 and 2014

in € million	Note	2015	2014
Net income		171.2	193.1
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	Notes 24, 29	(23.2)	(29.0)
thereof: income tax		*16.7*	*27.0*
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	Note 29	23.3	65.7
Available-for-sale financial assets	Note 29	23.1	0.5
thereof: income tax		*(4.0)*	*0.0*
Derivative financial instruments	Note 29	(3.1)	(2.2)
thereof: income tax		*1.3*	*0.8*
		43.4	**64.0**
Other comprehensive income (loss), net of tax[1]		**20.2**	**35.0**
Total comprehensive income (loss)		**191.4**	**228.1**
Attributable to: Non-controlling interests		6.0	6.9
Shareholders of OSRAM Licht AG		185.3	221.2

[1] *Other comprehensive income (loss), net of tax* includes income (losses) of €26.6 million from investments accounted for using the equity method (in the previous year: €0.3 million), all of which may be reclassified subsequently to profit or loss.

Minor differences may occur due to rounding.
The accompanying Notes are an integral part of these consolidated financial statements.

C.3 Consolidated Statement of Financial Position

OSRAM Licht Group
Consolidated Statement of Financial Position
As of September 30, 2015 and 2014

in € million	Note	September 30, 2015	2014
Assets			
Current assets			
Cash and cash equivalents		727.0	667.7
Available-for-sale financial assets		1.4	1.4
Trade receivables	Note 11	897.7	857.5
Other current financial assets	Note 12	70.5	64.9
Inventories	Note 13	986.8	1,152.1
Income tax receivables		58.0	29.2
Other current assets	Note 14	92.8	91.3
Noncurrent assets held for sale	Notes 4, 17	95.2	2.9
Total current assets		**2,929.3**	**2,867.0**
Goodwill	Note 15	76.9	37.7
Other intangible assets	Note 16	132.6	105.6
Property, plant, and equipment	Note 17	1,115.0	1,137.1
Investments accounted for using the equity method	Note 18	1.0	62.3
Other financial assets	Note 19	4.7	12.3
Deferred tax assets	Note 10	452.0	425.0
Other assets	Note 20	53.9	62.7
Total assets		**4,765.2**	**4,709.5**
Liabilities and equity			
Current liabilities			
Short-term debt and current maturities of long-term debt	Note 23	37.4	43.6
Trade payables		748.6	798.6
Other current financial liabilities	Note 21	51.0	46.3
Current provisions	Note 25	104.9	123.5
Income tax payables		77.9	90.1
Other current liabilities	Note 22	526.0	466.2
Total current liabilities		**1,545.7**	**1,568.3**
Long-term debt	Note 23	49.8	138.2
Pension plans and similar commitments	Note 24	463.5	444.4
Deferred tax liabilities	Note 10	11.3	1.0
Provisions	Note 25	18.9	14.9
Other financial liabilities		1.9	0.3
Other liabilities	Note 26	192.0	141.6
Total liabilities		**2,283.1**	**2,308.7**
Equity			
Common stock, no par value		104.7	104.7
Additional paid-in capital		2,032.8	2,026.2
Retained earnings		234.1	190.4
Other components of equity		99.5	57.4
Treasury shares, at cost		(1.2)	(2.9)
Total equity attributable to shareholders of OSRAM Licht AG		**2,469.9**	**2,375.8**
Non-controlling interests		12.2	25.0
Total equity	Note 29	**2,482.1**	**2,400.8**
Total liabilities and equity		**4,765.2**	**4,709.5**

Minor differences may occur due to rounding.
The accompanying Notes are an integral part of these consolidated financial statements.

C.4 Consolidated Statement of Cash Flows

OSRAM Licht Group
Consolidated Statement of Cash Flows
For the fiscal years ending September 30, 2015 and 2014

in € million	Note	2015	2014
Cash flows from operating activities			
Net income		171.2	193.1
Adjustments to reconcile net income (loss) to cash provided			
Amortization, depreciation, and impairments		293.4	272.1
Income taxes		67.6	86.1
Interest (income) expense, net		26.6	37.6
(Gains) losses on sales and disposals of businesses, intangible assets, and property, plant and equipment, net	Note 6	(47.1)	5.2
(Gains) losses on sales of investments, net		(2.0)	(32.0)
(Income) loss from investments		(3.2)	(4.8)
Other non-cash (income) expenses		7.4	(4.8)
Change in current assets and liabilities			
(Increase) decrease in inventories		196.1	(146.8)
(Increase) decrease in trade receivables		(7.4)	18.6
(Increase) decrease in other current assets		(13.7)	(17.7)
Increase (decrease) in trade payables		(59.3)	83.8
Increase (decrease) in current provisions		(22.6)	26.6
Increase (decrease) in other current liabilities		79.8	(61.0)
Change in other assets and liabilities		46.6	24.6
Special contributions to pension plans	Note 24	(58.0)	–
Income taxes paid		(102.8)	(28.4)
Dividends received		4.6	2.3
Interest received		2.6	4.6
Net cash provided by (used in) operating activities		**579.8**	**459.1**
Cash flows from investing activities			
Additions to intangible assets and property, plant, and equipment	Notes 16, 17	(280.8)	(243.2)
Acquisitions, net of cash acquired	Note 4	(77.1)	–
Purchases of financial investments		(0.1)	(0.3)
Proceeds and payments from sales of investments, intangible assets, and property, plant, and equipment		59.5	86.8
Proceeds and payments from the sale of business activities		–	(0.5)
Net cash provided by (used in) investing activities		**(298.5)**	**(157.2)**
Cash flows from financing activities			
Proceeds from re-issuance of treasury stock	Note 4	(20.0)	–
Proceeds from issuance of long-term debt	Note 23	49.8	–
Transaction costs for long-term debt	Note 23	(1.6)	–
Repayment of long-term debt	Note 23	(140.0)	(160.0)
Change in short-term debt and other financing activities		(9.4)	(11.8)
Interest paid		(9.2)	(13.4)
Dividends paid to shareholders of OSRAM Licht AG	Note 29	(94.1)	–
Dividends paid to non-controlling interest shareholders		(2.7)	(2.7)
Other transactions/financing with Siemens Group		(1.2)	11.8
Net cash provided by (used in) financing activities		**(228.5)**	**(176.1)**
Effect of exchange rates on cash and cash equivalents		6.4	19.8
Net increase (decrease) in cash and cash equivalents		59.3	145.6
Cash and cash equivalents at beginning of period		667.7	522.1
Cash and cash equivalents at the end of period		727.0	667.7
Cash and cash equivalents at end of period (consolidated statement of financial position)		**727.0**	**667.7**

Minor differences may occur due to rounding.
The accompanying Notes are an integral part of these consolidated financial statements.

C.5 Consolidated Statement of Changes in Equity

OSRAM Licht Group
Consolidated Statement of Changes in Equity
For the fiscal years ending September 30, 2015 and 2014

in € million	Common stock	Additional paid-in capital	Retained earnings	Currency translation differences	Available-for-sale financial assets	Derivative financial instruments	Treasury shares at cost	Total equity attributable to shareholders of OSRAM Licht AG	Non-controlling interests	**Total equity**
Balance at October 1, 2013	**104.7**	**2,022.9**	**31.5**	**(5.5)**	**(0.1)**	**0.7**	**(5.6)**	**2.148.6**	**20.7**	**2,169.3**
Net income	–	–	187.9	–	–	–	–	187.9	5.2	193.1
Other comprehensive income (loss), net of tax	–	–	(29.0)[1]	64.0	0.5	(2.2)	–	33.3	1.7[2]	35.0
Total comprehensive income (loss), net of tax	**–**	**–**	**158.9**	**64.0**	**0.5**	**(2.2)**	**–**	**221.2**	**6.9**	**228.1**
Re-issuance of treasury stock	–	–	–	–	–	–	2.7	2.7	–	2.7
Dividends	–	–	–	–	–	–	–	–	(2.6)	(2.6)
Other changes in equity	–	3.3	–	–	–	–	–	3.3	–	3.3
Balance at September 30, 2014	**104.7**	**2,026.2**	**190.4**	**58.5**	**0.4**	**(1.5)**	**(2.9)**	**2,375.8**	**25.0**	**2,400.8**
Balance at October 1, 2014	**104.7**	**2,026.2**	**190.4**	**58.5**	**0.4**	**(1.5)**	**(2.9)**	**2,375.8**	**25.0**	**2,400.8**
Net income	–	–	166.4	–	–	–	–	166.4	4.8	171.2
Other comprehensive income (loss), net of tax	–	–	(23.2)[1]	22.1	23.1	(3.1)	–	18.9	1.2[2]	20.2
Total comprehensive income (loss), net of tax	**–**	**–**	**143.2**	**22.1**	**23.1**	**(3.1)**	**–**	**185.3**	**6.0**	**191.4**
Re-issuance of treasury stock	–	–	–	–	–	–	1.7	1.7	–	1.7
Dividends	–	–	(94.1)	–	–	–	–	(94.1)	(2.7)	(96.8)
Acquisition of non-controlling interests (without change of control)	–	–	(5.6)	–	–	–	–	(5.6)	(16.1)	(21.7)
Other changes in equity	–	6.6	0.2	–	–	–	–	6.8	–	6.8
Balance at September 30, 2015	**104.7**	**2,032.8**	**234.1**	**80.6**	**23.6**	**(4.6)**	**(1.2)**	**2,469.9**	**12.2**	**2,482.1**

[1] Other comprehensive income (loss), net of tax attributable to shareholders of OSRAM Licht AG includes remeasurement gains (losses) on defined benefit plans of €−23.2 million and €−29.0 million, respectively, for the fiscal years ended September 30, 2015, and 2014.
[2] Other comprehensive income (loss), net of tax attributable to non-controlling interests includes currency translation differences of €1.2 million and €1.7 million, respectively, for the fiscal years ended September 30, 2015, and 2014.

Minor differences may occur due to rounding.
The accompanying Notes are an integral part of these consolidated financial statements.

C.6 Notes to the Consolidated Financial Statements

C.6.1 Segment Information

OSRAM Licht Group
Notes to the Consolidated Financial Statements—Segment Information
For the fiscal years ending September 30, 2015 and 2014

	External revenue		Intersegment revenue		Total revenue		EBITA[1]	
in € million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Segments[6]								
Specialty Lighting	1,849.5	1,551.1	–	–	1,849.5	1,551.1	245.4	224.7
Opto Semiconductors	767.3	687.7	525.3	436.8	1,292.6	1,124.5	229.9	193.8
Lighting Solutions & Systems	955.1	914.2	–	–	955.1	914.2	(42.1)	(92.9)
Lamps	2,000.5	1,986.4	–	–	2,000.5	1,986.4	(48.4)	23.5
Total segments	**5,572.4**	**5,139.4**	**525.3**	**436.8**	**6,097.8**	**5,576.2**	**384.7**	**349.1**
Reconciliation to consolidated financial statements								
Corporate items and pensions	1.7	2.7	–	–	1.7	2.7	(89.9)	(37.8)
Eliminations, corporate treasury, and other reconciling items	–	–	(525.3)	(436.8)	(525.3)	(436.8)	(0.9)	(0.9)
OSRAM Licht Group	**5,574.2**	**5,142.1**	**–**	**–**	**5,574.2**	**5,142.1**	**293.9**	**310.4**

[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 defined as Total assets, less financing receivables and tax assets as well as noninterest-bearing provisions and liabilities, and liabilities 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] The line items of the Segment information have been adjusted due to the reorganization of the segments for the previous period > Note 36 | Segment Information.

Page 169 ff.

Minor differences may occur due to rounding.

	Assets[2]		Free cash flow[3]		Additions to intangible assets and property, plant, and equipment		Amortization[4]		Depreciation[5]	
	September 30,									
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	539.0	421.5	233.0	187.3	71.6	45.8	11.4	3.7	44.1	37.5
	487.9	511.7	238.0	181.3	148.2	99.6	0.9	2.4	112.3	100.0
	318.7	304.7	(58.2)	(120.6)	25.4	19.7	9.6	10.3	21.4	20.2
	473.7	676.5	179.5	37.4	31.9	77.8	5.2	6.0	76.6	87.8
	1,819.3	**1,914.5**	**592.3**	**285.4**	**277.1**	**242.9**	**27.0**	**22.4**	**254.4**	**245.6**
	(408.5)	(374.0)	(264.4)	(59.2)	3.7	0.3	3.5	3.9	8.5	0.3
	3,354.5	3,169.0	(28.9)	(10.3)	–	–	–	–	–	–
	4,765.2	**4,709.5**	**299.0**	**216.0**	**280.8**	**243.2**	**30.5**	**26.3**	**262.9**	**245.8**

C.6.2 Basis of Preparation

1 | General Principles

Consolidated Financial Statements

These consolidated financial statements ("consolidated financial statements") include OSRAM Licht AG, Munich, and its subsidiaries ("OSRAM Licht Group" or "OSRAM"). OSRAM is a leading global provider of lighting products and solutions and operates worldwide via a number of legal entities > Note 36 | Segment Information.

Page 169 ff.

The consolidated financial statements and the combined group management report as of September 30, 2015, were prepared in accordance with section 315 a (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 accompanying consolidated financial statements consist of a consolidated statement of income and consolidated statement of comprehensive income for the fiscal year ended September 30, 2015, a consolidated statement of financial position as of September 30, 2015, a consolidated statement of cash flows and a consolidated statement of changes in equity for the fiscal year ended September 30, 2015, as well as notes to the consolidated financial statements for the fiscal year ended September 30, 2015.

The consolidated financial statements have been prepared in millions of euros (€ m). Due to 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 19, 2015.

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. Subsidiaries are entities which OSRAM controls. Control is assumed when OSRAM has exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns. Power exists when OSRAM has existing rights that enable it to direct the relevant activities. These are activities that significantly affect the investee's returns. Control is generally conveyed by ownership of the majority of voting rights. If OSRAM holds less than the majority of the voting rights, other facts and circumstances (including contractual arrangements that give OSRAM power over the investee) may mean that OSRAM controls the investee.

Associates are included using the equity method of accounting. Companies in which OSRAM has joint control are also included using the equity method.

Business Combinations

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 recognized directly in profit or loss after it has been reviewed again. Non-controlling interests may be measured at their fair value (full goodwill method) or at the proportionate fair value of the 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 allocated 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 is 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 initially recognized in the consolidated financial statements at cost and subsequently accounted for using the equity method. 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. 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 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 not the euro are translated using the middle spot exchange rate at the end of the reporting period, while the consolidated statement of income and the consolidated statement of cash flows are translated using average exchange rates during the period. Differences arising from the translation of the financial statements of foreign subsidiaries are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized.

The exchange rates of the significant currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Middle Spot Exchange Rate

		September 30,	
€1 quoted into currencies		2015	2014
U.S. dollar	USD	1.120	1.258
Chinese renminbi	CNY	7.121	7.726
Hong Kong dollar	HKD	8.682	9.774
Malaysian ringgit	MYR	4.924	4.131
Mexican peso	MXP	18.977	16.998

Annual Average Exchange Rate

		Fiscal year	
€1 quoted into currencies		2015	2014
U.S. dollar	USD	1.148	1.357
Chinese renminbi	CNY	7.141	8.349
Hong Kong dollar	HKD	8.907	10.522
Malaysian ringgit	MYR	4.202	4.401
Mexican peso	MXP	17.367	17.814

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.
- **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 and depreciation, > Note 16 | Other Intangible Assets and > Note 17 | Property, Plant, and Equipment. For information on expenses for employee benefits, > Note 34 | Personnel Costs.

Page 141
Page 142 f.
Page 168

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.

Research and Development Expenses

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,
2 the product or process is 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 Other intangible assets line item > Note 16 | Other Intangible Assets. Page 141

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 that are to be compensated are incurred. 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 securities and share-based payment programs are converted or exercised, as applicable. For additional information, > Note 35 | Earnings per Share. Page 168

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. For additional information, > Note 15 | Goodwill. Page 140f.

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 of disposal 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 using the discounted cash flow method. 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. For additional information, > Note 15 | Goodwill. Page 140f.

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 eight 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, > Note 16 | Other Intangible Assets. Page 141

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 the recoverable amount, which is the higher of the asset's value in use and its fair value less costs of disposal. 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 of disposal. 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 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. For unfunded plans, OSRAM recognizes a provision 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 *Pension plans and similar commitments* line item or a surplus is recognized in the *Other assets* line item.

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. Their effects are recorded in full directly in equity, net of tax.

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. Provisions are measured taking into account all identifiable risks at the expected settlement amount, which is determined on the basis of a best estimate using suitable estimation methods and sources of information depending on the characteristics of the obligation. Individual obligations (e.g., legal and litigation risks) are measured at the most likely outcome unless other estimates result in a more appropriate measurement due to particular probability distributions for possible outcomes.

Specific provisions are recognized for warranty claims that are known about by the reporting date. OSRAM also recognizes provisions if warranty claims are likely based on past operational- and industry-specific experience. The expense for product warranties is recognized within Cost of goods sold and services rendered.

Provisions for restructuring measures are recognized if a detailed, formal restructuring plan has been drawn up and announced to those affected by it.

Termination benefits are recognized as an expense and a liability when the entity has demonstrably committed itself, as part of restructuring measures or by otherwise creating a valid expectation, to provide the benefits.

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 these exceed the expected economic benefits of the contract.

If the effect of the time value of money is material, provisions are discounted using pre-tax market interest rates.

Leasing

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. The decisive factor is 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. 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. 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.

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. 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).

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.

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. > Note 3 | Management Estimates and Judgments for further information regarding the determination of valuation allowances.

Page 129 ff.

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 (i.e. net of 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. > Note 31 | Financial Instruments for further information.

Page 160 ff.

Share-based Payment

OSRAM has launched equity-settled and cash-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. Cash-settled awards are remeasured at fair value at the end of each reporting period and upon settlement. The fair value is determined at the market price of OSRAM Licht shares, taking into account the present value of dividends during the vesting period to which the grantees were not entitled and, to the extent necessary, of certain market and non-vesting conditions. Additional information on OSRAM's share-based payment programs can be found in > Note 33 | Share-based Payment.

Page 166 ff.

Accounting Pronouncements Adopted in Fiscal 2015

OSRAM applied the following accounting pronouncements for the first time as of the beginning of fiscal 2015, with no material impact.

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 uses 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, including joint arrangements, associates, structured entities, and off-balance-sheet vehicles. 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.

Recent Accounting Pronouncements, not yet Adopted

The following pronouncements issued by the IASB are not yet effective and have not yet been adopted by OSRAM.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The standard is effective for annual periods beginning on or after January 1, 2018, and contains a single, comprehensive model that establishes how an entity should recognize revenue from contracts with customers. It replaces the current revenue recognition requirements in IAS 11, IAS 18, and the related interpretations. The basic principle behind the model is that an entity should recognize revenue in the amount of the consideration to which it expects to be entitled for the performance obligation(s) assumed. The standard contains considerably more extensive application guidance and disclosure requirements than the current provisions. OSRAM is currently assessing the impact of adopting IFRS 15 on the consolidated financial statements. The standard has not yet been endorsed by the European Union.

In July 2014, the IASB published the final version of IFRS 9, Financial Instruments, which extends the previous version of the standard to include new impairment accounting requirements for financial assets and introduced an additional measurement category for debt instruments (at fair value through other comprehensive income). The new standard requires the consistent application of a single impairment model under which both incurred losses and expected losses are recognized. IFRS 9 also 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 previous hedge accounting requirements in IAS 39 have been replaced with a new hedge accounting model that aligns accounting more closely with risk management. These new hedge accounting requirements, which were published in November 2013, were incorporated into the final version of IFRS 9 unchanged with the exception of the new measurement category for debt instruments. IFRS 9 also sets out additional disclosure requirements. Subject to its endorsement by the EU, the final version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018. It must be applied retrospectively, although some simplification options are provided. Voluntary early application is permitted. OSRAM is currently assessing the impact of adopting IFRS 9 on the consolidated financial statements.

3 | Management Estimates and Judgments

Judgments 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 > 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 position, 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.

Page 119 ff.

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, 2015, OSRAM recorded a total valuation allowance for current accounts receivable of €26.1 million (September 30, 2014: €27.6 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 of disposal 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 macro-economic data and industry-specific trends.

The impairment tests performed in fiscal 2015 confirmed the carrying amounts of goodwill and intangible assets > Note 15 | Goodwill and > Note 16 | Other Intangible Assets. Certain items of property, plant, and equipment related to traditional products and allocated to Lamps ("LP") BU were written down for impairment in the amount of €6.2 million in fiscal 2015. The main triggering event for the impairment loss 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

Page 140 f.
Page 141

and towards LED products. Also in the LP BU, a production line used to manufacture LED lamps for the European market was written down for impairment; the main triggering events for the impairment loss were significantly stronger price pressures and higher material costs than originally assumed > Note 17 | Property, Plant, and Equipment. Page 142f.

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 (for information on effects, > Note 24 | Pension Plans and Similar Commitments), assumptions regarding trends in salaries, pensions, and health-care costs, and the mortality tables. The discount rate assumptions are determined by reference to market yields on high-quality corporate bonds at the end of the reporting period. 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 in particular to changing market and economic conditions, actual developments may differ from the underlying key assumptions 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, 2015, amounted to €463.5 million (September 30, 2014: €444.4 million). For further information on pension and other post-employment benefits, > Note 24 | Pension Plans and Similar Commitments. Page 146ff. Page 146ff.

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 probability of acceptance in respect of an offer to terminate employment contracts and the nature of the measures. In the case of group agreements in Germany the formal restructuring plan is generally detailed by an agreement on a reconciliation of interests and a social compensation plan reached between the employer and the workforce. > Note 5 | Personnel-related Restructuring Expenses for further information. Page 133

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 net assets, financial position, or results of operations might be materially adversely affected by an unfavorable outcome of legal or regulatory proceedings or government investigations. > Note 25 | Provisions, > Note 27 | Other Financial Commitments and Contingent Liabilities and > Note 28 | Legal Proceedings for further information. Page 154 Page 155 Page 155ff.

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 authority 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 net income in the period in which they are reassessed. We cannot rule out the possibility 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 issues connected with permanent establishments, 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. Also, the triggering of temporary cash outflows cannot be ruled out in addition to effects on the income statement.

Deferred tax assets are recognized if sufficient taxable income will be available in the future. The assessment is made taking into account budgeted results from operating activities and possible tax planning opportunities. As of the end of each reporting period, management evaluates the recoverability of deferred tax assets, based on projected future taxable profits. In the case of tax loss carryforwards, a five-year period is generally applied. 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 higher expense for direct and indirect taxes and higher tax payments for them. Additionally, uncertainties affecting the tax environment in some regions could impair our ability to assert our rights.

C.6.3 Acquisitions and Disposals

4 | Acquisitions and Disposals

Acquisitions

On October 13, 2014, OSRAM acquired a 100% interest in Clay Paky, Seriate (Bergamo), Italy ("Clay Paky"). Clay Paky is a leading provider of entertainment lighting for shows and events. The acquisition enables OSRAM to drive forward its technology and innovation strategy and further extends its position in the area of entertainment lighting. Clay Paky has been allocated to the Specialty Lighting segment. The final purchase price of €85.4 million (including €7.3 million cash acquired) was paid in cash.

The following disclosures resulting from the final purchase price allocation show the values recognized at the acquisition date for the major groups of assets acquired and liabilities assumed: intangible assets €37.0 million, inventories €17.6 million, property, plant, and equipment €8.1 million, receivables €16.7 million (the principal amount of the receivables was €17.9 million), liabilities €16.5 million, and deferred tax liabilities €13.0 million. Intangible assets relate mainly to customer relationships in the amount of €22.0 million (with useful lives of two and nine years), technologies in the amount of €6.4 million (with useful lives of two and eight years), and the Clay Paky brand in the amount of €5.9 million. The Clay Paky brand has an indefinite useful life, because OSRAM intends to continue using this brand for the foreseeable future and the use of the brand is not restricted. The goodwill of €34.6 million comprises intangible assets that are not separable, such as employee know-how and expected synergy effects and is not tax deductible. Since the acquisition, the acquired business has contributed €78.0 million in revenue and a net profit of €3.1 million, including the negative effects of purchase price allocation in the amount of €8.0 million.

Effective January 14, 2015 (closing date), OSRAM acquired additional shares in its subsidiaries Chung Tak Lighting Control Systems (Guangzhou) Ltd., Guangzhou/China (previously 58.5%) and OSRAM Lighting Control Systems Ltd., Hong Kong/Hong Kong (previously 65.0%) for €21.7 million, €20.0 million of which was paid in cash at the closing date. This increased OSRAM's share in both companies to 100%. The difference of €5.6 million between the non-controlling interests of €16.1 million and the purchase price was recognized directly in equity as a transaction between shareholders.

Disposals

On September 9, 2015, OSRAM contractually agreed to sell its 13.47% interest in Foshan Electrical and Lighting Co. Ltd., Foshan/China (FELCO) to a subsidiary of Guangdong Rising Assets Management Co., China. The investment in FELCO was reported under *Noncurrent assets held for sale* and the use of the equity method discontinued.

C.6.4 Disclosures on the Statement of Income

5 | Personnel-related Restructuring Expenses

OSRAM is continuing to manage the realignment of the OSRAM Licht Group to bring it into step with the technology shift through OSRAM Push, a comprehensive, enterprise-wide continuous improvement program. At the beginning of fiscal 2015, the second phase of OSRAM Push was initiated by making further process improvements and structural adjustments. The measures affect not only production capacity for traditional general lighting products, but also sales, administration, and other indirect functions throughout the Company.

Personnel-related restructuring expenses related to the measures presented were incurred in the amount of €210.3 million in fiscal 2015 (fiscal 2014: €54.6 million). These relate mainly to collective and individual agreements in Germany. In this context, pension commitments to employees also gave rise to positive and negative effects on net income, which balance each other out overall in fiscal 2015 (fiscal 2014: €7.2 million), > also Note 24 | Pension Plans and Similar Commitments. Total personnel-related restructuring expenses associated with the transformation program therefore amounted to €210.3 million in fiscal 2015 (fiscal 2014: €61.9 million). Page 146 ff.

Additional personnel-related restructuring expenses of €8.4 million were incurred in fiscal 2015 (fiscal 2014: €11.7 million) amongst others in connection with the termination of the appointment by the Chairman of the Managing Board, > also Note 38 | Related Party Disclosures. Page 173 ff.

In fiscal 2015 and 2014, personnel-related restructuring expenses primarily affected *Cost of goods sold and services rendered*, *Marketing, selling, and general administrative expenses*, and *Research and development expenses*.

6 | Other Operating Income

Other Operating Income

in € million	Fiscal year 2015	2014
Gain on sales of property, plant, and equipment, and intangibles	54.6	4.3
Miscellaneous other income	8.7	36.3
Other operating income	**63.4**	**40.6**

Fiscal 2015

The *Gain on sales of property, plant, and equipment, and intangibles* primarily includes the income from the sale of the OSRAM Licht Group's former headquarters in Munich.

Fiscal 2014

Other operating income primarily included income from the settlement of legal proceedings and the corresponding reversal of provisions and liabilities, > Note 28 | Legal Proceedings, which was recognized in the *Miscellaneous other income* line item. Page 155 ff.

7 | Other Operating Expense

Other Operating Expense

in € million	Fiscal year 2015	2014
Losses on sales and disposals of property, plant, and equipment, and intangibles	(7.6)	(9.9)
Miscellaneous other expense	(0.3)	(43.3)
Other operating expense	**(7.8)**	**(53.2)**

Fiscal 2015

Losses on sales and disposals of property, plant, and equipment, and intangibles relate to the "Push" global transformation program, among other things.

Fiscal 2014

The Miscellaneous other expense line item primarily included expenses for legal proceedings, > Note 28 | Legal Proceedings. *Losses on sales and disposals of property, plant, and equipment, and intangibles* related primarily to the "Push" global transformation program. Page 155ff.

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 2015	2014
Share of profit (loss), net	3.3	3.7
Reversals of impairments/impairments, net	0.0	0.2
Gains (losses) on sales, net	2.1	32.0
Income (loss) from investments accounted for using the equity method, net	**5.4**	**35.9**

Fiscal 2015

In fiscal 2015 and 2014, the *Share of profit (loss), net* mainly comprised income from the investment in FELCO. In the OSRAM Licht Group's statement of financial position as of September 30, 2015, the interest in FELCO was presented as held for sale, > Note 4 | Acquisitions and Disposals and the recognition of the share of the profit or loss discontinued. Page 132

Fiscal 2014

In 2014, *Income (loss) from investments accounted for using the equity method, net* mainly comprised a gain of €32.0 million on the sale of the 50% equity interest in the joint venture Valeo Sylvania LLC, Seymour/U.S.A. and the loans extended by OSRAM to Valeo Sylvania LLC, Seymour/U.S.A., which formed part of the net investment. The sale closed on January 21, 2014 ("Closing").

9 | Interest Income, Interest Expense, and Other Financial Income (Expense), Net

The *Interest income* line item includes interest income from financial assets measured at amortized cost of €2.8 million (previous year: €3.0 million), including interest income from short-term deposits at banks, and net pension-related interest income of €0.2 million (previous year: €0.1 million).

The components of *Interest expense* were as follows:

Interest Expense

	Fiscal year	
in € million	2015	2014
Interest expense, other than pension-related	(13.3)	(20.7)
Pension-related interest expense, net	(16.3)	(20.1)
Interest expense	**(29.6)**	**(40.8)**

Interest expense, other than pension-related includes interest expense for financial liabilities measured at amortized cost, mainly for debt, including the interest expense from the amortization of transaction costs calculated using the effective interest method for the syndicated loan facility repaid in full in fiscal 2015 and commitment fees for the revolving credit facility that was not drawn down.

Pension-related interest expense, net includes interest income and expense from the uniform interest rate applied to pension obligations and plan assets. For further information on the Pension-related interest expense, net line item relating to OSRAM's pension and other post-employment benefits, > Note 24 | Pension Plans and Similar Commitments. Page 146 ff.

The *Other financial income (expense), net* line item includes the effects of the remeasurement of certain monetary assets and liabilities at their respective closing exchange rates. In fiscal 2015, it also contained an impairment loss on an "other equity investment" classified as an available-for-sale financial asset.

10 | Income Taxes

Income Taxes

	Fiscal year	
in € million	2015	2014
Current tax (expense) benefit, net	(59.8)	(76.6)
Deferred tax (expense) benefit, net	(7.8)	(9.5)
Income tax (expense) benefit, net	**(67.6)**	**(86.1)**

Current tax (expense) benefit, net in fiscal 2015 includes tax benefits of €9.9 million (2014: tax benefits of €9.7 million) for prior fiscal years.

Deferred tax (expense) benefit, net in fiscal 2015 comprises deferred tax expense of €8.9 million (2014: tax benefits of €9.0 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 of 5.5% thereon. 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 2015, 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 are 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 Actual Income Tax Expense

in € million	Fiscal year 2015	2014
Expected income tax expense	**(72.6)**	**(84.9)**
Increase/decrease in income taxes resulting from:		
Non-deductible losses and expenses	(22.8)	(20.2)
Tax-free income	7.1	2.0
Taxes for prior years	11.0	6.6
Change in realizability of deferred tax assets and tax credits	8.6	11.1
Foreign tax rate differential	11.4	6.4
Change in tax rates	(1.7)	(0.1)
Other, net	(8.7)	(7.0)
Actual income tax (expense) benefit	**(67.6)**	**(86.1)**

In fiscal 2015 and 2014, *Other, net* primarily comprised nondeductible withholding taxes on intragroup 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, 2015	2014
Assets		
Financial assets	1.2	4.7
Other intangible assets	3.2	3.9
Property, plant, and equipment	37.1	32.7
Inventories	47.6	40.8
Receivables	15.5	20.3
Pension plans and similar commitments	199.4	186.6
Provisions	70.5	57.4
Liabilities	68.1	67.1
Tax loss and credit carryforwards	88.3	89.7
Other	0.4	1.5
Deferred tax assets	**531.2**	**504.7**
Liabilities		
Financial assets	(6.5)	(1.1)
Other intangible assets	(21.4)	(10.1)
Property, plant, and equipment	(25.8)	(23.8)
Inventories	(0.5)	(0.6)
Receivables	(12.2)	(19.8)
Pension plans and similar commitments	(4.9)	(5.3)
Provisions	(2.6)	(0.7)
Liabilities	(4.4)	(3.3)
Other	(12.1)	(15.9)
Deferred tax liabilities	**(90.4)**	**(80.6)**
Total deferred tax asset (liability), net	**440.8**	**424.1**

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.

In this context, deferred tax assets of €30.5 million (September 30, 2014: €373.2 million) were recognized for entities that generated a loss in the current period or in the prior period. The deferred taxes mainly relate to tax loss carryforwards.

Tax loss carryforwards amounted to €370.7 million as of September 30, 2015 (September 30, 2014: €381.2 million). In fiscal 2015, OSRAM GmbH recognized deferred tax assets of €46.8 million (September 30, 2014: €45.6 million) in respect of tax loss carryforwards. OSRAM assumes that there will be sufficient positive taxable income available from future business activities to realize these 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

	September 30,	
in € million	2015	2014
Deductible temporary differences	30.8	29.6
Tax loss carryforwards	131.9	110.6

Of the tax loss carryforwards for which no deferred tax assets were recognized as of September 30, 2015, €0.0 million (September 30, 2014: €2.6 million) will expire in the period up to 2022. The total amount of tax credits for which no deferred tax assets were recognized declined by €2.4 million to €40.2 million in the reporting period.

Companies in the OSRAM Licht Group have 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 tax liabilities if either these 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, 2015, no deferred tax liabilities were recognized for subsidiaries' accumulated earnings of €706.1 million (September 30, 2014: €663.2 million), as these profits are to be reinvested for an indefinite period.

Including items recognized directly in equity, income tax (expense) benefit can be broken down as follows:

Income Tax (Expense) Benefit

	Fiscal year	
in € million	2015	2014
Income tax expense	(67.6)	(86.1)
(Expense) benefit recognized directly in equity	14.0	27.8

C.6.5 Disclosures on the Statement of Financial Position (Assets)

11 | Trade Receivables

Trade Receivables

in € million	September 30, 2015	2014
Trade receivables before valuation allowance	923.7	885.1
Valuation allowance	(26.1)	(27.6)
Trade receivables after valuation allowance	**897.7**	**857.5**

The *Valuation allowances* on the OSRAM Licht Group's trade receivables changed as follows:

Valuation Allowance

in € million	September 30, 2015	2014
Valuation allowance as of beginning of fiscal year	**(27.6)**	**(25.8)**
Change in valuation allowances recorded in the income statement in the current period	3.3	(2.7)
Write-offs charged against the allowance	0.1	1.6
Foreign exchange translation differences	(0.4)	(0.7)
Changes to the group of consolidated companies and other changes	(1.5)	–
Valuation allowance as of fiscal year end	**(26.1)**	**(27.6)**

An analysis of the age of the trade receivables past due but not impaired is given below. This does not include collateralized receivables or collateralized partial amounts.

Aging Analysis of Receivables that are past due but not impaired

in € million	September 30, 2015	2014
1 to 30 days	7.0	5.3
30 to 60 days	1.9	2.4
60 to 90 days	1.1	1.3
more than 90 days	1.9	2.5
Total	**11.9**	**11.5**

12 | Other Current Financial Assets

Other Current Financial Assets

in € million	September 30, 2015	2014
Derivative financial instruments	13.2	11.5
Debit balances of trade accounts payable	5.4	5.4
Receivables from employees	2.0	2.4
Other	49.9	45.6
Other current financial assets	**70.5**	**64.9**

Among other things, the *Other* line item includes financial receivables not resulting from the sale of goods or services and other financial assets such as amounts collected for obligations to dispose of waste, finance bills, and security deposits. It also includes receivables related to the settlement of patent infringement disputes.

Information on *Derivative financial instruments* can be found in > Note 31 | Financial Instruments. Page 160ff.

13 | Inventories

Inventories

in € million	September 30, 2015	2014
Raw materials and supplies	205.2	222.9
Work in process	204.6	249.0
Finished goods and merchandise	579.5	683.3
Advances to suppliers	1.2	1.1
Advance payments received	(3.7)	(4.2)
Inventories	**986.8**	**1.152.1**

Raw materials and supplies, *Work in process*, and *Finished goods and merchandise* are measured at the lower of cost and net realizable value. The € 103.8 million decrease in finished goods and merchandise is due in particular to adjustments to traditional lighting inventories in line with the current production and market situation.

Valuation allowances declined by a total of € 1.1 million in fiscal 2015 to € 137.2 million (fiscal 2014: decline of € 2.9 million).

The cost of inventories sold during the fiscal year represents the major part of the Cost of goods sold and services rendered item.

14 | Other Current Assets

Other Current Assets

in € million	September 30, 2015	2014
Miscellaneous tax receivables	61.0	64.5
Prepaid expenses	15.7	11.1
Other	16.1	15.7
Other current assets	**92.8**	**91.3**

As of September 30, 2015, *Prepaid expenses* include the current portion of the transaction costs from the revolving credit facility entered into in fiscal 2013 and from the amendment to the agreement in fiscal 2015 in the amount of € 1.7 million (previous year: € 3.5 million) > also Note 20 | Other Assets. Page 144

In fiscal 2015, the *Other* line item comprises advance payments. In fiscal 2014 included receivables due from the Federal Ministry of Education and Research in Bonn, Germany, (“BMBF”) for research and project development activities.

15 | Goodwill

On October 13, 2014, OSRAM acquired a 100 % interest in Clay Paky, Seriate (Bergamo), Italy ("Clay Paky"). The transaction resulted in goodwill of € 34.6 million, which was allocated to the Specialty Lighting (SP) Business Unit > Note 4 | Acquisitions and Disposals.

Page 132.

The business activities of the Classic Lamps & Ballasts ("CLB") und LED Lamps & Systems ("LLS") Business Units were reorganized effective July 1, 2015: The traditional lamps business and the LED lamps of the CLB and LLS segments are being allocated to the new Lamps ("LP") segment. Business activities with traditional ballasts and with LED modules, drivers, and light management systems are being allocated to the new Digital Systems ("DS") Business Unit > Note 36 | Segment Information. The goodwill previously presented and monitored for internal management purposes in the LLS Business Unit arose from the acquisition of Encelium Holdings Inc., Teaneck, U.S.A., and relates to the latter's activities and assets. Since these activities and assets are being transferred to DS as part of the reorganization, the goodwill will be monitored for internal management purposes at the level of the DS Business Unit.

Page 169 ff.

Goodwill changed as follows:

Goodwill

in € million	2015	2014
Cost		
Balance at the beginning of the year	**262.8**	**257.2**
Translation differences and others	9.7	5.6
Acquisitions and measurement period adjustments	34.6	–
Divestment and reclassifications to assets held for disposal	–	–
Balance at the end of the year	**307.1**	**262.8**
Accumulated impairment losses and other changes		
Balance at the beginning of the year	**(225.1)**	**(222.1)**
Translation differences and others[1]	(5.1)	(3.0)
Impairment charges during the period	–	–
Divestment and reclassifications to assets held for disposal	–	–
Balance at the end of the year	**(230.2)**	**(225.1)**
Net book value		
Balance at the beginning of the year	**37.7**	**35.1**
Balance at the end of the year	**76.9**	**37.7**

[1] This amount includes currency translation differences relating to goodwill impairment in fiscal 2012.

Goodwill

in € million	**Net book value as of October 1, 2014**	Translation differences and other	Acquisitions and measurement period adjustments	**Net book value as of September 30, 2015**
Digital Systems	–	38.0	–	38.0
LED Lamps & Systems	33.9	(33.9)	–	–
Specialty Lighting	3.8	0.5	34.6	38.9
OSRAM	**37.7**	**4.6**	**34.6**	**76.9**

	Net book value as of October 1, 2013	Translation differences and other	Acquisitions and measurement period adjustments	**Net book value as of September 30, 2014**
LED Lamps & Systems	–	33.9	–	33.9
Light Engines & Controls	31.5	(31.5)	–	–
Specialty Lighting	3.6	0.2	–	3.8
OSRAM	**35.1**	**2.6**	**–**	**37.7**

The annual impairment test in both fiscal 2015 and the comparative period was based on the current business plans at that time. The recoverable amount of the cash-generating units was determined on the basis of their fair value less costs of disposal (Level 3). 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.

Fiscal 2015

A growth rate of 2.5% and post-tax discount rates of between 7.0% and 7.4% were assumed in the annual impairment test in fiscal 2015. The impairment tests performed confirmed the recoverability of the carrying amounts of all goodwill items.

Fiscal 2014

A growth rate of 2.4% and post-tax discount rates of between 7.4% and 7.5% were assumed in the annual impairment test in fiscal 2014. The impairment tests performed confirmed the recoverability of the carrying amounts of all goodwill items.

16 | Other Intangible Assets

Other Intangible Assets

in € million	**Gross carrying amount as of October 1, 2014**	Translation differences	Additions through business combinations	Additions	Retirements	**Gross carrying amount as of September 30, 2015**	Accumulated amortization and impairment	**Net book value as of September 30, 2015**	Amortization and impairment during fiscal 2015
Capitalized software development costs	107.5	1.9	0.5	0.1	(0.4)	109.6	(108.7)	0.9	(1.8)
Capitalized development costs for other projects	51.3	1.3	0.0	13.1	(2.1)	63.7	(44.1)	19.6	(2.9)
Patents, licenses and other rights	397.7	25.5	36.5	5.7	(0.9)	464.5	(352.4)	112.1	(25.8)
Other intangible assets	**556.5**	**28.7**	**37.0**	**18.9**	**(3.4)**	**637.8**	**(505.3)**	**132.6**	**(30.5)**
	Gross carrying amount as of October 1, 2013	Translation differences	Additions through business combinations	Additions	Additions	**Gross carrying amount as of September 30, 2014**	Accumulated amortization and impairment	**Net book value as of September 30, 2014**	Amortization and impairment during fiscal 2014
Capitalized software development costs	106.0	1.1	–	0.4	0.0	107.5	(105.5)	2.0	(2.4)
Capitalized development costs for other projects	47.5	1.4	–	2.4	0.0	51.3	(42.2)	9.1	(5.4)
Patents, licenses and other rights	384.4	13.4	–	8.8	(8.8)	397.7	(303.3)	94.4	(18.5)
Other intangible assets	**537.9**	**15.8**	**–**	**11.6**	**(8.8)**	**556.5**	**(451.0)**	**105.5**	**(26.3)**

As of September 30, 2015, intangible assets primarily comprised rights from a cross-licensing agreement with Koninklijke Philips Electronics N.V., Eindhoven, the Netherlands, ("Philips") of €27.9 million (September 30, 2014: €31.0 million) and the identified intangible assets within the business combination of Clay Paky in the amount of €37.0 million > Note 4 | Acquisitions and Disposals. The rights from the licensing agreement were recognized as of September 30, 2008, with an assumed useful life of 16 years. Page 132

Amortization charges on intangible assets are recognized 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.

There were no significant obligations to purchase other intangible assets as of September 30, 2015, or 2014.

17 | Property, Plant, and Equipment

Property, Plant, and Equipment

in € million	Gross carrying amount as of October 1, 2014	Translation differences	Additions through business combi-nations	Additions	Reclassifi-cations	Retirement	Gross carrying amount as of Septem-ber 30, 2015	Accumulated depreciation and impairment	Net book value as of September 30, 2015	Depreciation and impairment during fiscal 2015
Land and buildings	640.3	4.0	7.1	4.3	10.6	(18.8)	647.5	(363.5)	284.0	(19.9)
Technical machinery and equipment	3,356.5	4.7	0.2	75.8	85.5	(140.3)	3,382.4	(2,801.1)	581.3	(190.3)
Furniture and office equipment	652.2	(9.3)	0.9	23.0	26.7	(38.0)	655.5	(543.6)	111.9	(52.0)
Advances to suppliers and construction in progress	113.7	(0.1)	0.0	151.1	(122.8)	(3.2)	138.7	(0.8)	137.9	(0.7)
Property, plant, and equipment	**4,762.7**	**(0.7)**	**8.1**	**254.2**	**–**	**(200.3)**	**4,824.1**	**(3,709.0)**	**1,115.0**	**(262.9)**

	Gross carrying amount as of October 1, 2013	Translation differences	Additions through business combi-nations	Additions	Reclassifi-cations	Retirement	Gross carrying amount as of Septem-ber 30, 2014	Accumulated depreciation and impairment	Net book value as of September 30, 2014	Depreciation and impairment during fiscal 2015
Land and buildings	625.3	10.2	–	1.8	17.3	(14.3)	640.3	(355.1)	285.2	(19.4)
Technical machinery and equipment	3,268.5	77.5	–	75.3	75.6	(140.4)	3,356.5	(2,728.9)	627.6	(175.0)
Furniture and office equipment	618.0	11.9	–	26.8	26.9	(31.4)	652.2	(536.4)	115.8	(46.4)
Advances to suppliers and construction in progress	100.7	3.2	–	130.1	(119.8)	(0.5)	113.7	(5.2)	108.5	(5.0)
Property, plant, and equipment	**4,612.5**	**102.8**	**–**	**234.0**	**–**	**(186.6)**	**4,762.7**	**(3,625.6)**	**1,137.1**	**(245.8)**

Fiscal 2015

Additions due to business combinations comprise the assets purchased as part of the Clay Paky acquisition > Note 4 | Acquisitions and Disposals. Page 132

Certain items of property, plant, and equipment related to the production of traditional products and allocated to the Lamps segment were written down for impairment in the amount of €6.2 million in fiscal 2015 due to triggering events. The recoverable amount of this cash generating unit was €25.6 million. The main triggering event for the impairment loss 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 LED products.

A production line also allocated to the Lamps Segment and used to manufacture LED lamps for the European market was written down for impairment. The main triggering events for the impairment loss were significantly stronger price pressures and higher material costs than originally assumed. The negative recoverable amount led to an impairment loss of €7.4 million > B.2.3.7 Reconciliation to the Consolidated Financial Statements. Page 60

The impairment losses were based on the fair value less costs of disposal (Level 3), 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 7.2%. The impairment expense is recognized in *Cost of goods sold and services rendered*.

Of the retirements of land and buildings, €2.6 million related to the reclassification of the property at the Manchester site in the U.S.A. to “assets held for sale” in accordance with IFRS 5. Of the retirements of land and buildings in the prior-year period, €2.9 million related to the reclassification of the property at the OSRAM Licht Group’s former headquarters in Munich to “assets held for sale” in accordance with IFRS 5.

As of September 30, 2015, contractual obligations to purchase property, plant, and equipment amounted to €78.5 million (September 30, 2014: €87.4 million).

Government grants received in fiscal 2015 for the purchase or production of property, plant, and equipment amounted to €0.2 million (2014: €0.3 million). As a rule, government grants reduce the items' cost. Further government grants awarded amounted to €18.4 million in fiscal 2015 (2014: €11.8 million). These related to incurred and future costs and were recognized as a reduction in expenses within *Research and development expenses*. Of these, government grants of €5.1 million (2014: €5.7 million) were awarded in fiscal 2015 to OSRAM Opto Semiconductors GmbH, Regensburg, Germany, ("OSRAM OS") for research projects in the field of LEDs and government grants of €5.7 million (2014: €4.4 million) awarded to OSRAM OLED GmbH, Regensburg, Germany, for research projects in the field of organic light emitting diodes ("OLEDs"). Additionally in fiscal 2015 and 2014, real estate required for production was made available to OSRAM by public authorities free of charge.

Depreciation charges, impairment losses, and reversals of impairment losses on property, plant, and equipment were recognized 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.

Fiscal 2014

Certain items of property, plant, and equipment related to the production of traditional products and allocated to the former CLB segment were written down for impairment in the amount of €11.7 million in fiscal 2014 due to triggering events. The recoverable amount of this cash generating unit was €36.8 million. The main triggering event for the impairment loss was a reassessment of the strategic business outlook for these product groups and related to the trend in the lighting market away from traditional light sources and towards LED products. The impairment loss was based on the fair value less costs to sell (Level 3), 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 6.9%. The impairment expense was recognized in Cost of goods sold and services rendered.

18 | Investments Accounted for Using the Equity Method

As of September 30, 2015 and 2014, OSRAM held a significant investment in an associate, Foshan Electrical and Lighting Co., Ltd., Foshan, China (FELCO). A 13.47% interest was held at both reporting dates. OSRAM has significant influence due to the composition of the Board of Directors.

In the OSRAM Licht Group's statement of financial position as of September 30, 2015, the interest in FELCO was presented as held for sale › Note 4 | Acquisitions and Disposals. It ceased to be accounted for using the equity method at the end of the fiscal year. Summary information relating to the statement of income of FELCO for 2014 is presented below, without adjustment to the percentage of ownership held by OSRAM. Page 132

Information on the Statement of Income for FELCO

in € million	Fiscal year 2014
Revenue[1]	361.6
Net income[1]	36.2

[1] Twelve-month statement of income data.

The following table contains the latest available information relating to the statement of financial position of FELCO for 2014 without adjustment to the percentage of ownership held by OSRAM.

Information on the Statement of Financial Position for FELCO

in € million	September 30, 2014
Total assets	475.4
Total liabilities and provisions	91.1

FELCO is listed on the Shenzen Stock Exchange in China. The OSRAM Licht Group held 131,815,685 shares as of September 30, 2014. The fair value (Level 1) of the investment in FELCO was €204.6 million as of September 30, 2014.

19 | Other Financial Assets

Other Financial Assets

	September 30,	
in € million	2015	2014
Receivables	3.9	7.3
Available-for-sale financial assets	0.7	1.4
Receivables from employees	0.0	0.1
Other	0.0	3.5
Other financial assets	**4.7**	**12.3**

As of September 30, 2015, and 2014, the *Receivables* line item related primarily to a noncurrent receivable in connection with the settlement of patent infringement disputes.

20 | Other Assets

Other Assets

	September 30,	
in € million	2015	2014
Prepaid assets	16.2	17.0
Deferred compensation assets	7.1	6.9
Chinese land usage	7.6	7.3
Other	23.0	31.5
Other assets	**53.9**	**62.7**

As of September 30, 2015, Prepaid assets include the noncurrent portion of the transaction costs from the revolving credit facility entered into in fiscal 2013 and from the amendment to the agreement in fiscal 2015 in the amount of €9.0 million (September 30, 2014: €8.1 million), which are amortized over the term of the loan agreement > also Note 23 | Debt. Page 145 f.

Prepaid pension asset of €2.8 million (September 30, 2014: €3.7 million) were also included. *Deferred compensation assets* related to a deferred compensation plan in the U.S.A. The *Other* line item primarily included advance payments made.

C.6.6 Disclosures on the Statement of Financial Position (Liabilities and Equity)

21 | Other Current Financial Liabilities

Other Current Financial Liabilities

in € million	September 30, 2015	2014
Derivative financial instruments	20.7	14.6
Credit balances on trade accounts receivable	5.2	7.7
Accrued liabilities	6.6	7.0
Other	18.5	17.0
Other Current Financial Liabilities	**51.0**	**46.3**

Information on *Derivative financial instruments* can be found in > Note 31 | Financial Instruments. Page 160ff.

22 | Other Current Liabilities

Other Current Liabilities

in € million	September 30, 2015	2014
Employee-related accruals	173.8	127.0
Payroll obligations and social security taxes	139.0	143.0
Bonus obligations	97.4	86.0
Sales and other taxes	48.1	49.3
Other	67.7	60.9
Other Current Liabilities	**526.0**	**466.2**

Employee-related accruals primarily include vacation pay, severance payment obligations in connection with personnel reduction or early retirement plans, overtime, and service anniversary awards. The increase in employee-related accruals is due in particular to personnel-related restructuring measures in connection with the second phase of Push, the enterprise-wide improvement program > also Note 5 | Personnel-related Restructuring Expenses. Page 133

23 | Debt

Debt

in € million	September 30, 2015	2014
Short-term (within 1 year)		
Loans from banks	37.4	43.6
Short-term debt and current maturities of long-term debt	**37.4**	**43.6**
Long-term (between 1 and 5 years)		
Syndicated loans from banks	–	138.2
Loan from the European Investment Bank	49.8	–
Long-term debt	**49.8**	**138.2**
Debt	**87.2**	**181.8**

In fiscal 2015, a loan agreement was entered into with the European Investment Bank. One €50.0 million variable-rate tranche of this loan had been drawn down as of September 30, 2015. The interest rate, which is based on EURIBOR plus a credit margin, was 0.499% p.a. as of September 30, 2015. This tranche will be repaid according to the scheduled redemption between the end of the second year of the loan's term and its maturity at the end of 2022. In addition, undrawn credit lines with a total amount of € 150.0 million were available under this loan agreement as of September 30, 2015. The clause in the 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 may not exceed 2.5 : 1, was met in full.

The difference of € 49.8 million between the amount drawn down and the carrying amount recognized as long-term debt in the statement of financial position is due to transaction costs not yet amortized using the effective interest method.

In addition, OSRAM has access to a variable-rate revolving credit line of € 950 million (September 30, 2014: € 950 million), which may also be drawn down in U.S. dollars or, with the approval of the banks, in other currencies. Contractual changes to the revolving credit line were agreed in February 2015, under which the terms and conditions for OSRAM improved and the original maturity (February 1, 2018) was extended until February 16, 2020. In addition, after the first two years OSRAM has the option to extend the maturity for a further year in each case. The revolving credit facility had not been drawn down as of the end of the reporting period. The clause in the 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 may not exceed 2.5 : 1, was met in full.

The € 140.0 million syndicated term loan outstanding as of September 30, 2014, was fully repaid in the first quarter of fiscal 2015. In this context, the unamortized portion of the transaction costs in the amount of € 1.7 million was recognized as interest expense using the effective interest method. In line with the terms of the agreement, the loan amount cannot be drawn down again.

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.

24 | Pension Plans and Similar Commitments

Post-employment benefits provided by OSRAM during the reporting period are organized through defined benefit plans and defined contribution plans based on contractual or legal regulations 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, and other factors, the Company implemented new benefit plans in some of its major countries during the last several years. Defined contribution plans were introduced in the U.S.A. and in the UK, while a cash balance plan was introduced in Germany. The majority of OSRAM's defined benefit plans are funded with assets in segregated entities.

Defined Benefit Plans

The principal pension/other post-employment benefit plans are located in Germany and the U.S.A. The characteristics and the associated risks are outlined below.

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 to a much smaller extent than the earlier defined benefit plans.

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 administers the plan assets and is responsible for ensuring they are invested in line with the trust agreement with the Company. Furthermore, a deferred compensation plan is offered to employees.

U.S.A.

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, and 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 under the Employee Retirement Income Security Act ("ERISA"). Based on this legislation, a funding valuation is determined yearly. This 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. As the sponsoring employer, OSRAM SYLVANIA Inc. has set up an investment committee comprising members of the senior management of OSRAM SYLVANIA Inc. to make investment decisions.

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.

Defined Contribution Plans and State Plans

The defined contribution plans are organized such that the Company pays contributions to public or private entities based on statutory or contractual provisions or on a voluntary basis without assuming any obligation to provide further benefits to employees. The amounts recognized as an expense for defined contribution plans amounted to € 19.8 million and € 18.3 million, respectively, in fiscal 2015 and 2014. The amounts recognized as an expense for contributions to state plans amounted to € 123.4 million and € 118.7 million, respectively, in fiscal 2015 and 2014.

Actuarial Assumptions

The amount of the obligation arising from defined benefit plans is generally determined as of the end of the fiscal year on the basis of reports prepared by external, independent actuaries. The actuarial measurement of defined benefit obligation (DBO) is based on demographic and financial assumptions. Significant assumptions include mortality rates, pension trends, and trends in healthcare costs. Here, the Company makes its best estimate bearing in mind the economic environment in the country in question and existing expectations.

Another significant assumption is the discount rate. The discount rates used are determined by reference to yields on high-quality fixed-rate corporate bonds at the end of the reporting period.

In countries where there is no deep market in such corporate bonds, market yields on government bonds are used.

Significant financial and demographic assumptions were as follows in the reporting period:

Assumptions for the Calculations of the DBO

	September 30,	
	2015	2014
Discount rate	**3.62%**	**3.60%**
Germany	2.50%	2.60%
U.S.A.	4.40%	4.30%
Mortality tables		
Germany	Richttafeln Heubeck 2005G	Richttafeln Heubeck 2005G
U.S.A.	RP-2014 with Scale MP-2015	RP-2014 with Scale MP-2014

In Germany, a pension progression rate of 1.75% was applied for the frozen legacy defined benefit plans as of September 30, 2015, and 2014.

The defined benefit obligation is also affected by assumed future inflation rates. The effect of the inflation rates is included in the assumptions above.

The discount rate is weighted using the amount of the obligation at fiscal year-end and including all pension and other post-employment benefit plans.

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 current service cost as well as interest income and interest expense in the following fiscal year. Therefore, the interest income and interest expense for the fiscal year will be based on the discount rate as of the period-end of the preceding fiscal year multiplied by the fair value of the plan assets and the defined benefit obligation as of the period-end of the preceding fiscal year, respectively. The fair value and thus the interest income on plan assets, the defined benefit obligation and the interest expense are adjusted for significant events after the fiscal year-end, such as supplemental funding, plan amendments, or business combinations and disposals.

Sensitivity Analysis

The following sensitivity analysis shows the effects of a change in significant actuarial assumptions on the amount of the defined benefit obligation as of September 30, 2015.

Sensitivity analysis

	Effect on DBO as of September 30, 2015, due to	
in € million	50-basis-points increase	50-basis-points decrease
Discount rate	(128.3)	143.6
Rate of pension progression	39.8	(34.8)

A 10% decrease in the mortality rate for each age would result in an increase in the DBO of €53.4 million.

Increases and decreases in the discount rate and the rate of pension progression used to determine the DBO do not have a symmetrical effect on the DBO primarily due to the compound interest effect arising when the net present value of the future benefit is determined. This includes 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, if more than one of the assumptions are changed simultaneously, the cumulative impact is not necessarily the same as the total of the individual changes.

As of September 30, 2015, pension and other post-employment benefit plans in the U.S.A. were measured on the basis of the updated generational mortality tables ("RP2014 Combined Healthy Generational Mortality Table Projected using Scale MP2015") dated October 2015. The effect of applying those mortality tables amounts to €12.1 million and increases the actuarial gains of those plans in Other comprehensive income.

Expected Benefit Payments

in € million	
2016	107.9
2017	108.6
2018	110.6
2019	112.0
2020	113.0
2021 to 2025	595.7

The weighted average duration of the DBO for the OSRAM defined benefit plans was 13.1 years.

Funding Policy and Investment Strategy

The funding policy for the funded defined benefit plans is an integral part of OSRAM's financial management, and 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 at the individual plan level.

We intend to reduce the volatility of the funded status through liability-driven investing (LDI).

Risk budgets are used as the basis for determining our investment strategy at the individual plan level, i.e., for the strategic asset allocation of key plan assets and the level of appropriate limits for interest rate and credit spread risk hedging.

The investment strategy, the hedging rules, and changes in the funded status are regularly reviewed with the participation of senior external experts of the international asset management industry to permit an integral view on plan assets and defined benefit obligations. We review the asset allocation of each plan in light of the duration of the related defined benefit obligation and analyze trends and events that may affect asset values in order to initiate appropriate measures at a very early stage.

Our asset manager selection process is based on our quantitative and qualitative analysis. We continuously monitor the performance of each asset manager mandate and the risk it entails, both individually and in a more general portfolio context.

Our investment strategy to reduce risk, as part of an integrated risk management approach for assets and liabilities, is mainly based on investments in physical securities. Additionally, derivatives are used either to reduce the fluctuations in the value of plan assets or to reduce funded status volatility. OTC derivatives are collateralized on a daily basis to mitigate counterparty risk.

In addition to the special contributions of €58 million made in fiscal 2015, we will allocate the employer contributions of approximately €250 million expected in fiscal 2016 to further finance our global funded pension plans. These will be funded by income resulting from the planned disposal of our investment in Foshan Electrical and Lighting Co. Ltd., Foshan, China ("FELCO").

Notes on the Items Presented in the Consolidated Financial Statements

The consolidated statement of financial position and the consolidated statement of changes in equity contain the following items related to pension and other post-employment benefit plans as of September 30, 2015, and 2014: The funded status of these plans and the reconciliation of the funded status to the carrying amounts contained in the related statement of financial position items were as follows for fiscal 2015 and 2014:

Net Amount Recognized: Pension Plans and Similar Commitments

	September 30,	
in € million	2015	2014
DBO	2,149.6	2,022.5
Fair value of plan assets	1,688.9	1,581.8
Funded status	**(460.7)**	**(440.7)**
Pension plan obligation	(361.0)	(345.5)
Obligations for similar commitments	(99.7)	(95.2)
Germany	*(144.7)*	*(133.1)*
U.S.A.	*(279.7)*	*(274.9)*
Other countries	*(36.3)*	*(32.7)*
Net amount recognized	**(460.7)**	**(440.7)**
Amounts recognized in the consolidated statement of financial position consist of		
Prepaid pension asset	2.8	3.7
Pension liability	463.5	444.4
Pension plans	363.8	349.2
Similar commitments	99.7	95.2
Actuarial (losses) gains	(350.7)	(310.7)
Income tax effect	130.0	113.2
Net amount recognized in the consolidated statement of changes in equity, net of tax	**(220.7)**	**(197.5)**

The € 20.0 million deterioration in the funded status as of September 30, 2015, is mainly the result of exchange rate effects in the U.S.A. and the loss on plan assets excluding amounts included in net interest. The deterioration was partly offset by the allocation of an additional € 58.0 million to fund plan assets and the application of updated mortality tables in the U.S.A.

The Canadian pension plan reported a prepaid pension asset of € 2.6 million as of September 30, 2015 (September 30, 2014: € 3.4 million).

The following table shows the expenses recognized in connection with the pension and other post-employment benefit plans presented in the consolidated statement of income and consolidated statement of comprehensive income:

Defined Benefit Cost

in € million	Fiscal year 2015	2014
Current service cost	34.5	33.0
Past service cost /(income)	0.0	7.2
Settlement loss/(gain)	0.0	(8.1)
Net interest income	(0.2)	(0.1)
Net interest cost	16.3	20.1
Liability administration cost	1.0	2.8
Defined benefit cost recognized in consolidated statement of income	**51.8**	**54.9**
Germany	24.2	26.9
U.S.A.	22.3	22.8
Other countries	5.2	5.2
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	(65.5)	141.1
Actuarial (gains) and losses arising from changes in demographic assumptions	(14.0)	50.0
Actuarial (gains) and losses arising from changes in financial assumptions	(7.5)	136.3
Actuarial (gains) and losses arising from experience adjustments	(3.9)	10.8
Remeasurements of the net defined benefit liability (asset) recognized in consolidated statements of other comprehensive income	**40.0**	**56.0**
Germany	18.7	(26.9)
U.S.A.	18.7	82.0
Other countries	2.6	0.9
Defined benefit cost	**91.8**	**110.9**

The current service cost, past service cost, settlement (gains) and losses, and liability administration cost are allocated to the function costs (the *Cost of goods sold and services rendered*, *Research and development expenses*, *Marketing, selling, and general administrative expenses* line items) in line with the functional area of the respective profit and cost centers.

The actuarial gains from changes in demographic assumptions of € 14.0 million in fiscal 2015 mainly result from the application of the updated mortality tables in the U.S.A.

In fiscal 2014, past service cost arose in connection with plant closures and the settlement of pension benefits for former employees in the U.S.A. and primarily affected cost of goods sold and services rendered.

The actuarial losses from changes in demographic assumptions of € 50.0 million in fiscal 2014 mainly result from the application of the mortality tables published in the U.S.A. in October 2014. The actuarial losses from changes in financial assumptions of € 136.3 million mainly result from the reduction in the discount rates in Germany and the U.S.A. as of September 30, 2014.

Reconciliation for Defined Benefit Obligation (DBO) and Plan Assets

A detailed reconciliation for the changes in the defined benefit obligation for fiscal 2015 and 2014 is provided in the following table:

Change in DBO

in € million	2015	2014
DBO at beginning of fiscal year	**2,022.5**	**1,796.3**
Current service cost	34.5	33.0
Past service cost/(income)	0.0	7.2
Settlements	0.0	(74.1)
Interest cost	75.6	78.7
Remeasurements:		
Actuarial (gains) losses arising from changes in demographic assumptions	(14.0)	50.0
Actuarial (gains) losses arising from changes in financial assumptions	(7.6)	136.3
Actuarial (gains) losses arising from experience adjustments	(3.9)	10.8
Plan participants' contributions	7.1	6.5
Benefits paid	(110.7)	(92.9)
Acquisitions	0.7	0.1
Divestments	–	(0.1)
Foreign currency translation effects	145.5	70.7
DBO at end of year	**2,149.6**	**2,022.5**
Germany	775.8	755.2
U.S.A.	1,247.7	1,142.3
Other countries	126.1	125.0

The total defined benefit obligation at the end of fiscal 2015 includes € 742.5 million for active employees, € 210.8 million for former employees with vested benefits, and € 1,196.3 million for retirees and surviving dependents.

The total defined benefit obligation at the end of fiscal 2014 includes € 738.4 million for active employees, € 184.3 million for former employees with vested benefits, and € 1,099.8 million for retirees and surviving dependents.

A detailed reconciliation of the changes in the fair value of plan assets for fiscal 2015 and 2014 is provided in the following table:

Change in Plan Assets

in € million	2015	2014
Fair value of plan assets at beginning of year	**1,581.8**	**1,441.0**
Interest income	59.4	58.7
Remeasurement:		
Return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	(65.5)	141.1
Employer contributions	98.5	23.9
Plan participants' contributions	3.0	3.0
Benefits paid	(94.8)	(73.5)
Settlements	–	(66.0)
Acquisitions	–	0.1
Liability administration cost	(1.0)	(2.8)
Foreign currency translation effects	107.7	56.3
Fair value of plan assets at end of year	**1,688.9**	**1,581.8**
Germany	631.2	622.1
U.S.A.	968.0	867.4
Other countries	89.8	92.3

The employer contributions to the funded pension plans amounted to €98.5 million in fiscal 2015. Of this amount, €30.2 million was attributable to the German pension plans and €66.8 million to the U.S. pension plans. In September 2015, €58.0 million of additional funding was allocated to the plan assets for pension obligations in the U.S.A.

Composition of Plan Assets

Plan Assets That Have a Quoted Market Price in an Active Market

in € million	September 30, 2015	2014
Equity	364.4	377.9
Global equities	99.1	167.5
U.S. equities	116.8	95.5
European equities	2.0	0.9
Emerging markets equities	12.5	14.1
Other	133.9	100.0
Fixed income	1,121.6	1,043.1
Government bonds	280.5	320.9
Corporate bonds	841.0	722.2
Mixed Funds	37.7	34.3
Raw materials	–	5.7
Real estate—public funds	39.6	40.7
Total (excluding derivatives)	**1,563.3**	**1,501.7**
Derivatives:	(0.3)	–
Interest risk	0.0	–
Foreign currency risk	0.1	–
Equity risk	(0.4)	–
Total (including derivatives)	**1,562.9**	**1,501.7**

Plan Assets That Do Not Have a Quoted Market Price in an Active Market

in € million	September 30, 2015	2014
Hedge Funds	74.1	70.3
Cash and other assets	57.0	15.6
Total (ohne Derivate)	**131.1**	**85.9**
Derivatives:	(5.1)	(5.9)
Interest risk	1.0	(3.7)
Foreign currency risk	0.0	0.0
Credit risk	(6.1)	(2.2)
Total (including derivatives)	**126.0**	**80.1**

25 | Provisions

Provisions

in € million	Warranties	Order related losses and risks	Other legal proceedings	Others	**Total**
Balance as of October 1, 2014	**49.1**	**2.4**	**46.7**	**40.3**	**138.4**
Additions	26.4	10.4	1.8	14.6	53.3
Usage	(7.8)	(2.4)	(25.8)	(9.3)	(45.3)
Reversals	(12.7)	(0.5)	(0.3)	(11.6)	(25.2)
Translation differences	2.7	0.0	(1.0)	0.4	2.2
Changes to the group of consolidated companies and other changes	0.1	0.0	0.2	0.2	0.4
Balance as of September 30, 2015	**57.7**	**9.9**	**21.6**	**34.6**	**123.8**
thereof noncurrent	2.6	3.1	0.7	12.5	18.9

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.

Other legal proceedings include provisions for certain legal disputes and legal costs. This line item contains provisions for product liability proceedings, patent and trademark litigation, and other proceedings > Note 28 | Legal Proceedings. Page 155 ff.

The *Others* item contains provisions for environmental obligations of €3.8 million as of September 30, 2015 (September 30, 2014: €3.9 million) and provisions for restoration obligations for leasehold improvements of €2.7 million as of September 30, 2015 (September 30, 2014: €2.6 million).

26 | Other Liabilities

Other Liabilities

in € million	September 30, 2015	2014
Employee-related liabilities	108.2	61.9
Deferred compensation plan	38.9	36.3
Other	44.9	43.4
Other liabilities	**192.0**	**141.6**

Employee-related liabilities contain in particular early retirement obligations and termination benefit obligations. The increase in this item is attributable to the measures taken during the second phase of Push, the Company-wide improvement program.

The *Other* line item contains, among other things, waste disposal obligations as well as additional other commitments from personnel-related claims and deferred payments from leasing contracts.

27 | Other Financial Commitments and Contingent Liabilities

For significant legal proceedings, especially in connection with fire damage claims, there were contingent liabilities of €50.0 million as of September 30, 2015 (September 30, 2014: €45.5 million). 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. In addition, information is not available in sufficient detail for certain legal proceedings to determine the possible amount of the obligation. > Note 28 | Legal Proceedings for further information. Page 155 ff.

As of September 30, 2015, further undiscounted contingent liabilities mainly comprised guarantees entailing maximum future payments of €19.4 million (September 30, 2014: €21.3 million) for which OSRAM was potentially liable as of the reporting date. The guarantees mainly relate to a contractual obligation for guarantees from the sale of shares in a joint venture in the U.S. in fiscal 2014.

The following future payment obligations under non-cancelable operating leases existed as of September 30, 2015 and 2014:

Future Payment Obligations Under Noncancelable Operating Leases

	September 30,	
in € million	2015	2014
Within one year	43.4	39.5
Between one and five years	104.2	96.9
After five years	75.9	97.6
Future payment obligations under noncancelable operating leases	**223.5**	**234.0**

Most of the future payment obligations under noncancelable operating leases are attributable to buildings leased on a long-term basis. Total operating lease expenses from third parties amounted to €65.4 million in fiscal 2015 (fiscal 2014: €64.9 million). Of this amount, €3.4 million was attributable to contingent lease payments in fiscal 2015 (fiscal 2014: €2.8 million).

28 | Legal Proceedings

Product Liability Procedures

Class Action Suits vs. OSRAM SYLVANIA INC. and OSRAM SYLVANIA Products

In September 2011, a class action suit was brought against OSRAM SYLVANIA INC. and OSRAM SYLVANIA Products Inc., Danvers, Massachusetts, U.S.A. ("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®-headlight bulbs. In January 2012, the plaintiff expanded his legal action and asserted that various power ratings and advertisements relating to the Silverstar®-headlight bulbs were allegedly "false and misleading" in the sense of the New Jersey Consumer Fraud Act. The plaintiff seeked admission of a national class action suit under the New Jersey Consumer Fraud Act as well as compensation for damages. The parties signed a class action settlement agreement in June 2014 obliging OSRAM SYLVANIA INC. to make a payment in the amount of USD 30.0 million to the group of claimants. Final approval by court was granted in March 2015 and the remaining settlement amount transferred into the designated trust account in April 2015. The case is closed.

Class Action Suits vs. OSRAM SYLVANIA Canada

In September 2014, OSRAM SYLVANIA Products and OSRAM Sylvania Ltd., Ontario, Canada ("OSRAM SYLVANIA Canada") were served with a class action lawsuit filed by plaintiff Rino Petrella in the Superior Court in the Province of Quebec, District of Montreal. In November 2014, OSRAM SYLVANIA Canada was served with a class action lawsuit filed by plaintiff Charles Collins in the Superior Court in the Province of Ontario, District of Ottawa. Both claims were filed under consumer protection and labelling statutes. The plaintiffs claim that various power ratings and advertisements relating to the Silverstar®-headlight bulbs were allegedly "false and misleading." Both actions seek to certify a consumer class of Canadian purchasers of Silverstar®-headlight bulbs. In September 2015 the parties reached consensus on substantial terms for a class action settlement with an expected settlement amount in the lower single digit million € range. The settlement agreement currently negotiated is conditioned upon court approval.

Other Legal Disputes

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 possible 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 been rejected as inadmissible limiting AEIMM as additional claimant to the support of those claims filed by the Labor Prosecutor. The continuation of the taking of evidence commenced in January 2014 was scheduled to continue in March 2016.

Irrespective of the Prosecutor's Office, co-claimant AEIMM filed another Civil Public Action against OSRAM do Brasil on the same subject matter. In its claim AEIMM requests additional compensation in various forms for a group of beneficiaries not clearly identifiable. The group of beneficiaries supposedly includes diseased and potentially exposed workers as well as heirs and allegedly diseased family members. The Claim has been served on OSRAM in September 2015. A first court hearing took place.

The conciliation procedure initiated in April 2014 with the São Paulo Tribunal Regional de Trabalho continues.

Provisions relating to the case closed in fiscal year 2015 and regarding the Silverstar®-headlight bulbs in the U.S. were already recognized in fiscal year 2014. On the abovementioned ongoing cases further information according to IAS 37.92 is not disclosed unless further specified since OSRAM concludes that such disclosure can be expected to seriously prejudice the outcome of the respective 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, including fire investigations in the US. Some of the legal actions include claims for indeterminate amounts of damages or punitive damages claims. 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 which may have a considerable effect on the asset, finance and earnings situations of OSRAM.

29 | Equity

Common Stock

The Common stock of OSRAM Licht AG amounted to € 104,689,400 as of the reporting date and is 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 41,262 shares as treasury shares as of September 30, 2015 (as of September 30, 2014: 102,145 shares).

Authorized Capital

The Managing Board of OSRAM Licht AG is authorized, 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

The change in Additional paid-in capital in fiscals 2015 and 2014 was mainly the result of share-based payment transactions > Note 33 | Share-based Payment. In fiscal 2015, a capital withdrawal of €1.4 million is included for compensation claims by the former shareholder Siemens AG in connection with the spin-off of the OSRAM Licht Group. Page 166 ff.

Retained Earnings

Retained earnings include undistributed profits after tax generated by the OSRAM Licht Group in the past. They also include actuarial gains and losses on pension plans and similar commitments.

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.

At the General Meeting on February 26, 2015, the Managing Board of OSRAM Licht AG was also authorized to acquire treasury shares using equity derivatives. The maximum of 10% for treasury shares has not increased. The shareholders' right to tender shares is disapplied if the shares are acquired using equity derivatives. If treasury shares are acquired directly, shareholders can be granted the right to tender shares.

The number of treasury shares held by the Company declined from 102,145 as of September 30, 2014 to 41,262 as of September 30, 2015. The change resulted from the issue of 8,613 shares to beneficiaries of the transaction bonus award and the issue of 52,270 shares under an employee share purchase program (Base Share Program) in fiscal 2015. In fiscal 2014, 19,619 shares were issued to beneficiaries of the transaction bonus award and 76,340 shares were issued under the employee share purchase program (Base Share Program). Additional information can be found in > Note 33 | Share-based Payment. Page 166 ff.

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

	Fiscal year 2015			Fiscal year 2014		
in € million	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	**(39.9)**	**16.7**	**(23.2)**	**(56.0)**	**27.0**	**(29.0)**
Items that may be reclassified subsequently to profit or loss						
Foreign-currency translation differences	**23.3**	**–**	**23.3**	**65.7**	**–**	**65.7**
Unrealized holding gains (losses) on available-for-sale financial assets	27.2	(4.0)	23.1	0.5	0.0	0.5
Reclassification adjustments for (gains) losses included in net income	–	–	–	–	–	–
Net unrealized gains (losses) on available-for-sale financial assets	**27.2**	**(4.0)**	**23.1**	**0.5**	**0.0**	**0.5**
Unrealized gains (losses) on derivative financial instruments	(9.3)	2.8	(6.5)	(4.0)	1.0	(3.0)
Reclassification adjustments for (gains) losses included in net income	4.9	(1.5)	3.4	1.0	(0.2)	0.8
Net unrealized gains (losses) on derivative financial instruments	**(4.4)**	**1.3**	**(3.1)**	**(3.0)**	**0.8**	**(2.2)**
Other comprehensive income (loss), net of tax	**6.2**	**14.0**	**20.2**	**7.2**	**27.8**	**35.0**

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.

In the second quarter of fiscal 2015, a dividend of €94.1 million was distributed from the net retained earnings of OSRAM Licht AG for fiscal 2014 in accordance with the resolution adopted at the Annual General Meeting on February 26, 2015. This corresponds to a dividend of €0.90 per eligible ordinary share.

The Managing Board and Supervisory Board are proposing for fiscal 2015 to distribute a dividend of €0.90 per share, for a total of approximately €94 million, from the unappropriated profit of OSRAM Licht AG. Payment of this dividend is subject to approval by the General Meeting on February 16, 2016.

C.6.7 Other Disclosures

30 | Additional Disclosures on Capital 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, 2015	2014
Total equity	2,482.1	2.400.8
Total liabilities and equity	4,765.2	4.709.5
Equity ratio	**52%**	**51%**

As part of its debt management, OSRAM measures its debt ratio. To this end, it primarily uses an indicator defined as net liquidity divided by EBITDA. In addition, the ratio of adjusted net debt/net liquidity to EBITDA is determined. The calculation of these indicators is described in section B.2.7 Reconciliation of Key Performance Indicators in the combined management report. Page 79 ff.

Net Liquidity

in € million	September 30, 2015	2014
Short term debt and current maturities of long-term debt	37.4	43.6
+ Long-term debt	49.8	138.2
Total debt	**87.2**	**181.8**
Cash and cash equivalents	727.0	667.7
+ Available for sale financial assets	1.4	1.4
Total liquidity	**728.4**	**669.1**
Net liquidity	**641.2**	**487.3**
– Pension plans and similar commitments	463.5	444.4
Adjusted net liquidity	**177.7**	**42.9**

Capital Structure Data

in € million	September 30, 2015	2014
EBITDA[1]	556.8	556.2
Net liquidity	641.2	487.3
Net liquidity as % of EBITDA	**1.2**	**0.9**
Adjusted net liquidity	177.7	42.9
Adjusted net liquidity as % of EBITDA	**0.3**	**0.1**

[1] EBITDA is determined by adding depreciation to EBITA, both of which are disclosed in the segment information.

The capital management tools generally available to the Managing Board of OSRAM Licht AG are equity-related measures, borrowing, and share repurchases. 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 29 | Equity. Existing credit lines are described in Note 23 | Debt. Page 156 ff.
Page 146 f.

The OSRAM Licht Group does not have any corporate credit ratings from rating agencies.

31 | Financial Instruments

Carrying Amounts and Fair Values of Financial Assets and Liabilities

in € million	Category according to IAS 39	Fair value hierarchy[1]	September 30, 2015 Carrying amount	September 30, 2015 Fair value	September 30, 2014 Carrying amount	September 30, 2014 Fair value
Financial assets						
Cash and cash equivalents[2]	n/a	n/a	727.0	727.0	667.7	667.7
Available-for-sale financial assets (noncurrent)[3]	AfS	n/a	0.7	–	1.4	–
Available-for-sale financial assets[4]	AfS	Level 1	1.4	1.4	1.4	1.4
Trade receivables	LaR	n/a	897.7	897.7	857.5	857.5
Other financial assets						
Derivatives not designated in a hedge accounting relationship	FAHfT	Level 2	13.2	13.2	11.5	11.5
Derivatives in connection with cash flow hedges	n/a	Level 2	0.0	0.0	–	–
Other financial assets	LaR	n/a	61.3	61.3	65.7	65.7
Financial liabilities						
Debt						
Loans from banks	FLaC	n/a	87.2	87.2	181.8	181.8
Trade payables	FLaC	n/a	748.6	748.6	798.6	798.6
Other financial liabilities						
Derivatives not designated in a hedge accounting relationship	FLHfT	Level 2	13.4	13.4	12.4	12.4
Derivatives in connection with cash flow hedges	n/a	Level 2	7.3	7.3	2.2	2.2
Other financial liabilities	FLaC	n/a	32.2	32.2	32.0	32.0

[1] Only relevant for financial instruments carried at fair value. All other financial instruments are carried at cost or amortized cost.
[2] Cash and cash equivalents consist primarily of deposits with prime-rated banks with an investment grade rating. The item includes money market instruments of €117.1 million (previous year: €26.5 million). To a small extent, it also includes checks and cash on hand.
[3] 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.
[4] The current portion of the OSRAM Licht Group's Available-for-sale financial assets mainly comprises fund units.

The aggregated carrying amounts by IAS 39 category are as follows:

Aggregated Carrying Amounts

in € million	Category according to IAS 39	Carrying amount September 30, 2015	Carrying amount September 30, 2014
Loans and receivables	LaR	959.0	923.4
Financial assets held for trading	FAHfT	13.2	11.5
Available-for-sale financial assets	AfS	2.1	2.8
Financial liabilities measured at amortized cost	FLaC	868.0	1,012.4
Financial liabilities held for trading	FLHfT	13.4	12.4

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 of 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 and 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

Level 1 Hierarchy for Determining Fair Value

OSRAM derives the fair values of available-for-sale financial assets from quoted market prices in an active market.

Level 2 Hierarchy 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. 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 2015	2014
Available-for-sale financial assets	(0.7)	0.0
Loans and receivables	1.7	(3.5)
Financial liabilities measured at amortized cost	0.2	0.2
Financial assets and financial liabilities held for trading	(0.5)	(11.5)

Net gains/losses on available-for-sale financial assets include impairment losses.

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 derivative financial instruments for which hedge accounting was not applied.

Foreign currency gains and losses on the realization and measurement of monetary assets and liabilities led to a net loss of €21.7 million in the fiscal year under review (2014: net gain of €0.9 million).

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

	September 30, 2015		September 30, 2014	
in € million	Asset	Liability	Asset	Liability
Foreign currency exchange contracts	13.2	18.5	11.3	14.0
Commodity derivatives	0.0	2.2	0.2	0.6
	13.2	**20.7**	**11.5**	**14.6**

32 | Financial Risk Management

Market Risks

Market price fluctuations may result in significant unwanted and unpredictable earnings and cash flow volatility. The market risks relevant to OSRAM include currency risk, interest rate risk, and commodity price risk. 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 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.

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.

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 as well as forecast transactions denominated in foreign currencies for the next three months and beyond in individual cases. 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

	September 30,	
Nominal amounts in USD million	2015	2014
Net exposure before hedging	185.8	(88.3)
Hedged with derivative financial instruments	(152.1)	58.2
Net exposure	**33.7**	**(30.1)**

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, 2015 and 2014, the maturities of the derivatives accounted for as cash flow hedges were two months or less.

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 on 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. They also include 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 re-measured 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, 2015, and 2014 would result in the following pre-tax effects:

Sensitivity Analysis USD/EUR

	Change of exchange rate as of			
	September 30, 2015		September 30, 2014	
in € million	by +10%	by −10%	by +10%	by −10%
Net income (loss) before income taxes	1.2	(0.7)	(0.5)	(0.2)
Other income (loss) before income taxes	1.4	(1.8)	1.9	(2.3)
Total effect on equity	**2.6**	**(2.5)**	**1.4**	**(2.5)**

In addition, as of September 30, 2015, sensitivity analysis was performed on the derivatives entered into to hedge the currency exposure from the purchase price for the sale of the shares of FELCO, which is to be paid in Chinese renminbi. According to the sensitivity analysis, a ten percent increase in the value of the euro against the Chinese currency as of September 30, 2015 would result in a pre-tax increase in other comprehensive income of €33.3 million. A ten percent decrease in the value of the euro against the Chinese currency as of September 30, 2015 would result in a pre-tax reduction in other comprehensive income of €29.8 million. In fiscal 2015, an ineffective portion of €–0.7 million of the changes in fair value was recognized through profit or loss for these currency derivatives accounted for as cash flow hedges. For the purpose of the sensitivity analysis in accordance with IFRS 7, it was assumed that there is no further ineffectiveness.

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. For the purposes of sensitivity analysis, 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 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, 2015	2014
Cash and cash equivalents	727.0	667.7
Debt[1]	(87.4)	(181.8)
Exposure	**639.6**	**485.9**
Annual effect of an interest increase by 100 basis points	6.4	4.9
Annual effect of an interest decrease by 25 basis points	(1.6)	(1.2)

[1] Debt is 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 may be 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 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 in the forward price of gold would lead to an increase of € 0.8 million in *Income (loss) before income taxes* as of September 30, 2015 (as of September 30, 2014: € 1.1 million). A ten percent decrease in the forward price of gold would lead to a decrease in *Income (loss) before income taxes* in the same amount.

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 € 727.0 million as of September 30, 2015 (September 30, 2014: € 667.7 million). In addition, OSRAM had undrawn credit lines with a total volume of € 1.1 billion as of September 30, 2015 (September 30, 2014: € 950 million).

The following table shows all contractually fixed payments for settlement, repayments, and interest resulting from recognized financial liabilities as of September 30, 2015, 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, 2015.

Settlement, Repayments, and Interest

	September 30,		
in € million	2016	2017 to 2020	2021 and thereafter
Non-derivative financial liabilities			
Loans from banks	37.6	32.7	18.1
Trade payables	748.6	–	–
Other financial liabilities	32.2	1.9	–
Derivative financial liabilities	20.7	–	–

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. It includes setting credit limits, performing credit checks, or using ratings. 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, 2015, around 39 % (September 30, 2014: 34 %) 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 € 10.0 million as of September 30, 2015 (September 30, 2014: € 9.1 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, 2015 and 2014.

With regard to trade receivables and other receivables as well as other loans or receivables included in the *Other financial assets* line item that are neither impaired nor past due, there were no indications as of September 30, 2015, that defaults on payments would occur. For additional information on the concept of determining allowances on receivables, Note 3 | Management Estimates and Judgments. Page 129ff.

33 | Share-based payment

OSRAM grants a range of share-based payment components. Since fiscal 2013, OSRAM has launched its own share-based payment programs for employees and members of the Managing Board. These programs provide for settlement using equity instruments.

Share-based Payment Programs of OSRAM Licht AG

Stock Awards

The Company grants stock awards to senior managers of domestic and foreign subsidiaries (OSRAM Stock Awards) as a form of share-based payment on the basis of its own program for granting performance-based OSRAM Stock Awards. In accordance with IFRSs, the stock awards are settled with equity instruments, i.e., shares in OSRAM Licht AG.

The allocation of stock awards is linked to Company-related performance criteria, i.e. targets. To determine the degree of achievement of these targets, a lower limit of 0% and an upper limit of 200% applies. The target amount of the stock awards is linked to the average earnings per share (basic EPS) for the past three fiscal years. This target amount is adjusted on the basis of target achievement.

The stock awards granted in fiscal 2015 were recognized at the XETRA closing price for OSRAM Licht shares on November 10, 2014, less the present value of the dividends expected during the four-year waiting or restriction period. The fair value on the grant date was €27.25 (fiscal 2014: €36.39). The number of stock awards granted is calculated by dividing the cash value by this amount. In fiscal 2015, 231,926 stock awards (fiscal 2014: 194,430 stock awards) were granted to the beneficiaries. The fair value of these entitlements granted to senior managers of the domestic and foreign companies amounted to €6.3 million as of the grant date (fiscal 2014: €7.1 million).

Compensation expense related to the stock awards is recognized over four years until they vest, including the four-year restriction period. Upon expiration of the restriction period, the beneficiary receives shares in OSRAM Licht AG without payment of consideration. All stock awards are forfeited if the beneficiary's employment terminates during the restriction period. During the restriction period, the beneficiaries are not entitled to dividends. Stock awards may not be sold, transferred, pledged, or otherwise encumbered during the restriction period. The Company takes a new decision each fiscal year whether to grant stock awards. The Managing Board decides on the number of stock awards for senior manager of the domestic and foreign subsidiaries.

In fiscal 2015, a net expense from share-based payments (before tax) of €3.7 million was recognized in connection with stock awards granted to senior managers (fiscal 2014: €1.6 million).

As in the previous year, agreements were also entered into with the Managing Board of OSRAM Licht AG in the reporting period. They provide for the allocation of awards of OSRAM Licht shares. The allocation is linked to the same Company-based performance criteria, and the defined target achievement is identical. These stock awards are also subject to a restriction period of around four years and grant an entitlement to OSRAM Licht shares, which the beneficiary will receive upon expiration of the restriction period. Starting with stock awards granted for fiscal 2015 the value of the shares to be transferred is capped at a maximum of 250% of relevant target amount. For the members of the Managing Board of OSRAM Licht AG, compensation expense related to the 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.

In fiscal 2015, 63,470 stock awards were granted to members of the Managing Board of OSRAM Licht AG (fiscal 2014: 70,560 stock awards). As of the grant date of November 10, 2014, the fair value of one stock award amounted to €25.11 (fiscal 2014: €36.39). In fiscal 2015, this value was calculated using an option model, which takes the maximum variable share-based compensation (cap) into consideration when the OSRAM Licht shares awarded accrue by reducing the amount in line with this. This reduction in value results in a deviation from the monetary value of a Stock Award used to calculate the number of shares in accordance with the employment contract. The fair value of these entitlements amounted to €1.6 million as of the grant date (fiscal 2014: €2.6 million).

In fiscal 2015, an expense from share-based payments (before tax) of €2.3 million was recognized in connection with stock awards granted to members of the Managing Board of OSRAM Licht AG (fiscal 2014: €0.7 million).

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). A total of 198,104 stock awards were granted to the Managing Board and other beneficiaries in this way. Up to September 30, 2015, 137,815 stock awards vested and 35,408 were forfeited (September 30, 2014: 87,091 stock awards vested, 35,408 forfeited). 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; in this case, the shares are also subject to a lock-up period of four years from the date of the listing. The average fair value on the grant date was €36.97. The fair value of these stock awards was €7.3 million as of the grant date.

In fiscal 2015, this program resulted in expenses (before tax) for the Company of €0.9 million (fiscal 2014: €1.4 million).

For additional information on the purchase of treasury shares and on the transfer, > Note 29 | Equity. Page 156 ff.

Base Share Program

In fiscal 2015, employees of the domestic OSRAM companies could again acquire Company shares with a value of up to €720 at a discount of €360. 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 during the four consecutive trading days starting upon expiration of the acceptance period was used as a basis. The shares are subject to a restriction period of six months from expiration of the acceptance period. The fair value under the Base Share Program corresponds to the tax-privileged allowance paid by OSRAM. In fiscal 2015, this program resulted in expenses (before tax) of €1.3 million for the participating companies (fiscal 2014: €1.2 million).

34 | Personnel Costs

Personnel Costs

in € million	Fiscal year 2015	2014
Wages and salaries	(1,519.7)	(1,342.3)
Statutory social welfare contributions and expenses for optional support	(232.0)	(228.8)
Expenses relating to pension plans and employee benefits	(71.3)	(63.5)
OSRAM	**(1,823.0)**	**(1,634.6)**

The *Wages and salaries* line item in particular contains expenses for personnel-related restructuring measures in fiscals 2015 and 2014. For additional information, > Note 5 | Personnel-related Restructuring Expenses and > Note 33 | Share-based Payment.

Page 133
Page 166 ff.

The *Expenses relating to pension plans and employee benefits* line item includes both current and past service costs, plan settlements, contributions to defined contribution plans, and expenses for partial retirement obligations (bonus payments and termination benefits). OSRAM reports Pension-related interest expense, net and Pension-related interest income, net within Interest income/Interest expense. For additional information, > Note 24 | Pension Plans and Similar Commitments.

Page 146 ff.

The average number of employees in fiscal 2015 was 32,914 FTE (full-time equivalents; 2014: 33,802 FTE). The employees were assigned to the following functional areas:

Employees by Function

FTE (average)	Fiscal year 2015	2014
Production and service	24,344	24,886
Selling	4,307	4,675
Administration and general services	1,830	1,800
Research and development	2,433	2,441
OSRAM employees	**32,914**	**33,802**

35 | Earnings per Share

Earnings per Share

in € million		Fiscal year 2015	2014
Net income		171.2	193.1
Less: portion attributable to noncontrolling interests		4.8	5.2
Income attributable to shareholders of OSRAM Licht AG		**166.4**	**187.9**
Weighted average shares outstanding—basic	in thousands	104,678	104,549
Effect of dilutive potential equity instruments	in thousands	320	183
Weighted average shares outstanding—diluted	in thousands	**104,998**	**104,732**
Basic earnings per share	in €	1.59	1.80
Diluted earnings per share	in €	1.58	1.79

As of September 30, 2015, there were no outstanding awards that were not included in the calculation of diluted earnings per share, since their inclusion would not have had a dilutive effect.

36 | 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.

At the beginning of fiscal year 2015, there were five reportable segments: LED Lamps & Systems (LLS), Classic Lamps & Ballasts (CLB), Luminaires & Solutions (LS), Specialty Lighting (SP), and Opto Semiconductors (OS).

Effective July 1, 2015, the Managing Board of OSRAM Licht AG modified the organizational structure. The traditional lamps business and the LED lamps of the CLB and LLS segments were allocated to the new Lamps (LP) segment. Business activities with traditional ballasts and with LED modules, drivers, and light management systems were allocated to the new Digital Systems (DS) Business Unit. The former Luminaires & Solutions (LS) segment has been renamed Lighting Solutions (LS). OSRAM's remaining general lighting business has been aggregated in a single reporting segment for external reporting purposes due to the similar business activities and economic characteristics of the DS and LS business units. It is reported on an aggregated basis in accordance with IFRS 8.12 as the Lighting Solutions & Systems (LSS) segment.

For the prior-year period, the segment information is presented according to the new segment structure for comparative purposes.

Description of Reportable Segments

Specialty Lighting

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. In fiscal 2015, OSRAM acquired a 100% interest in Clay Paky, Seriate (Bergamo), Italy ("Clay Paky"). Clay Paky is a leading provider of entertainment lighting for shows and events. The acquisition enables OSRAM to drive forward its technology and innovation strategy and further extends its position in the area of entertainment lighting. Clay Paky has been allocated to the Specialty Lighting segment.

Opto Semiconductors

The Opto Semiconductors segment manufactures optoelectronic semiconductors. The product portfolio includes LED, optical sensors, infrared LED, 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.

Lighting Solutions & Systems

The Digital Systems (DS) Business Unit develops, produces, and markets LED light engines (a combination of an LED module and the related electronic control gear), electronic ballasts for LED modules and traditional lamps, and light management systems.

The Lighting Solutions (LS) Business Unit comprises OSRAM's luminaires and solutions business. 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. Due to the similar business activities and economic characteristics of the DS and LS business units, they have been grouped in a single reporting segment.

Lamps

The Lamps segment comprises OSRAM's lamps business. This includes both traditional offerings (from incandescent lamps through halogen and fluorescent lamps for consumers to high-intensity discharge lamps for professional indoor and outdoor use) and LED retrofit lamps.

Reconciliation to the Consolidated Financial Statements

The Reconciliation to consolidated financial statements item contains business 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 Managing Board of OSRAM Licht AG does not consider them to be indicative of the segments' performance. Among other things, these include some of the specific legal issues, specific expenses in connection with OSRAM Push, costs associated with the carve out of Lamps as well as to a small extent subsequent costs of the OSRAM IPO. The Pensions item includes also those pension-related income and expenses at OSRAM that are not allocated to the segments.

In fiscal 2015, the EBITA column of the Corporate items and pensions line item includes €–82.5 million (fiscal 2014: €–30.5 million) relating to corporate items as well as €–7.4 million (fiscal 2014: €–7.3 million) relating to pensions. In fiscal 2015, the corporate items were impacted by special items, especially transformation costs, of €–28,9 million (fiscal 2014: €–21.3 million). Here, the cost of personnel-related measures and consulting services associated with OSRAM Push was largely offset by proceeds in the mid-double digit millions of euros generated in connection with the sale of the former headquarters building of the OSRAM Licht Group in Munich. In fiscal 2015, costs of €–25.4 million (previous year €–million), included €4.2 million transaction costs, were incurred for the separation of Lamps. Additional impacts related to expenses connected with the scrapping of a machine under construction for the Americas reporting region and the associated pre-material, as well as the impairment loss on a corresponding machine for the EMEA region. Costs associated with changes in the Managing Board of the OSRAM Licht Group and with share-based payments affected both fiscal years in an amount in the mid-single digit millions of euros.

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.

Segment Performance Measures

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. Page 119 ff.

As of fiscal 2016, all Group headquarters costs are allocated to their originators, which will in future only bear corporate overheads to the extent that they use the corresponding services provided by Group headquarters. The costs of the governance function, i.e., functions clearly associated with corporate governance, are no longer allocated to the operating segments. The only exceptions from this principle are services (for example, accounting services) where the "cost driver" can only be determined with unreasonable effort. These services will continue to be allocated using an adequate formula. The treatment of certain other regular business items will remain unchanged.

Segment EBITA

The Managing Board of OSRAM Licht AG is responsible for assessing the performance of the segments. The chief operating decision maker, the Managing Board, has specified that earnings before financial result, 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.

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.

Reconciliation to the Consolidated Financial Statements

Reconciliation EBITA to Income (Loss) before Income Taxes

in € million	Fiscal year 2015	2014
EBITA	**293.9**	**310.4**
Amortization	(30.5)	(26.3)
Interest income	3.0	3.2
Interest expense	(29.6)	(40.8)
Other financial income (expense), net	(3.5)	(3.2)
Income (loss) from investments accounted for using the equity method, net	5.4	35.9
Income (loss) before income taxes	**238.8**	**279.2**

Reconciliation Total Segment Net Capital Employed to Total Assets

in € million	September 30, 2015	2014
Total segment net capital employed	**1,819.3**	**1,914.5**
Reconciliation to consolidated financial statements		
Net capital employed corporate items and pensions	(408.5)	(374.0)
Net capital employed Treasury[1]	738.2	679.6
Other reconciling items		
Tax related assets	510.0	454.2
Liabilities and provisions	1,642.8	1,590.8
Pension plans and similar commitments	463.5	444.4
Total assets	**4,765.2**	**4,709.5**

[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.

Income (Loss) from Investments Accounted for Using the Equity Method, Net

in € million	Fiscal year 2015	2014
Segments		
Specialty Lighting	1.6	31.7
Opto Semiconductors	–	–
Lighting Solutions & Systems	0.2	(0.6)
Lamps	0.3	0.1
Reconciliation to Consolidated Financial Statements		
Corporate items and pensions	3.3	4.8
Income (loss) from investments accounted for using the equity method, net	**5.4**	**35.9**

Adjustments to the Reporting Structure from October 1, 2015

As from October 1, 2015 the unit for the production of prematerials, Illumination Materials ("ILM"), which was previously assigned to the Lamps segment, has been allocated to the SP segment, and the Lightify product portfolio for private end users, which was assigned to the DS segment, has been allocated to Lamps. As of fiscal 2016, the costs of Group headquarters will basically be charged in line with the principle of origination-based allocation. Costs for the governance function, i.e., for functions that are clearly of a management nature, will no longer be allocated to our operating segments. Consequently in future, these will bear costs incurred centrally in proportion to their use of the corresponding services provided by Group headquarters.

37 | Information about Geographies

Revenue by Regions

in € million	By location of customer Fiscal year 2015	By location of customer Fiscal year 2014	By location of company Fiscal year 2015	By location of company Fiscal year 2014
EMEA	2,293.3	2,269.8	2,407.6	2,369.0
APAC	1,359.9	1,234.1	1,274.7	1,143.2
Americas	1,921.0	1,638.3	1,891.9	1,630.0
OSRAM	**5,574.2**	**5,142.1**	**5,574.2**	**5,142.1**
thereof Germany	788.6	781.7	1,217.7	1,216.1
thereof foreign countries	4,785.6	4,360.4	4,356.5	3,926.0
therein U.S.A.	1,409.5	1,155.1	1,669.9	1,401.0
therein China (including Hong Kong), Taiwan	755.6	674.0	934.6	781.8

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 2015	Fiscal year 2014
EMEA	773.6	742.5
APAC	348.0	348.0
Americas	202.8	189.9
OSRAM	**1,324.4**	**1,280.3**
thereof Germany	622.0	658.9
thereof foreign countries	702.4	621.4
therein U.S.A.	191.2	176.9
therein China (including Hong Kong), Taiwan	153.7	135.0

Noncurrent assets consist of property, plant, and equipment, goodwill, and other intangible assets.

38 | Related Party Disclosures

The OSRAM Licht Group has business relations with OSRAM associates and joint ventures.

Transactions with Associates and Joint Ventures

OSRAM's business activities included transactions with OSRAM associates and joint ventures, in particular in respect of the operating business. These are summarized below:

Sales and Purchases of Goods and Services and Other Income from and Expense to Associates and Joint Ventures

	Sales of goods and services and other income		Purchases of goods and services and other expense	
	Fiscal year		Fiscal year	
in € million	2015	2014	2015	2014
OSRAM's associates and joint ventures	7.4	10.1	3.2	5.8

The reduction in sales of goods and services to, and other income from, OSRAM associates and joint ventures is due to the completion of the sale of the shares in the Valeo Sylvania joint venture in the second quarter of fiscal 2014. Until the date of the sale, OSRAM realized interest income of €0.6 million in fiscal 2014 from a loan.

OSRAM's receivables from and payables to associates and joint ventures of OSRAM are as follows:

Receivables from and Payables to OSRAM Associates and Joint Ventures

	Receivables		Liabilities	
	Fiscal year		Fiscal year	
in € million	2015	2014	2015	2014
OSRAM's associates and joint ventures	2.0	0.1	0.5	0.0

OSRAM regularly reviews, in the normal course of business, loans and receivables associated with joint ventures and associates. This review did not lead to any impairment losses being recognized or reversed in the fiscal year. All receivables from and payables to related parties are settled regularly.

As of September 30, 2015, and September 30, 2014, accumulated valuation allowances on loans and receivables amounted to €0.0 million.

Pension Plans

For information on the financing of OSRAM's pension plans, > Note 24 | Pension Plans and Similar Commitments. Page 146ff.

Transactions with Related Individuals

Individuals classified as related parties comprise members of the Managing Board and of the Supervisory Board of OSRAM Licht AG.

The members of the Managing Board received cash compensation of €3.7 million in fiscal 2015 (2014: €5.4 million). The fair value of share-based payment at the grant date in fiscal 2015 was €1.6 million (2014: €1.6 million). The members of the Managing Board were granted contributions to the BOA of €1.5 million in fiscal 2015 (2014: €1.8 million). In fiscal 2015 the contributions to the BOA included an additional contribution of €0.6 million for one member of the Managing Board, which was granted in January 2015 (2014: €0.7 million in July 2014 and €0.2 million in November 2013).

Mr. Wolfgang Dehen, Chairman of the Managing Board, resigned from his position as a member and the Chairman of the Managing Board on November 5, 2014, effective as of December 31, 2014. The Supervisory Board approved his resignation in its meeting held on the same date. In fiscal 2015, the resignation resulted in expenses of €6.0 million, €3.6 million of which resulted from a compensatory payment, €1.8 million from share-based payments (accelerated vesting), and €0.6 million from additions to pension provisions. The Supervisory Board meeting held on November 5, 2014, appointed Dr. Olaf Berlien as a member and the Chairman of the Managing Board as well as Labor Relations Director effective January 1, 2015. Dr. Berlien has taken over the existing duties of the CEO, including responsibility for technology. Mr. Dehen also stepped down as a managing director, CEO, and Labor Relations Director of OSRAM GmbH, Munich, Germany, effective December 31, 2014. Dr. Berlien also took over his responsibilities in these areas effective January 1, 2015.

The compensation and benefits granted to the members of the Managing Board therefore totaled €12.2 million (including Termination Agreement with Mr. Wolfgang Dehen) in fiscal 2015 and €14.0 million (including Termination Agreement with Dr. Peter Laier) in fiscal 2014.

The expenses incurred in connection with equity-settled share-based payment under OSRAM programs amounted to €2.3 million in fiscal 2015 (2014: €0.7 million) (before tax). For additional information, > Note 33 | Share-based Payment.

Page 166 ff.

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 €0.4 million in fiscal 2015 (2014: €0.9 million) (before tax).

Former members of the management board of OSRAM Licht AG and former managing directors of OSRAM GmbH and their surviving dependents received aggregate remuneration within the meaning of section 314 (1) no. 6 b of the HGB amounting to €3.4 million in fiscal 2015 (2014: €1.0 million). The projected benefit obligation of all pension commitments to former members of the management board of OSRAM Licht AG and former managing directors of OSRAM GmbH and their surviving dependents amounted to €11.0 million as of September 30, 2015 (September 30, 2014: €10.0 million). For additional information, > Note 24 | Pension Plans and Similar Commitments.

Page 146 ff.

Compensation paid to members of the Supervisory Board of the OSRAM Licht AG and of the OSRAM GmbH in fiscal 2015 comprised basic compensation as well as additional compensation for committee work; it totaled €1.2 million, including meeting fees (2014: €1.4 million).

The Company did not provide loans or advances to members of the Managing Board or Supervisory Board during the reporting period.

OSRAM has directors' and officers' liability insurance for the members of OSRAM's Managing Board and Supervisory Board and certain other employees. The insurance covers the personal liability of the insured in the event of a financial loss for which these governing body members or employees are held liable in the course of performing their duties. Since October 1, 2014, the members of the Managing Board have also been covered by the criminal liability insurance that OSRAM has taken out for its employees and governing body members. The insurance covers any lawyers' fees or court costs arising in connection with their defense in criminal or administrative offense proceedings.

Details of the compensation of individual members of the Managing Board and Supervisory Board are provided in the > A.4.2 Remuneration Report, which is a component of the combined management report. The remuneration report can be found in the section entitled corporate governance and takeover-related disclosures of the combined management report.

Page 23 ff.

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.

On November 5, 2014, the Audit Committee of the Supervisory Board of OSRAM Licht AG elected Dr. Brandt as Chairman of the Audit Committee.

On February 26, 2015, the Annual General Meeting of OSRAM Licht AG confirmed the appointment of Dr. Werner Brandt as a shareholder representative on the Supervisory Board by electing him as a replacement member. At its meeting on February 3, 2015, the Company's Supervisory Board had already elected Dr. Brandt, in the event that he was confirmed by the Annual General Meeting, as a member and the Chairman of the Audit Committee and as a member of the Nomination Committee of the Supervisory Board.

At its meeting on April 28, 2015, the Supervisory Board of OSRAM Licht AG extended the appointment of Chief Financial Officer Dr. Klaus Patzak as a member of the Company's Managing Board from April 1, 2016, to March 31, 2021. Dr. Patzak's appointment as a managing director of OSRAM GmbH until March 31, 2021, was also confirmed by way of a resolution passed by that company's Supervisory Board on the same date.

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 in the fiscal year under review. 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.

39 | Audit Fees and Services

Fees related to professional services provided by the Company's auditors, Ernst & Young (EY), for fiscal 2015 and 2014 were as follows:

Auditor's Fees

				Fiscal year
			2015	2014
in € million		Carve-Out project Lamps	Total	Total
Audit fees	4.0	–	4.0	3.9
Audit-related fees	0.3	–	0.3	0.6
Tax advisory services	0.1	–	0.1	–
Other assurance services	0.2	0.2	0.4	–
Total auditor's fees	**4.6**	**0.2**	**4.8**	**4.5**

The fees reported under *Other assurance services* relate in particular to audit and other assurance services other than the audit of financial statements. They refer, among other things, to assurance services in connection with waste disposal notifications, license agreements, and pension plans.

The rise in total fees is mainly due to services provided as part of the Carve-out of the General Lighting Lamps Business project launched in fiscal 2015, which are recognized as other fees.

Of the total fee charged, 49 % (2014: 47 %) related to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Germany.

40 | Corporate Governance

As of September 28, 2015, 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 website under OSRAM Investor Relations/Corporate Governance/German Corporate Governance Code » www.osram-licht.com/fileadmin/media/pdf/corporate-governance/Declaration_September_2015.pdf.

41 | Events after the Balance sheet Date

On November 10, 2015, the Supervisory Board of OSRAM Licht AG approved a share repurchase with a volume of up to 9.81% of the Company's capital stock, but with a maximum value of €500 million. This is expected to begin in the first quarter of the 2016 calendar year and will last for between 12 and 18 months. The shares may be used for any purpose permitted in accordance with the authorization by the General Meeting dated June 14, 2013.

Other than the above, no transactions of particular significance or with material effects on the net assets, financial position, and results of operations have occurred since the end of the reporting period, September 30, 2015.

42 | List of Equity Investments of the OSRAM Licht Group in Accordance with Section 313 of the HGB

List of Equity Investments of OSRAM Licht AG

As of September 30, 2015	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, 2015: 9 companies)	
OSRAM Lamps GmbH, Munich	100.00
OSRAM Opto Semiconductors GmbH, Regensburg	100.00
Heramo Immobilien GmbH & Co. Verwaltungs KG, Grünwald	100.00
Heramo Immobilien Verwaltungs-GmbH, Grünwald	100.00
OSRAM OLED GmbH, Regensburg	100.00
Radium Lampenwerk company mbH, Wipperfürth	100.00
Siteco Auslandsholding GmbH, Traunreut	100.00
Siteco Beleuchtungstechnik GmbH, Traunreut	100.00
Siteco Lighting GmbH, Traunreut	100.00
EMEA (excluding Germany) (as of September 30, 2015: 28 companies)	
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/Greek	100.00
OSRAM Ltd., Langley/United Kingdom	100.00
Yekta Setareh Atllas Co. (P.J.S.), Teheran/Iran	100.00
Clay Paky S.p.A., Seriate/Italy	100.00

List of Equity Investments of OSRAM Licht AG

As of September 30, 2015	Equity interest in %
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, Oslo/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
OSRAM Empresa de Aparelhagem Eléctrica Lda., Lisbon/Portugal	100.00
OSRAM Romania S.R.L., Voluntari/Romania	100.00
OAO OSRAM, Smolensk/Russia	99.61
OSRAM AB, Stockholm/Sweden	100.00
OSRAM AG, Winterthur/Switzerland	100.00
OSRAM d.o.o., Belgrad/Serbia	100.00
OSRAM a.s., Nové Zámky/Slovakia	100.00
OSRAM S.A., Madrid/Spain	100.00
OSRAM (Pty.) Ltd., Midrand/South Africa	100.00
OSRAM Ceská republika s.r.o., Bruntál/Czech Republic	100.00
OSRAM Aydinlatma Ticaret A.S., Istanbul/Turkey	100.00
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, 2015: 16 companies)	
OSRAM Argentina S.A.C.I., Buenos Aires/Argentinia	100.00
OSRAM do Brasil Lampadas Elétricas Ltda., Osasco/Brazil	100.00
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
OSRAM de Colombia Iluminaciones S.A., Bogotá/Colombia	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, 2015: 21 companies)	
OSRAM Australia Pty. Ltd., Sydney/Australia	100.00
Chung Tak Lighting Control Systems (Guangzhou) Ltd., Guangzhou/China	100.00
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 Kunshan Specialty Lighting 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	100.00
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

List of Equity Investments of OSRAM Licht AG

As of September 30, 2015	Equity interest in %
P.T. OSRAM Indonesia, Tangerang/Indonesia	100.00
OSRAM Ltd., Yokohama/Japan	100.00
OSRAM (Malaysia) Sdn. Bhd., Kuala Lumpur/Malaysia	100.00
OSRAM Opto Semiconductors (Malaysia) Sdn. Bhd., Penang/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, 2015: 1 company)	
Lightcycle Retourlogistik und Service GmbH, Munich	47.00[1]
EMEA (excluding Germany) (as of September 30, 2015: 7 companies)	
EMGO N.V., Lommel/Belgium	50.00
Recylum Société par Actions Simplifiée, Paris/France	25.00[1]
LAMP NOOR (P.J.S.) Co., Saveh/Iran	20.00[1]
SIA Ekogaisma, Riga/Lativa	33.00[1]
Kompetenzzentrum Licht GmbH, Dornbirn/Austria	33.33[1]
EKOSIJ d.o.o., Ljubljana/Slovenia	25.00[1]
EKOLAMP s.r.o., Prague/Czech Republic	33.33[1]
Americas (as of September 30, 2015: 1 company)	
CVL Componentes de Vidro Ltda., Caçapava/Brazil	50.00
APAC (as of September 30, 2015: 3 companies)	
Foshan Electrical and Lighting Co., Ltd., Foshan/China	13.47[2]
OSRAM Prosperity Company Ltd., Hong Kong/Hong Kong	50.00
Siteco Prosperity Lighting (Langfang) Co., Ltd., Langfang/China	50.00
Other equity investments of OSRAM GmbH, Munich/Germany	
Germany (as of September 30, 2015: 1 company)	
GSB—Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	0.07
EMEA (excluding Germany) (as of September 30, 2015: 4 companies)	
Anakiklosi Siskevon Simetochiki S.A., Piraeus/Greece	10.00
Design LED Products Ltd., Edinburgh/Scotland	4.47
ElektroEko Organizacja Odzysku Sprzetu Elektrycznego S.A., Warsaw/Poland	9.35
Voltimum S.A., Satigny/Switzerland	13.71
Americas (as of September 30, 2015: 0 companies)	
APAC (as of September 30, 2015: 0 companies)	

[1] Not accounted for using the equity method due to immateriality.
[2] Significant influence due to the composition of the board of directors.

43 | Supervisory Board and Managing Board

Supervisory Board of OSRAM Licht AG

	Member since	Supervisory Board and comparable appointments
Members in office on September 30, 2015		
Peter Bauer Chairman Born June 22, 1960 Independent management consultant	July 5, 2013	Member of the Supervisory Board of Infineon Technologies AG Member of the Supervisory Board of Kontron AG (until August 31, 2015) Intragroup: Chairman of the Supervisory Board of OSRAM GmbH
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 (until March 26, 2015) 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
Dr. Werner Brandt Born January 3, 1954 Independent management consultant, former Member of the Executive Board of SAP SE	August 7, 2014	Chairman of the Supervisory Board of ProSiebenSat.1 Media AG Member of the Supervisory Board of Deutsche Lufthansa AG Member of the Supervisory Board of RWE AG Chairman of the Supervisory Board of QIAGEN N.V., the Netherlands (temporarily until June 2016) Intragroup: Member of the Supervisory Board of OSRAM GmbH
Dr. Roland Busch Deputy Chairman Born November 22, 1964 Member of the Managing Board of Siemens AG	November 27, 2013	Member of the Board of Directors of Atos S.A., France Chairman of the Board of Supervisors of Siemens Ltd., China Member of the Board of Siemens Ltd., India Chairman of the Supervisory Board of Siemens Schweiz AG (until December 1, 2014) Intragroup: Deputy Chairman of the Supervisory Board of OSRAM GmbH
Prof. Lothar Frey Born June 7, 1958 Professor at the 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
Alfred Haas Born October 23, 1950 Head of CB Governmental Affairs (CB GA), OSRAM GmbH	September 3, 2013	Intragroup: Member of the Supervisory Board of OSRAM GmbH
Michael Knuth 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 Group Holding GmbH Intragroup: 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
Hubert Roßkopf Born October 13, 1968 Works Council of OSRAM GmbH, Eichstätt plant	September 3, 2013	Intragroup: Member of the Supervisory Board of OSRAM GmbH
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 Executive Member of the Managing Board of IG Metall Germany	September 3, 2013	Member of the Supervisory Board of Nokia Solutions & Networks Management GmbH Intragroup: Member of the Supervisory Board of OSRAM GmbH
Thomas Wetzel Born May 18, 1964 Works Council of OSRAM GmbH, Berlin plant	September 3, 2013	Intragroup: Member of the Supervisory Board of OSRAM GmbH

Supervisory Board Committees of OSRAM Licht AG

	Meetings in fiscal 2014	Tasks	Members as of September 30, 2015
Executive Committee	October 28, November 4 and December 2, 2014, February 3, March 25, April 28 and July 28, 2015	Performs the duties of a nomination and remuneration committee. Prepares 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.	Peter Bauer Dr. Roland Busch Michael Knuth Willi Sattler
Audit Committee	November 5 and December 2, 2014, February 3, April 28 and July 28, 2015	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 adherence to legal and regulatory requirements and internal policies, as well as issues relating to sustainability.	Dr. Werner Brandt Dr. Christine Bortenlänger Dr. Roland Busch Michael Knuth Hubert Roßkopf Irene Schulz
Nomination Committee	November 5, 2014	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.	Peter Bauer Dr. Werner Brandt Dr.Roland Busch
Strategy and Technology Committee	November 5, and December 1, 2014, January 30, and July 27, 2015	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. 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.	Peter Bauer Dr. Roland Busch Michael Knuth Willi Sattler

Managing Board of OSRAM Licht AG

	First appointed in	Appointed until	Responsibilities	Occupation/other mandates
Dr. Olaf Berlien Chief Executive Officer (CEO) Born September 20, 1962	January 1, 2015	December 31, 2017	Specialty Lighting, Opto Semiconductors, Lamps and Digital Systems Business Units, OLED Business Segment Regions, Strategy, Communication, Legal & Compliance, Research & Development, Supply Chain Management (excluding Logistics), Quality, and Technology	Chairman of the Managing Board of OSRAM Licht AG Member of the Supervisory Board of Droege International Group AG Member of the Administrative Board of ALSO Holding AG, Switzerland Intragroup: Chairman of the Supervisory Board of OSRAM Opto Semiconductors GmbH (from January 1, 2015)
Wolfgang Dehen Chief Executive Officer (CEO) Born February 9, 1954	November 8, 2012	December 31, 2014	Specialty Lighting, Opto Semiconductors, Lamps and Digital Systems Business Units OLED Business Segment Regions, Strategy, Communication, Legal & Compliance, Research & Development, Supply Chain Management (excluding Logistics), Quality, and Technology	Chairman of the Managing Board of OSRAM Licht AG Member of the Supervisory Board of TÜV Süd AG Intragroup: Chairman of the Supervisory Board of OSRAM Opto Semiconductors GmbH (until December 31, 2014)
Dr. Klaus Patzak Finanzvorstand (CFO) Born May 8, 1965	November 8, 2012	March 31, 2021	Lighting Solutions Business Unit, Services, Corporate Finance, Controlling, Accounting, Taxes, Mergers & Acquisitions, Investor Relations, Information Technology (IT), Internal Audit, Logistics Business Segment	Member of the Managing Board of OSRAM Licht AG Member of the Supervisory Board of Bayerische Börse AG Intragroup: Member of the Supervisory Board of OSRAM Opto Semiconductors GmbH (since January 1, 2015) Chairman of the Board of Directors of OSRAM SYLVANIA INC. (until December 31, 2014) Member of the Board of Directors of OSRAM China Lighting Ltd. (until 17, May 2015)

On November 5, 2014, Mr. Dehen resigned from his position as a member and the Chairman of the Managing Board with the consent of the Supervisory Board, with effect from the end of December 31, 2014. Also on November 5, 2014, Dr. Berlien was appointed as a member and the Chairman of the Managing Board by the Supervisory Board with effect from January 1, 2015.

Munich, November 19, 2015

OSRAM Licht AG
The Managing Board

signed *signed*

Dr. Olaf Berlien
Chairman of the Managing Board (CEO)

Dr. Klaus Patzak
Chief Financial Officer (CFO)

D
Statements and Further Information

D.1 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 19, 2015

OSRAM Licht AG
The Managing Board

signed	*signed*
Dr. Olaf Berlien Chairman of the Managing Board (CEO)	Dr. Klaus Patzak Chief Financial Officer (CFO)

D.2 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, 2014 to September 30, 2015.

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. 315 a (1) HGB and give a true and fair view of the net assets and financial position of the Group as at September 30, 2015 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, 2014 to September 30, 2015. 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. 315 a (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 consolidated 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 19, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

German independent auditor's report signed

Breitsameter	Esche
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

D.3 Glossary

This Glossary contains a brief description of key financial terms to aid understanding of our financial reporting. For how they are calculated and for a reconciliation to the most comparable IFRS performance indicators, > B.2.7 Reconciliation of Key Performance Indicators. Page 79 ff.

Costs Associated with Carving Out the Lamps Business Costs arising in connection with the organizational and legal carve-out of the lamps business, e.g., consulting expenses or the costs of independent IT systems.

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 extraordinary in nature.

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 the translation of 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 > Portfolio Effects. This provides the basis for a meaningful analysis of the Company's business performance at an operational level while excluding the effects of currency translation. Page VI

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 attributable to the ordinary shareholders of OSRAM Licht AG divided by the number of shares outstanding with rights to residual interests in the company. Earnings per share can either be expressed as either "basic" or "diluted"; dilution refers to a reduction 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 income (loss) before financial result (meaning 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, net of reversals of writedowns. EBITA is also given as the ratio to revenue (EBITA margin).

EBITA, Adjusted EBITA as defined above before > Special Items. Adjusted EBITA is also expressed as a ratio to revenue (adjusted EBITA margin). Page VI

EBITDA Abbreviation for "earnings before interest, taxes, depreciation, and amortization." This indicator corresponds to EBITA before depreciation and impairments of property, plant, and equipment, net of reversals of writedowns.

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 less costs of goods sold and services rendered. Gross profit provides information on the profitability of the business from the perpesctive of revenue-related costs only. Gross profit is also expressed as a ratio to revenue (= gross profit margin).

Net Debt, Adjusted Net debt plus pension plans and similar commitments, and credit guarantees.

Net Debt/Net Liquidity Liabilities from funds raised, less liquidity. OSRAM defines net debt as short- and long-term debt less cash and cash equivalents and available-for-sale financial assets.

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 reports the "comparable" changes adjusted for portfolio effects and currency translation effects > Currency Translation Effects. Page V
This provides the basis for a meaningful analysis of the Company's business performance while excluding the effects of 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 covers the U.S.A., Canada, Mexico, and South America. The APAC region comprises Asia, Australia, and the Pacific.

Return on Capital Employed (ROCE) The ratio of profit/loss before interest and after taxes to average capital employed. An annual measure that shows how efficiently a company manages the capital of its shareholders, creditors, and other lenders.

Revenue Growth/Change (Comparable) The terms "Comparable revenue growth/changes in revenue" and "revenue growth on a comparable basis" refer to revenue growth after adjustment for currency translation and portfolio effects.

Special Items The Managing Board defines these as recurring and nonrecurring effects within EBITA.

At OSRAM, these primarily comprise > Transformation Costs, > Costs Associated with Carving Out the Lamps Business, acquisition-related costs, > Costs Associated with Substantial Legal and Regulatory Matters, > Subsequent Costs Associated with the Listing of OSRAM Licht AG the relevant sections (net), and net costs associated with changes in the Managing Board of OSRAM Licht AG.

Below, Page V
Page V
Below

Subsequent Costs Associated with the Listing of OSRAM Licht AG Expenses and income associated with the listing of OSRAM Licht AG and the spin-off from Siemens, as well as certain patent infringement disputes arising in this connection. In fiscal 2015, this item primarily comprised expenses connected with the management's transaction bonus program.

Transformation Costs Costs that, in the management's opinion, result from the underlying shift in the lighting market and from associated corporate programs and strategic restructuring activities. These primarily comprise the cost of personnel measures, impairment losses and losses on disposals of property, plant, and equipment, the closure of production sites, as well as other transformation costs such as project expenses and inventory valuation costs associated with the cessation of activities. In Fiscal 2015 compensatory gains occurred in connection with the sale of the prior headquarter of OSRAM in Munich.

D.4 Financial Calendar

Fiscal 2016

1st quarter	
Preliminary figures	February 3, 2016
Interim Report for the first quarter	February 12, 2016
Annual General Meeting of OSRAM Licht AG	February 16, 2016

2nd quarter	
Preliminary figures	April 27, 2016
Interim Report for the second quarter	May 6, 2016

3rd quarter	
Preliminary figures	July 27, 2016
Interim Report for the second quarter	August 5, 2016

4th quarter	
Preliminary figures 2016	November 9, 2016
Annual Report for the fiscal 2016	December 5, 2016

as of September 30, 2015.

Date of Publication
December 7, 2015

Publisher
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