



BAVARIA IN THE NEWS

**The FIFA World Cup
2006™ in Bavaria:
the matches, the festivities**

**Germany's most
promising product:
developed in Bavaria**

**From Franconia:
world's best white wine
See page 2**

**Bavaria's fast-developing
logistics sector:
powered by infrastructure
and innovation**

**A state of entrepreneurs:
Dr. Gerhard Sälzer, CEO of
TeraGate, the EMEA's second
fastest growing company
See page 3**

**Story to watch:
São Paulo is the latest addition
in the network of advanced
business centers**

**Foundation stone:
Munich's Bernstein Center for
Computational Neurosciences**

**Dr. Lucie Merkle:
Our representative in Palo Alto**

**Pleasures to be pursued:
Mozarting in Bavaria**

**Trade fairs in Munich
and Nuremberg
See page 4**

What's inside

New investment record for Bavaria

As of December 1, 2005, there were 1,206 foreign-owned technology companies in Bavaria. Up 3.8% from 2004's total of 1,162, that's an all-time record for Bavaria, and for any state in Germany and in continental Europe, reports a database maintained for Invest in Bavaria.

The Americans' rediscovery of Bavaria, the ongoing influx of Asian techs in the state and the unflagging interest on the part of companies in neighboring EU countries boosted Bavaria to its new all-time high. Fastest growing sectors were, once more, high-tech services and the automotive industry.

Registering a nearly 60% jump in its number of foreign high-techs (to 87), greater Nuremberg was, for the fourth year in a row, Bavaria's fastest-growing metropolis. At 375 foreign techs, up 16 from 2004, Munich remained by far the number one among cities in Germany and in Europe.

Get set for further records in 2006. In a survey recently conducted, 49% of the state's

foreign-owned companies indicated that they would expand their operations in Bavaria in 2006. An equally large number reported plans to maintain the current scale of operations.

Foreign-owned high techs in Bavaria

(as of December 1)

| | |
|------|-------|
| 2005 | 1,206 |
| 2004 | 1,162 |
| 2003 | 1,049 |

Top five: countries of origin

| | |
|---------|-----|
| USA | 571 |
| Japan | 99 |
| France | 82 |
| Austria | 74 |
| UK | 74 |

Top five: sectors

| | |
|-------------------------|-----|
| ICT | 395 |
| Life sciences | 124 |
| Electronics | 108 |
| Industrial technologies | 100 |
| Automotive | 98 |

Twelve in a row!

Yet another exports record

In 2005, Bavaria's companies sold goods worth €125 billion abroad, up 8.6% from 2004, according to preliminary figures released by Erwin Huber, Bavaria's minister for economic affairs, infrastructure, transport and technology. That was, for the twelfth year in a row, an all-time record for the state. Engines driving this record include China and the rest of Asia. Bavaria's exports to the country amounted to €300 million in 1990. The figure for 2004: €4.2 billion. Bavaria's volume of trade with Asia

nearly doubled over the past decade. The continent now accounts for more than 12% of Bavaria's exports.

Another cause of this winning streak has been the ever-greater success enjoyed by Bavaria's SMEs (small and medium-sized enterprises – those companies with 250 employees or less) in entering and expanding in the world market. In 2004, exports by the state's SMEs came to €32.4 billion – more than twice 1995's figure.

Inside technology

A high potential product wins a very big prize

Skyrocketing fuel prices. A growing scarcity of petroleum. Rising levels of carbon dioxide and their effects on the world's climate. In view of these problems, it's no wonder that a product substantially cutting automobile fuel consumption and pollution won Germany's most important prize for innovation. Conferred by the country's president, "the Future Prize" went this year to a ceramics-and-electronics-based piezo-injection system developed by Siemens VDO Automotive in Regensburg and Bosch in Stuttgart.

By fine-tuning the dispensing of Diesel in engines, the system gets much more

mileage out of fuel. The technology also enhances engine output.

Siemens and Bosch devoted €5 billion to develop the piezo-injection technology. This massive investment is paying off handsomely. In 2001, one year after the launch of serial production, 500,000 piezo-injectors were manufactured in Regensburg. In 2006, this figure will rise to 16 million. Now making its way through the pipeline, the development of models for gasoline-burn- ing engines will further boost that figure.

Key figure

198 top R & D facilities are to be found in Bavaria's universities and institutes. That ranks Bavaria number one among Germany's sixteen states. The rankings were compiled by polling the leading scientists in twelve cutting edge sectors. Based on these rankings, Bavaria was named **Germany's most innovative state** by authoritative business weekly **WirtschaftsWoche**.

90. That's the number of headquarters of major companies in Munich. It's more than in any other city in Germany.

The World Cup in Bavaria – The FIFA World Cup 2006™

The matches in Munich:

| | |
|-----------------------------------|---------|
| Germany and Costa Rica – opener | June 9 |
| Tunisia and Saudi Arabia | June 14 |
| Brazil and Australia | June 18 |
| Ivory Coast and Serbia-Montenegro | June 21 |
| Round of 16 | June 24 |
| Semifinal | July 5 |
| Venue: Allianz Arena | |

The events in Munich:

Fan Fest
Venue: Olympic Park
Public viewing of matches on 60 square meter-large screen
Music, athletic events, exhibitions, food and other attractions every day from June 6 to July 9, from 1 p.m. to 11 p.m.

The events in Nuremberg:

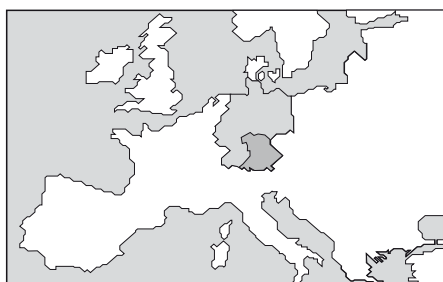
Fan Fest
Venue: Volksfestplatz
Public viewing of matches on large-sized screen
Attractions include a wellness area, Franconian beer village, a wine fest and tons of activities for kids
June 9 to July 9

The matches in Nuremberg:

| | |
|---------------------------------|---------|
| Mexico and Iran | June 11 |
| England and Trinidad and Tobago | June 15 |
| Japan and Croatia | June 18 |
| Ghana and the USA | June 22 |
| Round of 16 | June 25 |

Sources of information:
www.fifaworldcup.com

Use this Website, maintained by football's governing body, to track the teams during the tournament!



Bavaria in Europe

Inside the state

From Volkach: the world's best white wines

Held in London every year, the Wine Challenge enjoys the renown in its field similar to that of the Oscars in film.

2004 was definitely the year of Horst Sauer at the Challenge. Located in the Eschendorf borough of the Lower Franconian city of Volkach, Sauer was named the "best white winemaker in the world". In arriving at that verdict, the 400 jurors tasted 9,000 wines. The proprietor of a 13.4 hectare-large vineyard (annual output: 120,000),

Sauer was awarded ten other medals at the Challenge. These titles and medals were just the latest in a long string of commendations conferred upon Sauer. Among them: "best Silvaner in the world". Sauer credits his success to the local soil, to the support provided by agricultural authorities, and to the opportunity to profit from the expertise of Franconia's other renowned winemakers. Among them: Bürgstadt's Rudolf Fürst and the Domäne Fürst Castell.

Bavaria's fast-developing logistics sector: powered by infrastructure and innovation

Producing high-demand goods is one of the major challenges of today's business. Getting them from the factory to customers is nowadays often an even greater one.

As the latest export figures show (see page one), the state of Bavaria is a master of manufacturing. As three recent developments detail, the state is also a leader in speeding freight throughout the state and around the world.

In December, Munich and Nuremberg, Bavaria's two international airports, reported record growth for 2005. One of the fastest growing areas at the airports was airfreight processing, which was up 11% and 7% in Munich and Nuremberg.

These rises are attributable to the strength of the state's manufacturing community, to investments made by the airports in processing facilities, to Bavaria's proximity to booming central and eastern Europe, and to the establishment of such dedicated links as the airfreight-only "Silk Road" connecting central China's Xi'an and Nuremberg.

The airports, in turn, form part of a transport grid also comprised of 137,000 kilometers of superbly-maintained superhighways and roads, of express rail lines, of high-capacity waterways (including the Rhine Main Danube one) and of the freight processing centers (such as the ones in

Nuremberg, Ingolstadt and Regensburg) and the harbors interlinking them.

The ever-larger volumes of traffic mean that building and maintaining world-class transport infrastructure isn't enough. You also have to develop and install systems able to keep traffic moving.

This, in turn, is another forte of such state companies as Kayser-Threde, Astrium and Siemens, and of such institutes as the Center of Logistics Expertise in Prien and Fraunhofer Working Group for Logistic Services. Working with the dedicated networks in Nuremberg, Neu-Ulm, Upper Franconia and Lower Main, these players have come up with systems reducing congestion by avoiding unnecessary trips, by intelligently packaging and packing goods, and by increasing highway speeds and capacities through the tracking, distributing and optimal scheduling of travel.

These systems rely on the latest advances from the sensors, IT, communication, and aerospace sectors. Bavaria's expertise in the latter has won it a huge prize.

In May 2003, the members of the satellite-consortium Galileo industries selected Munich's eastern suburb of Ottobrunn (headquarters of aerospace giant EADS) to be the headquarters and hub of development of its €3.8 billion Galileo project. It

melds the latest advances in aerospace, communication and IT into a state-of-technology GPS navigation grid. In December 2005, the EU sited Galileo's main control center in Oberpfaffenhofen, the node of Germany's space operations. The center will be responsible for operating the project's 30 satellites during the next two decades.

In January, it was announced that much of the work – worth €200 million – on Galileo's first four satellites would be carried out in Bavaria. The technologies linking the earth and the satellites are being developed in greater Munich and tested in a research facility in Berchtesgaden.

One of the main activities of Galileo's satellites will be tracking trucks, railcars, barges and other moving vehicles. For the vehicles' operators, this tracking will mean accurate forecasts of travel times, optimal route planning and other benefits. This will enable authorities running the transport grids and facilities to optimize the use of resources and capacities.

For further information, please contact:

Mr. Peter Seige

Bavarian Ministry of Economic Affairs, Infrastructure, Transport and Technology

Prinzregentenstr. 28

80538 Munich

Germany

Tel. (+ 49-89) 21 62-22 65

A state of entrepreneurs

Dr. Gerhard Sälzer, CEO of TeraGate

22,229% in its first five years. Even in the world of high-tech startups, which often zoom out of nowhere to international dominance, that's an impressive sales rise.

Achieving it won TeraGate, headquartered in Munich, two impressive finishes in Deloitte's latest rankings of the fastest-growing companies in the world. According to the rankings, TeraGate is the fastest growing company in Germany, and is second in the entire EMEA (Europe, Middle East, Africa) region. With its having largely

resulted from the securing of large-scale orders from Deutsche Bahn, Germany's railway corporation, and chipmaker Infineon, TeraGate's rapid growth ensued from a brilliant idea: of using ultra-high speed and capacity optical fiber lines to link local customer networks into ultra-high speed WANs (wide area network) spanning countries and even continents.

To attain greater throughput of data in its network, which links more than 16 metropolitan area networks in major business

regions of Germany, TeraGate, founded in 2000, employs the internationally-accepted Ethernet technology, which enables the transmission of data with a volume equivalent to that of 25 million calls.

Presiding over TeraGate's exponential growth since 2003 has been Dr. Gerhard Sälzer, who was born in 1964, and who managed similar telco projects at RWE and Infigate.

A state of pleasures: Mozarting around Bavaria

Say Mozart and you think of Salzburg, where he was born and raised, and Vienna, where he spent the last years of his tragically short life.

You would also do well to say 'Augsburg', because that's where the Mozarts came from, where his father Leopold was born, where many of his favorite relatives and friends lived. Mozarts still abound in the city.

In view of these ties, it's no wonder that Augsburg is an epicenter of the celebrations of the great composer's 250th birthday. Highpoints of southern Bavaria's year-long calendar of festivities, which also include exhibitions, shows and other events, will be the 55th German Mozart Festival and the Leopold Mozart violin competition. Both will be held from May 12 – 28.

For further information:
www.mozartstadt.de

Mozart festivals are also being held in many of the peripatetic composer's ports of call in Bavaria, including Würzburg (June 2 – July 1, www.mozartfest-wuerzburg.de; and June 16 – July 30, www.bayerische-kammeroper.de), Passau (June 16 – July 23, European Weeks festival's Homage to Mozart), Nuremberg (concerts and festivi-

ties from Feb. to July), Cloister Seeon (April 15 – 23, www.kloster-seeon.de), and Bamberg (especially on February 5th its 'Mozart and Hoffmann' program).

Should you want to visit the halls, churches, houses and inns at and in which Mozart composed, played and stayed during his many trips to and through Bavaria, get on your bike. Bavaria and Austria have just created a 450 kilometer-long 'Mozart Bike Trail'.

For further information: www.mozartadweg.com



One of the stops along the way is Bad Reichenhall. It may be very hard for cyclists to tear themselves away from this southeastern Bavarian town, as it is home to Reber. This company has been throughout its 140-year history the largest and most famous producer of "Mozartkugel". Containing pistachio marzipan and other delights, these chocolate balls are widely regarded as the world's favorite praline.

Story to watch

On July 12, 2006, the state of São Paulo will join an elite network. Founded in 2002, the network is comprised of hubs of world business and technological development: California, Shandong, Bavaria, Upper Austria, Québec and West Cape. The relationship between São Paulo, whose GDP of \$215 billion makes it the largest center of business in Latin America, and Bavaria is close and getting closer, thanks partially to the booming Brazilian state of 40 million's needs for advanced infrastructure, environmental and industrial systems.

Foundation stone

Munich's Bernstein Center for Computational Neurosciences was founded in February 2005 by the city's universities, by a Max Planck Institute and by chip manufacturer Infineon Technologies. Availing itself from funding from Germany's ministry of education and research and part of a four-facility national network, the center is located in Munich's Großhadern medical campus and is currently undertaking seven projects. They are designed to deploy advances in IT and in neurobiology to further each discipline's development.

Our representative in ...

Silicon Valley is **Dr. Lucie Merkle**. After earning a masters degree at Wayne State University and a Ph.D. (both in economics) from the University of Munich, Merkle started her career at Bavaria's economics ministry in 1994. The next ten years included managerial training, a stint at a major chemicals producer and the deputy directorship of Invest in Bavaria. Dr. Merkle assumed her present position in December 2005.

... in Munich ...

Semicon Europe

serving the semiconductor industry
April 4 – 6, 2006

Metav

serving the metal processing industry
April 4 – 7, 2006

Analytica

Instruments and other laboratory equipment
April 25 – 28, 2006

Ceramitec

serving the ceramics industry

AUTOMATICA

Robots, automation and assembly equipment
both May 16 – 19, 2006

... and Nuremberg

PCIM

Electronics, propulsion systems and power grids

SENSOR+TEST

Sensors and test systems

SMT/HYBRID/PACKAGING

Systems used in microelectronics
all May 30 – June 1, 2006



Published by: Bavarian Ministry
of Economic Affairs, Infrastructure,
Transport and Technology

Prinzregentenstrasse 28 • 80538 München, Germany
Tel.: (+49-89) 21 62-26 42 • Fax: (+49-89) 21 62-28 03
www.invest-in-bavaria.com

Should you wish to subscribe (free of charge!)
to Bavaria in the News, please contact us:
info@invest-in-bavaria.de