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### **Siemens intends to put IT business on track for long-term success**

Additional investments of more than €500 million planned to expand SIS business

Market-oriented organization based on two business units with sharp customer focus

Around 4,200 planned job cuts worldwide – About 2,000 jobs in Germany affected

**Siemens AG is orienting its IT business toward promising solution areas and is therefore planning to make additional investments of more than €500 million by 2012. These investments are primarily intended to help Siemens IT Solutions and Services (SIS) offer customers economical IT solutions to an even greater extent than before. The solutions business will form the second pillar – alongside IT outsourcing – of the SIS organization, which will be considerably simpler in the future. The solutions business will combine IT systems integration services and industry-related IT solutions – services and solutions that will also benefit the Siemens' Energy, Industry and Healthcare Sectors. To date, the IT division has comprised seven business units. "The combination of IT outsourcing and specific industry solutions makes SIS an excellent partner for comprehensive IT consulting and IT management and can build on the specific industry and software knowhow of the Siemens Sectors, which are world-leaders in their businesses," said Siemens CFO Joe Kaeser. "We want to put SIS on a solid long-term foundation," emphasized Christian Oecking, acting CEO of the IT business. As part of the reorientation, plans call for eliminating some 4,200 of about 35,000 jobs worldwide by 2011. Roughly 2,000 of the jobs affected are in Germany, primarily at major locations for example in Munich and Paderborn as well as the Nuremberg/Erlangen metropolitan area. "We will implement these measures responsibly. The clear focus will make our IT business fit for the future," stated Siemens Chief Human Resources Officer Siegfried Russwurm.**

Siemens announced the carveout of the IT division in December 2009, justifying this step, among other things, by the need to provide the labor-intensive business with considerably more flexible and market-oriented structures. In addition to the current plans to establish a separate legal entity, Siemens intends to create all the conditions necessary for a stand-alone operating business by the

start of the new fiscal year on October 1, 2010 and to open up additional entrepreneurial options for strengthening its IT business.

“The demands on IT and software expertise in our strategic businesses are steadily increasing, and the attractive growth fields of smart grids, product lifecycle management (PLM) and efficient healthcare solutions are all strongly IT-driven. The ability to operate customer IT infrastructures as well is also an excellent add-on and generates substantial customer value. In the past, we’ve frequently demonstrated that we vigorously tackle all necessary measures. Only this approach ensures competitiveness and, thus, safeguards jobs in the long term,” explained Russwurm.

In making the job reductions connected with the reorientation of the IT service provider, Siemens intends to exhaust all possibilities for voluntary measures and to implement the cutbacks in as socially compatible a way as possible. Measures will include, for example, the termination of employment contracts by mutual consent or the non-renewal of temporary contracts. The required consultations with employee representatives will be initiated immediately.

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