

SIEMENS

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**Annual Shareholders' Meeting of Siemens AG
Chairman of the Supervisory Board of Siemens AG
Gerhard Cromme**

Munich, Germany, January 27, 2009

Check against delivery!

Fiscal 2008 saw a number of significant changes at Siemens AG that were considered by the Supervisory Board, and that I would now like to comment on. But first a few preliminary remarks. In terms of business operations, fiscal 2008 was again very successful – in spite of the extensive changes in the company which tied up considerable resources. Mr. Löscher will provide more details on the fiscal year in his report under Agenda Item 2.

In my remarks I would like to address two topics: First, the conclusion of the corruption-related legal proceedings in Germany and in the U.S. And second, the changes in the composition of the Supervisory Board and the Managing Board. In that regard I will limit my remarks to changes that took place after the 2008 Annual Shareholders' Meeting. As you will recall, at the meeting on January 24, 2008, I reported on the changes in the Managing Board that had taken effect as of January 1, 2008. And of course, you will once again find details on all the changes that have taken place over the past year in the Report of the Supervisory Board, which is included in the Annual Report.

Conclusion of legal proceedings with German and US authorities in record time

In November 2006, the Munich Public Prosecutor's Office searched the offices of Siemens. Investigations of Siemens in several countries, in particular in the United States, followed. A year ago I stood before you and told you that we would soon engage in talks with the authorities in Germany and in the United States, with the aim of arriving at a fair resolution of these proceedings.

On December 15, 2008, approximately two years after the investigations began, we, together with the authorities in Munich and in Washington, announced the conclusion of these legal proceedings. This brought an end to the corruption-related legal proceedings in Germany and in the United States. The criminal and civil proceedings against individuals have always been, and continue to be, independent from the proceedings against Siemens itself.

This also applies to damage claims against former members of the Managing Board. Here, the German Stock Corporation Act stipulates that settlements, to the extent they materialize, cannot

be submitted for approval at the Annual Shareholders' Meeting until a three-year term expires that begins at the time the matter first becomes known. In our case, this would be at the 2010 Annual Shareholders' Meeting at the earliest.

The agreement with U.S. and German authorities essentially includes four points: First: In the legal proceeding in Munich, we agreed to pay a fine of €395 million. This fine was imposed by the Munich Public Prosecutor's Office to terminate the proceedings arising from the failure of the former Managing Board of Siemens AG to fulfill its supervisory duties. Already in October 2007, a Munich court had ordered Siemens to pay €201 million in a similar case related to the former Com Group. Thus the total fines imposed by German authorities amount to €596 million.

Second: The U.S. Department of Justice ordered Siemens to pay a fine of US\$450 million, equivalent to about €350 million. This penalty was imposed for circumventing or failing to maintain adequate internal controls and for failing to comply with the books and records provisions of the United States Foreign Corrupt Practices Act.

Third: Siemens AG agreed to a disgorgement of profits to the U.S. Securities and Exchange Commission (SEC) in the amount of US\$350 million. That is equivalent to about €270 million. If we add the penalties imposed on the Com Group to those from December 2008, the total is about €1.2 billion. This amount is fairly evenly divided between Germany and the United States.

The fourth point is the appointment of an independent Compliance Monitor. The Compliance Monitor is equally a partner of Siemens and the U.S. authorities, and operates with complete independence. Over the next three to four years he will evaluate and document our progress as we continue to implement our Compliance Program. In addition to that, the Compliance Monitor will regularly report on the effectiveness of the company's compliance measures to the U.S. Department of Justice and the SEC. We are pleased that the authorities have accepted our proposal that former German Finance Minister Dr. Theo Waigel serve in this role. I am pleased to extend a warm welcome to Dr. Waigel, who requires no introduction here in this auditorium. But I would like to take this opportunity to express, on behalf of everyone in attendance, how pleased we are that you have agreed to accept this important position, and that you are able to

join us at today's Annual Shareholders' Meeting. Dr. Waigel is the first Compliance Monitor who is not a U.S. citizen. That, too, is an indication of the U.S. authorities' sensitivity and prudence. All investigating authorities involved expressly acknowledged Siemens' exemplary cooperation.

Investigators were impressed by our openness and by the scope and vigor with which we supported the investigations from the outset, through the law firm Debevoise & Plimpton, the auditors Deloitte Touche, and the outstanding efforts of Siemens employees. It was clear from Day One that we were firmly committed to getting to the bottom of these matters, without regard to an individual's position, and even if some findings proved to be hard to bear.

Wherever wrongdoing was proved beyond a doubt, we immediately took the necessary actions. Wherever there were systemic weaknesses, we identified them and corrected them. Where the necessary resources were lacking, we provided them.

These demanding efforts have paid off: Today Siemens has a clear, transparent structure that no longer allows any gray areas with respect to responsibility. At the same time, these structures make Siemens more efficient, more cost-effective, and thus more competitive. The authorities took into consideration our unflinching desire to do whatever was necessary for a fresh start in determining the size of the penalties and the duration of the proceedings.

During the course of the two-year investigation, there was constant speculation about the eventual amount of these fines. A variety of assumptions were made about the multiplier to be applied. And there were all sorts of calculations in which various experts predicted figures in the range of three, five or even more than ten billion euros. Well, the final figures are far below that. And this is primarily due to the U.S. Department of Justice asking the court to reduce the fine because our cooperation was so outstanding – a request unique in the history of comparable cases!

Taken together, the sanctions in Germany and the United States are noteworthy for the fairness and proportionality exercised by the authorities. I emphasize this so strongly because particularly here in Germany, there have sometimes been disconcerting opinions and conjecture about the

independence and objectivity of the U.S. investigating authorities. Those notions never reflected reality. In fact, we were impressed by how determined German and U.S. authorities were to work together, make rapid progress, and conduct a thorough investigation. The same applies to the cooperation with the independent investigators from Debevoise on both sides of the Atlantic. That cooperation significantly contributed toward bringing the proceedings to a conclusion in such a short time.

Additionally, both the German and U.S. side found that Siemens today is a different company from what it was in November of 2006. That goes for the people in positions of responsibility. It goes for our internal control mechanisms. And it goes for our company structure which, in the past, left openings for misconduct, at least indirectly.

Compliance-Structure successfully established

Today, our internal control mechanisms are among the best in the world – as the authorities explicitly emphasized in their final assessment of the case. Today, our management culture is fundamentally different from what it was only two years ago, as a result of our company-wide Compliance Program.

We would like to express our deep regret that there has been unacceptable conduct at Siemens in the past. We have done everything in our power to bring to light what happened, and to identify and correct the causes of that misconduct.

And I would like to warmly thank everyone whose dedication helped us reach that goal. This gratitude extends especially to the Debevoise and Deloitte teams, but also to those employees of Siemens, including Managing Board members, who contributed to these remediation efforts. After two difficult years, Siemens – your company – once again stands on a firm foundation of integrity. That's something we could not take for granted. The situation at Siemens in mid 2007 was critical. The magnitude of the penalties was incalculable. There was the danger that Siemens would be excluded from public tenders. Insecurity prevailed in the markets and among shareholders.

Those of us who are aware of these circumstances are certainly greatly relieved by the swift resolution and the moderateness of the penalties. Incidentally, both Managing Board and Supervisory Board pursued this swift resolution with such vigor because it has been evident for some time that the macroeconomic climate is deteriorating. It was vital for us to first shed this additional burden.

Changes in Managing and Supervisory board

I now turn to the second point in my comments: the changes in the composition of the Managing Board and Supervisory Board since the 2008 Annual Shareholders' Meeting. First, the Managing Board:

At its meeting on April 29, 2008, the Supervisory Board consented to a request from the CEO of the Healthcare Sector, Professor Erich Reinhardt, to be relieved of his duties. The internal compliance investigation had brought to light facts about impermissible payments in previous fiscal years. These facts had nothing to do with Professor Reinhardt personally, but they did occur during the period in which he was responsible for Healthcare. He immediately took the consequences and resigned from his position as a member of the Managing Board and as Healthcare CEO. Professor Reinhardt accepted responsibility for the Sector that he headed. But I want to expressly repeat here: the facts at issue in no way implicated Professor Reinhardt personally. Nevertheless, he took responsibility and acted accordingly. The Supervisory Board accepted his decision with the greatest respect, and thanked him for his many years of successful work in the Siemens healthcare business. Accordingly, management proposes under Agenda Item 4 that his actions should be ratified for the past fiscal year. Professor Reinhardt continues to advise the Managing Board.

At the same meeting on April 29, the Supervisory Board appointed Jim Reid-Anderson to the Managing Board and assigned him to manage the Healthcare Sector. In advance of the meeting of November 28, 2008, Mr. Reid-Anderson asked to be relieved of his duties for personal reasons. The Supervisory Board accepted his request.

The Supervisory Board then appointed Professor Hermann Requardt to succeed him as CEO of the Healthcare Sector. Professor Requardt has agreed to continue to act as Siemens Chief Technology Officer and head Siemens Corporate Technology. The Supervisory Board reassigned his responsibilities for the Asia Region to Mr. Dehen, and for the Middle East Region to Mr. Russwurm.

Professor Requardt was a member of Group Executive Management of Medical Solutions from 2001 to 2006. So he is very well acquainted with the needs of the market and customers in the healthcare business, and he will continue to strengthen the Sector's already strong position as an innovation leader.

New resort in board "Supply Chain Management" - Barbara Kux first woman in the board

At the meeting of November 12, 2008, the Supervisory Board appointed Ms. Barbara Kux to the Managing Board. She was assigned to a newly created Managing Board position as head of Supply Chain Management. Her responsibilities include managing our worldwide purchasing volume of roughly €40 billion. Ms. Kux has a broad international background. Most recently she was a member of executive management at Philips, where she was in charge of purchasing and the sustainability of the product portfolio.

We now have a highly qualified Managing Board team led by Mr. Löscher. And its strategic and operational performance this last year was outstanding. The Supervisory Board has great confidence in this team. And I am sure that most of you agree with that as well. Those were the changes in the composition of the Managing Board.

Changes within the Supervisory board

Effective at the end of today's meeting, First Deputy Chairman Ralf Heckmann is resigning from his office for personal reasons. He also resigned as Chairman of the Central Works Council effective December 1, 2008. He was succeeded there by Mr. Adler, whom I would like to warmly congratulate as he assumes that important office.

We accepted Mr. Heckmann's decision with regret, and we thank him for his many years of achievement. Mr. Heckmann has been a member of the Supervisory Board since 1988. He has been First Deputy Chairman since March 1, 2002. With his vast experience and clear views, Mr. Heckmann always helped us to reach consensus, even on difficult matters. Mr. Hans-Jürgen Hartung, Chairman of the Energy Sector Works Council in Erlangen, has been appointed by court order to succeed Mr. Heckmann as a member of the Supervisory Board of Siemens AG. He will assume office at the end of this meeting.

Before I now turn to Agenda Item 2, permit me to make one more remark on the Supervisory Board's proposed resolution under Agenda Item 6 of today's meeting: Appointment of independent auditors.

Appointment of Ernst & Young as independent auditors

The nomination of Ernst & Young resulted from an intensive dialogue among the Supervisory Board, the Audit Committee, and the Managing Board, and also from a tendering process. Ultimately, the choice narrowed down to two independent auditors, Ernst & Young and KPMG. Both submitted a compelling proposal, and both met the requirements for appointment as independent auditor. Hence our decision is not a decision against one competitor. KPMG has served as our auditor for many years – more than 100 years, in fact. It requires no stretch of the imagination to say that this marks a record for continuity that will be hard to beat. I would like to sincerely thank KPMG and their many employees who participated in this year's audit for their competent and conscientious work. After the many years during which KPMG served as our auditor, we concluded that change should be the deciding factor when choosing between two equally strong proposals. In addition to thanking KPMG, I would also like to state that we are looking forward to working with Ernst & Young on these important responsibilities.

Adjustments to the Supervisory Boards and the Managing Boards remuneration

I now turn to Agenda Item 11 – To consider and vote upon adjustments to the Supervisory Board remuneration and related adjustments to the Articles of Association. Prior to this meeting, there was a fair amount of public discourse about this and the compensation of the Managing Board. Let me just say this about Managing Board compensation. We have discussed this issue on the Supervisory Board. Considering its performance on behalf of Siemens in a very difficult environment, the Managing Board's compensation is appropriate. Now let me turn to the subject of Supervisory Board remuneration. You, the shareholders, have elected the Supervisory Board to represent your interests. Fulfilling this mandate requires highly professional involvement. Yet Supervisory Board remuneration has not entirely reflected this involvement in the past. That's why, when the Supervisory Board was newly elected last year, I promised my Supervisory Board colleagues to strive for amendments to the Articles of Association that would more accurately reflect the actual involvement of individual Supervisory Board members in plenary meetings, the committees and the Chairman's Committee.

Both the Chairman's Committee and the Supervisory Board have devoted several meetings to this topic. Prior to this, we sought the advice of outside experts and discussed the matter with major shareholders, of whom the vast majority supports our proposal. As usual, compensation includes and will include a fixed component, as well as a variable component which depends on the performance of the company.

That this remuneration is appropriate is supported by facts. With the existing system, Supervisory Board remuneration for fiscal 2008 would total €3.3 million. With the new system, it would amount to only €3 million. That speaks for itself! The main change is the remuneration for committee work. There will be increases for members who work in labor-intensive, regularly scheduled committees. Increases for the Deputy Chairmen and the Chairman will also result.

Here we are following the principle that members of the Supervisory Board who are more involved in committee work should receive higher compensation than those members whose involvement is limited to attending plenary meetings.

Please allow me to make one further point that is often disregarded in the speculations I've read in various publications. In the future, income from continuing operations will be used to calculate Supervisory Board remuneration. In contrast to the past, no adjustments will be made for extraordinary items, such as restructuring. In other words, the factors that reduce earnings per share will also reduce remuneration. This was not the case in the past.

This effect on Supervisory Board remuneration is often overlooked in discussions. And that's why the calculations surfacing in the media are usually incomplete, wrong or too high. Throughout our country, much has been said and written in recent months about the professionalism and the quality of the work of supervisory boards. I would offer the following: professional supervision is demanding work. Recently, in a daily newspaper that is beyond every suspicion of being accommodating, there was a commentary on supervisory board compensation that was not entirely off the mark: "Generally speaking, supervisory board members earn too little in Germany. The amount they are paid is not sufficient to generate the level of engagement that a job like this demands. In many cases, the work is amateurish because they are paid so poorly." This commentary, written by Mr. Büschemann, appeared in the Süddeutsche Zeitung on January 12.

Members of the Siemens Supervisory Board are not paid poorly, they are paid properly. We will be mindful of this in the future. If developments suggest that Supervisory Board remuneration should be adjusted to maintain this prudence, then obviously we will act accordingly.

That concludes my comments on Agenda Item 1 of this meeting. I now turn to Agenda Item 2: Submission of the Annual Financial Statements and the Consolidated Financial Statements, as approved by the Supervisory Board, together with Management's Discussion and Analysis of Siemens AG and the consolidated group, including the Explanatory Report on the information required pursuant to Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) for the fiscal year ending September 30, 2008.

The necessary documents are available here in the meeting area today. They were also sent to you on request. Since the date of the convocation notice, they have been available for perusal at the company's offices, and have also been available on the Internet.

The Annual Financial Statements and Consolidated Financial Statements, as well as the Management's Discussion and Analysis, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft (formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft), headquartered in Berlin. KPMG was appointed as the independent auditor for Siemens AG and the consolidated group at the last Annual Shareholders' Meeting. The independent auditor approved without reservation the auditor's reports required by law.

The Supervisory Board approved the Annual Financial Statements and Consolidated Financial Statements at its meeting of November 28, 2008. Those Financial Statements have thereby been adopted.