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Siemens reaches agreement on reconciliation of interests for IT business

2,000 jobs to be cut in Germany in socially responsible manner

Siemens AG and employee representatives have reached agreement on a reconciliation of interests regarding the workforce adjustments that have been announced for Siemens IT Solutions and Services (SIS). Under the agreement, a comprehensive package of voluntary measures will ensure that the reduction of 2,000 jobs in Germany is implemented in a socially responsible manner. The negotiated reconciliation of interests still requires approval by Siemens' Central Works Council. This approval is expected next week.

Among other measures, the reconciliation of interests is to include offers for the voluntary termination of employment, ranging from partial early retirement to employment termination agreements. The planned instruments also include continuing education measures and internal reassignments. In addition, a Siemens-internal transfer company (an organizationally independent unit) is to be established for the employees affected. Layoffs due to operational requirements are to be avoided in connection with workforce adjustments.

For all other employees – who will be transferred to the new, separate SIS – a three-year protection against termination is to be agreed. This protection will not apply to employees who contest their transfer to the new company.

The adjustment measures became necessary after revenue in SIS's personnel-intensive business declined to €4.7 billion in fiscal 2009 – a decrease of more than 12 percent over the prior year – and because of the reorganization of the IT service provider. In the third quarter of the current fiscal year 2010 alone, SIS reported a loss of €81 million on revenue of €1.1 billion.

At the end of fiscal 2009 (September 30), the IT business had about 35,000 employees worldwide, of whom slightly less than 10,000 were in Germany.

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. For over 160 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is the world's largest provider of environmental technologies, generating €23 billion – nearly one-third of its total revenue – from green products and solutions. In fiscal 2009, which ended on September 30, 2009, revenue totaled €76.7 billion and net income €2.5 billion. At the end of September 2009, Siemens had around 405,000 employees worldwide. Further information is available on the Internet at: www.siemens.com.