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### **Siemens strengthens core activities**

Acquisition of Invensys Rail - Divestment of baggage handling, postal and parcel sorting activities

**Siemens has entered into an agreement to acquire Invensys Rail, the rail automation business of Invensys for approximately €2.2 billion (£1.742 billion). At the same time, the company plans to divest its baggage handling, postal and parcel sorting activities. Both planned transactions are part of the recently launched “Siemens 2014” company program, which amongst others, is aimed at strengthening the company's core activities. With revenues of approximately £800 million, Invensys Rail is a leading software based rail signaling and control company. The acquisition will expand Siemens’ presence in the growing global rail automation market. “Today’s moves are important measures to focus our core activities. We are exiting a non-core business with limited synergy potential while strengthening a resilient and high return business by combining two organizations with similar cultures and attractive synergy potential. The combined business will ensure profitable growth opportunities worldwide for the Siemens Infrastructure & Cities Sector,” said Roland Busch, CEO of Siemens Infrastructure & Cities. The transaction is subject to Invensys shareholder approval and regulatory clearances.**

The planned divestment of the baggage handling, postal and parcel sorting activities will further focus the activities of the Siemens Infrastructure & Cities Sector. While the company is one of the leading players in postal automation, parcel and baggage handling systems with a global presence and an installed base around the world, there are few synergies with other Siemens Divisions due to the high mechanical content. It is a highly specialized niche business, dominated by mid-sized companies. The mid-single-digit profit margin business with revenue of approximately €900 million and around 3,600 employees shall be sold.

Invensys Rail shall be integrated into Siemens’ Rail Automation business in the Mobility and Logistics Division of the Infrastructure & Cities Sector. “With the addition of Invensys Rail we are in an excellent position to offer best-in-class solutions and technology to rail operators worldwide.

The combination of two excellent organizations will create a truly global player in the Rail Automation business,” said Sami Atiya, CEO of Siemens’ Mobility and Logistics Division.

Invensys Rail has a strong footprint and a well established reputation with customers in the UK, Spain, the U.S. and Australia which will extend Siemens’ Rail Automation existing presence in countries such as Germany, Austria, Switzerland as well as China and India. In recent years, Invensys Rail has also successfully expanded its business into fast-growing emerging regions. The combined Invensys Rail and Siemens product portfolio will offer a full range of automation and optimization products, solutions and services, covering all customer segments.

The growth outlook of the global rail automation market is driven by increasing urbanization and the demand for enhanced mobility including new and extended mass transit and commuter systems. Overall the rail sector benefits also from trends such as energy efficiency, environmental factors, liberalization, deregulation and low-cost transportation requirements.

Significant synergy potential is expected from the combination of territories and technologies together with cost savings in procurement, portfolio, engineering and SG&A. Synergies of over €100 million are expected, to be fully achieved by 2018.

In its last fiscal year ending March 2012, Invensys Rail generated revenues of £775 million and operating profit before interest and taxes of £116 million, representing a 15% margin. Order intake (excluding framework agreements) was £991 million, including major awards in new countries such as Saudi Arabia and Turkey. As of March 2012, Invensys Rail’s total order book was £1,202 million and it currently employs around 3,200 employees.

Siemens provides integrated mobility solutions and already has a significant and established rail automation business with revenues of €1.4 billion, employing around 6,500 employees. Invensys Rail shall be integrated into this business, which is headquartered in Berlin, Germany. Siemens and Invensys Rail managers will form the new management team and Invensys Rail’s local expertise and relationships will be retained. The new constellation will combine the regional strengths of both organizations for the benefit of its customers.

The transaction is subject to Invensys shareholder approval which is expected to be voted on at a General Meeting planned for December 2012. Furthermore, consent by Invensys’ lenders, the UK pension regulator and anti-trust authorities is required. Overall Siemens will not take on any

significant pension liabilities with the transaction. Siemens expects the transaction to close in the second quarter of calendar year 2013.

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Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual, and interim reports as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC's website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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