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Siemens with solid foundation and clear orientation

CEO Löscher: “Pursuing our course with self-confidence, strength and determination”

At the company’s Annual Shareholders’ Meeting in Munich, Germany, Siemens President and CEO Peter Löscher summed up fiscal 2008 as follows: “Reorganization, cost reduction, portfolio alignment and compliance. We’re on the right course, and we’ve quickly made good progress.” Turning to the first quarter of fiscal 2009, Löscher also expressed his satisfaction. Siemens had a solid basis and – as an integrated technology company – a clear focus. However, in view of the difficult business environment, 2009 would not be an easy year. “These are hard times for us, too. Nevertheless, we refuse to join the chorus of those whose pessimistic statements are dragging down the mood even further. Keenly aware of our abilities, potential and opportunities, we’re continuing to pursue our course with self-confidence, strength and determination.”

At the end of 2008, Siemens reached a settlement in a record time with German and U.S. authorities in connection with the compliance-related investigations. Löscher noted that the agreement was both a great relief and a great accomplishment. Regarding possible damage claims against former members of the Managing Board, he stressed that openness and truth were necessary for clarification and transparency: “This process is not at odds with another aim to which the Managing Board is committed and to which I also express my deep personal commitment: We want the company to make its peace – with its recent past and with the individuals who stand not just for the dark chapters but also for major accomplishments and important strategic decisions.”

Reorganization – Successful implementation of the fastest restructuring in Siemens history

Siemens largely completed the implementation of its restructuring measures in fiscal 2008. The company was reorganized into the three Sectors Industry, Energy and Healthcare, reflecting a rigorous focus on the megatrends healthcare, energy efficiency and environmental protection. In a further step, the company increased the transparency and reduced the cost basis of its organization by bundling the administrative tasks at over 70 Regional Companies into 20 Regional Clusters. This measure was part of the worldwide program to cut sales, general and administrative

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(SG&A) costs with which Siemens aims to achieve cost reductions of €1.2 billion by 2010. In this connection, the company has agreed with employee representatives to forego terminating employment contracts for operational reasons. “Incidentally, the agreement demonstrated yet again that Germany’s Labor Management Relations Act and system of co-determination – as understood and practiced at Siemens by employee and management representatives – foster a clear, open and constructive dialogue and sustainable solutions,” explained Löscher.

Company profile strengthened – Withdrawal from Com, FSC and non-core activities

Siemens is entering fiscal 2009 with a considerably sharper focus. In fiscal 2008, the company largely concluded a “historic but in recent times also very painful chapter” by spinning off its communications technology business. As Löscher noted, “This decision was not easy for anyone, but it provided clarity. Now it will be possible to concentrate unhampered on fields where the company is a world leader and where major business and growth opportunities can be expected.” To make the company faster, more transparent and less complex, Siemens also shed a number of non-core activities which had a combined business volume of about €1 billion. In addition, the company sold its stake in the joint venture Fujitsu Siemens Computers (FSC). Commenting on these changes, Löscher noted, “Continuous change and renewal has always been a characteristic of Siemens and one of the company’s success factors.”

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. The company has around 430,000 employees (in continuing operations) working to develop and manufacture products, design and install complex systems and projects, and tailor a wide range of solutions for individual requirements. For over 160 years, Siemens has stood for technical achievements, innovation, quality, reliability and internationality. In fiscal 2008, Siemens had revenue of €77.3 billion and a net income of €5.9 billion (IFRS). Further information is available on the Internet at: www.siemens.com.

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major industries that we serve, including, without limitation, the Sectors Industry, Energy and Healthcare; the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; introduction of competing products or technologies by other companies; lack of acceptance of new products or services by customers targeted by Siemens; changes in business strategy; the outcome of pending investigations and legal proceedings, including corruption investigations to which we are currently subject and actions resulting from the findings of these investigations; the potential impact of such investigations and proceedings on our ongoing business including our relationships with governments and other customers; the potential impact of such matters on our financial statements; as well as various other factors. More detailed information about certain of these factors is contained throughout this report and in our other filings with the SEC, which are available on the Siemens website, www.siemens.com, and on the SEC's website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.