

Shareholder Proposals

SIEMENS

Shareholder Proposals
for the Annual Shareholders'
Meeting
of Siemens AG
on January 22, 2004

Latest update: January 21, 2004

Below you find all shareholder proposals relating to items on the Agenda for the Annual Shareholders' Meeting on January 22, 2004 that are required to be disclosed, together with Management's discussion thereon.

This version of the Shareholder Proposals, prepared for the convenience of English-speaking readers, is a translation of the German original. For the purposes of interpretation the German text shall be authoritative and final.

The Verein von Belegschaftsaktionären in der Siemens AG, e.V., Munich, has submitted the following Shareholder Proposal:

A With respect to Agenda Item 3: To ratify the acts of the Managing Board:

Verein von Belegschaftsaktionären in der Siemens AG, e.V.

c/o Manfred Meiler, Grüntenstraße 12 a, 80686 München Tel.: 089/571419 Fax: 089/574602
E-mail: M.Meiler@unsereaktien.de Homepage: <http://unsereAktien.de> E-mail: w.niemann@unsereaktien.de

Munich, December 9, 2003

Siemens AG
The Managing Board
Attention: Dr. v. Pierer, Chairman

Our Proposal To Be Voted On At the Annual Shareholders' Meeting 2004

Dear Dr. v. Pierer:

Earnings improvements in nearly all Groups have made Siemens once again almost a stock market favorite. However, the earnings improvements at IC, I&S, SBT and Dematic meant an increased unilateral burden on the employees in these Groups, because corporate management failed to implement the necessary adjustments based on solidarity within the Siemens organization. This has nothing to do with cross-subsidization. Given a total workforce of approx. 170,000 employees in Germany, it remains incomprehensible why it should not be possible to place predominantly well-qualified IC and I&S employees internally. Naturally, this is only possible if corporate management is willing and prepared, at least temporarily, to moderate its demands on the personnel profiles of the employees required by corporate units capable of absorbing them. Instead, a large number of employees have been outsourced to "beE's" (internal staff service units) or relocated to isolated locations. Many employees - knowing that there was hardly a realistic chance on the external employment market - only consented to joining a "beE" for fear of being terminated due to operational requirements.

In the face of an almost 50% increase in net earnings after taxes (calculated without the sale of Infineon shares), it is impossible to convey to employees and employee-shareholders that the workforce adjustments had to be made in such a drastic fashion. It has so far been inconceivable even for employees of long standing under what pressure and by what means the Company would pursue its personnel reduction target. Overall, **this has caused long-term damage to the corporate culture.** Moreover, an **employment policy that would give older employees a realistic chance** seems also completely out of the question. In our opinion, given the demographic development, this is wrong from a macroeconomic view, and from a business administration view it is a pure waste of human capital. Unfortunately it is to be feared that this will become the standard approach in comparable future cases.

We are also alarmed about the **medium-term corporate strategy of increasingly shifting domestic production and services abroad without sufficiently reflecting the interests of the staff concerned.** Unfortunately, major shifts at several locations (e.g. A&D Passau to Greece and Hungary, ICM Bocholtz to Hungary, etc.) give cause for apprehension about the "location Germany." Within the framework of global sourcing it obviously seems to be a declared corporate policy to outsource predominantly development activities to Eastern Europe, India and China. Besides cost advantages, certain short-term tax advantages, particularly in the newly admitted EU member countries, also seem responsible for this policy. **In this way, Siemens will soon be saying goodbye to the location Germany.** The tax avoidance plans in Germany adopted by majority-owned INFINEON,

although temporarily deferred, are also in line with this policy. We would nevertheless point out that in spite of the recognized need for globalization **nobody should cut off his roots** for the benefit of potential, short-term tax and cost advantages.

From all this one cannot but draw conclusions like these:

- **If in doubt, shareholder value today always has priority over staff**, even if this is not required by the Company's overall situation, and employees' job security is only of subordinate concern.
- **Solidarity-based behavior no longer exists within the "Siemens family" and is not demanded by corporate management.** As a result, Siemens no longer guarantees to anyone that he or she will not be the next on the list, should his or her Group go through only a temporary crisis due to mismanagement or other circumstances.
- **Corporate policy imposes only a very restricted obligation toward the location Germany and its domestic employees.**

This policy signals a break with the Siemens tradition and the former corporate culture. Dear Dr. v. Pierer, we will not and cannot support such a policy. We hope, nevertheless, that in the future the Siemens organization will regain a **sustainable balance between the interests of capital and labor**, and that the **location Germany** will not be abandoned for pure cost and tax considerations.

We - on behalf of the Verein von Belegschaftsaktionären in der Siemens AG, e.V. - will object to the Managing Board's and the Supervisory Board's proposal with regard to Agenda Item "Ratification of the acts of the Managing Board" and will urge the shareholders in meeting to support our counter proposal.

Our proposal: "Resolved that the acts of the Managing Board be not ratified."

Proponent's supporting statement:

- > Despite an overall satisfying earnings position of Siemens worldwide, implementation of workforce reduction policies, particularly at IC and I&S, is partly pursued in a drastic fashion hitherto unthinkable within the Siemens culture.
- > Overall we notice a lack of reorientation in employment policy that would give older employees a realistic chance to retain their jobs on an equitable basis. In view of the demographic changes in our community this is an urgent requirement.
- > The location Germany is abandoned more and more at the expense of domestic employees, frequently based on arguments of seemingly realizable cost and tax advantages.

(sgd.) Manfred Meiler

(sgd.) Wolfgang Niemann

Mr. Helmut Kohler, Ludwigsburg, has submitted the following Shareholder Proposals:

B With respect to Agenda Item 3: To ratify the acts of the Managing Board

Counter proposal: “Resolved that the acts of the Managing Board be not ratified.”

Proponent’s supporting statement:

The Managing Board intends to transfer to China its plutonium processing plant in Hanau which cannot go into operation in Germany.

In answer to remonstrances about the supply of nuclear power plants, Chief Executive Officer Heinrich v. Pierer already stated at the shareholders’ meeting: “We will only supply what has been ordered.”

Moreover, it is argued that destructive effects can only be produced by additional acts that are not in accordance with the intended purpose and for which Siemens cannot be held responsible.

But although Degussa itself did not use Zyklon B as a means of destroying human beings, the company is nevertheless subjected to economic boycott.

With its plutonium plant, the Managing Board of Siemens is prepared to install a core facility of the immensely dangerous plutonium economy into this endangered world.

At first sight, it gets rid of plutonium. At second sight, however, it extends the use of nuclear energy in a much more threatening form.

Siemens’ plutonium plant induces a destructive potential for human life and the environment, making entire continents uninhabitable.

Be it as a result of the highly poisonous effect (1 gramme of plutonium, which rarely occurs in nature, can cause up to half a million people to suffer from lung cancer).

Be it as a result of a plutonium atom bomb.

Be it as a result of a “dirty” atom bomb, that is, a conventional explosive encased in nuclear waste including plutonium.

Be it as a result of accidents.

Be it as a result of permanent contamination, given the extremely long half-lives of plutonium isotopes.

Be it as a result of negligence or intent, emergency or destructive will.

Apparently without scruples, the Managing Board intends, after all, to turn into cash its plutonium plant misinvestment that was pushed through against all warnings, or at least see it go into operation in spite of all remonstrances.

Over the long term this can cause serious damage to our Company. And if the plant is misused in China, this could lead to a worldwide economic boycott of Siemens.

No ratification of the acts of a Managing Board with such an understanding of responsibility and awareness.

Helmut Kohler, Hohenrainstrasse 22, 71642 Ludwigsburg, Germany, Tel. +49 7141 52122

C With respect to Agenda Item 4: To ratify the acts of the Supervisory Board

COUNTER PROPOSAL: “Resolved that the acts of the Supervisory Board be not ratified.”

Proponent’s supporting statement:

There is no indication of the part of the members of the Supervisory Board that they will prevent the Managing Board from transferring abroad SIEMENS’ plutonium processing plant which constitutes a danger to public safety.

The plant was constructed in Hanau, Germany, as a gigantic misinvestment by the Managing and Supervisory Boards of SIEMENS in spite of early warnings and justified resistance because it opens the door to the plutonium economy which imperils public safety.

SIEMENS does not fit the “ugly” image of an unrestrained capitalistic company that would stop at nothing for money.

Predictably, the supply of facilities supporting the plutonium economy would give new impetus to a boycott of SIEMENS, even more so than power plants that use nuclear energy.

The acts of Supervisory Board members who have no scruples cannot be ratified.

Helmut Kohler, Hohenrainstrasse 22, 71642 Ludwigsburg, Germany, Tel. +49 7141 52122

Mr. Dietrich-E. Kutz, Biberach, has submitted the following Shareholder Proposals:

Dietrich-E. Kutz

Berthold-Hupmann-Str. 65
88400 Biberach,
December 20, 2003

**Siemens AG
Corporate Finance Treasury
Investor Relations (CFT 3)
Wittelsbacherplatz 2**

80333 Munich

Securities Identification Code (WKN) 723 610 Shareholder Control No.: 019 992 230 50

**Counter proposals to be submitted at the Annual Shareholders' Meeting of Siemens AG
on January 22, 2004 in Munich**

D - Motions that ratification of the acts of the Managing Board (Agenda Item 3)

E and the Supervisory Board (Agenda Item 4) be opposed.

F - Motion that approval of the election proposals concerning the by-election to the Supervisory Board (Agenda Item 6) be not granted due to lack of background information.

[...]

G - Motion that approval of a resolution authorizing the repurchase and use of treasury stock (Agenda Item 7) be not given with regard to paragraphs (c) (2) (stock option plans), (d) (stock-based compensation) and (e), due to lack of success of these plans and non-achievement of targets.

Proponent's supporting statement:

+ The shareholder value achieved is inadequate, i.e. it does not justify ratification. The Managing Board and the Supervisory Board have failed to meet perspectives and visions. The discrepancy between potential and performance has not been eliminated.

+ The election proposals to the Supervisory Board, to which I object, lack a performance record and a credit history. Their benefit to the Company is neither described nor explained. What is also missing is a representative of free float as well as alternatives to the election proposals presented in a qualified manner.

+ The stock option plans and the stock-based compensation are unreasonable and morally questionable because of a proven lack of success and efficiency - see current market price - and due to self-service. These tools missed their target and should not become self-propelled entities. This was recognized by the Managing Board and made public in May 2003 on the understanding that the subject matter will be considered and solution proposals presented by the fall of this year. Why has this not been done, and why is it not an item on the agenda of this annual shareholders' meeting?

My urgent appeal to all shareholders is that they recognize the long-term implications of the "fat-cat" culture and related undertakings, and put an end to this arrogant showmanship and self-complacency. **Please vote FOR the counter proposals.**

Please record these proposals on your records, confirm their timely receipt and promptly mail the full annual report to me.

Yours sincerely,

sgd. Kutz

Enclosures: Reply Form
Admission Ticket Order

Dr. B. Frhr. v. Fritsch, Mannheim, has submitted the following Shareholder Proposals:

H With respect to Agenda Item 3: To ratify the acts of the Managing Board

J With respect to Agenda Item 4: To ratify the acts of the Supervisory Board

Dr. B. Frhr. v. Fritsch
Lange Rötter Str. 94
68167 Mannheim
Tel. (0621) 33 16 07

I motion that ratification be denied.

Supporting statement:

1. A decrease in net income does not justify simultaneous compensation increases at the top level.
2. One cannot enter into commitments — as the Managing Board did (see abridged version of Annual Report) — that can only be met by resolutions adopted at future shareholders' meetings.

sgd. Fritsch

Mr. Norbert Rimmel, Worms, has submitted the following Shareholder Proposal:

K With respect to Agenda Item 3: To ratify the acts of the Managing Board

An die

Siemens Hauptversammlung 2004

81033 München

Worms, den 05.01.2004

Norbert Rimmel

I&S IS ICS3

Erlangen

Privatadresse: Lauergasse 5
67547 Worms

Aktionärsnummer: 01999323520

January 5, 2004

**Siemens Annual Shareholders' Meeting 2004
81033 Munich**

Shareholder Control No.: 019 993 23520

My proposal: "Resolved that the acts of the Managing Board be not ratified."

Dear Dr. v. Pierer:

Since the earnings situation at I&S unfortunately still does not meet expectations, a further reduction in personnel cannot completely be ruled out.

There are, however, older employees who would have been prepared to help relieve the staff situation by voluntarily signing a part-time pre-retirement contract still in 2003, thereby facilitating personnel planning. As a result, younger employees would have a better chance.

Unfortunately this was refused by I&S management.

Shareholders are requested to **oppose ratification of the acts of the Managing Board.**

Supporting statement:

- The employees are subject to arbitrary decisions by management.
- Unequal treatment of employees, and thereby
- damage to the corporate culture and the company's image.

sgd. Rimmel

Mr. Eduard Bernhard, Kleinostheim, has submitted the following Shareholder Proposals:

(Critical Shareholder and Board Member
of Bundesverband Bürgerinitiativen Umweltschutz e.V.
(Federal Association of Citizens' Initiatives
for Conservation), Bonn, and of Bund Naturschutz e.V.
(Friends of the Earth), Aschaffenburg district)

Wiesbadener Straße 2

Siemens AG
Managing Board
Corporate Finance Treasury
Investor Relations (CFT 3)
80333 Munich

Annual Shareholders' Meeting of Siemens AG on Thursday, January 1, 2004, 10:00 a.m., at the Olympiahalle, Munich / Counter proposals

Dear Sir/Madam:

I hereby submit the following proposals or counter proposals:

(1) [...]

L

(2) Appropriation of net income or dividend payout

Instead of distributing the net income of €979,952,931.10, the payout should be reduced by approx. 15%, or approx. €146,992,939, an amount which could be employed for the use in the environmentally friendly alternative energy sector (wind, solar, etc.).

M

(3) Ratification of the acts of the Managing Board

Non-ratification of the acts of the Managing Board for the following reasons:

- (a) The planned export to China of major parts of the disassembled and (due to the co-intervention of then Environmental Secretary of Hesse, Joschka Fischer) never operational plutonium fuel element plant in Hanau.

Note: According to a legal opinion by Greenpeace, the export would be illegal. In addition, the export would be in violation of the Red-Green Coalition's "pullout" policy according to many Red-Green delegates and all major German environmental protection associations and citizens' initiatives as well as Green European Parliament delegates, such as the internationally renowned European delegate Daniel Cohn-Bendit.

In other words, Siemens would sidestep the present German government's nuclear policy. And that with regard to China, a country of dictatorship practicing torture and public execution. Just remember the 1987 Tiananmen massacre at the Gate of Heavenly Peace in Beijing and also the arms embargo against China imposed by the EU for that reason.

- (b) Continuation of the "nuclear" business segment

Despite the nuclear consensus agreed between German electric utilities, such as E.ON, RWE, EnBW and HEW/Vattensfall, and the German Federal Government on the shutdown of all German nuclear power plants by approximately the year 2020, Siemens remains pronuclear, e.g. by continuing to operate the nuclear fuel element plant in Lingen (Lower Saxony), engaging the services of the former nuclear test facility in Karlstein (Bavaria), and shifting or intensifying activities by cooperation with French companies or institutions, such as EdF/Framatome, etc., in order to plan/construct a new nuclear power plant type, the European Pressurized Water Reactor (EPR) with 1,600 MW, which will probably be built in Finland for the first time.

- (c) Lacking or insufficient activities in the alternative energy sector
Despite the almost-catastrophe at the U.S.-based Harrisburg nuclear power plant, the nuclear GSA (greatest supposed accident) of Chernobyl and the still unresolved question of final storage, there has been no massive effort on the part of Siemens to enter the field of alternative energy production (wind, solar, water). Thus, approx. 100,000 jobs and approx. 11,000 MW of electric capacity were created in Germany by funds provided under the German Renewable Energy Act (EEG-Gesetz).

N

(3) Ratification of the acts of the Supervisory Board

It is proposed that the acts of the Supervisory Board be not ratified for the following reasons:

- (a) Poor control and supervision of the Managing Board.
- (b) Toleration that there is no up-to-date information of the public with regard to the actual situation of the former Siemens nuclear test facility in Karlstein (Bavaria), and in this connection in particular of the two nuclear-waste storage buildings erected without the public discussion deadlines required under the nuclear approval procedure. For example, there are no quantitative data available on low-, medium- and high-radioactive nuclear wastes. Also unknown is whether and, if so, which nuclear waste additions and withdrawals were made in 2003. What is the portion of highly toxic plutonium, e.g. Pu-242 and Pu-244 with half lives of between 378,000 and up to 82.5 million years, in the nuclear waste deposited at Karlstein?
- (c) Proposal that KPMG be again appointed independent auditors for fiscal year 2003.
- (d) Toleration that Siemens has kept silence since 1974 with regard to grave security flaws existing in the emergency cooling system of the Biblis A nuclear power plant.

O

(4) Appointment of independent auditors

The proposal to appoint KPMG as independent auditors is to be opposed due to numerous KPMG failures (e.g. Metallgesellschaft, Holzmann, Flow-Text, etc.).

I request that my proposals be made available in due time and in writing to all shareholders pursuant to the German Stock Corporation Act, so that shareholders may cast their votes accordingly.

I will be present at the Annual Shareholders' Meeting, where I will submit further proposals and questions, if necessary.

Yours sincerely,

sgd. Eduard Bernhard

Company Response to the Shareholder Proposals

We believe that the shareholder proposals are without merit and recommend a vote against these proposals. The Managing Board will respond to appropriate questions from shareholders present at the Annual Shareholders' Meeting. A first response follows below:

Re: Shareholder Proposals by Verein von Belegschaftsaktionären in der Siemens AG e.V., Munich, and Mr. Remmel, Worms, Not to Grant Discharge to Managing Board Members

1. Implementation of the personnel reduction targets in the Information and Communication business area's Groups and at Industrial Solutions and Services is necessary to ensure the Company's sustained growth and success. The markets in both areas have undergone fundamental changes. The necessary capacity adjustments have been agreed between Group managements, operation managements of the locations concerned, and the competent employee representatives. In the process, a package of measures was adopted which employs all conceivable instruments, such as insourcing of previously outsourced functions, reduction of work hours, senior part-time employment, early retirement, voluntary severance agreements, and "exit" to qualification and staff service units. These measures were sufficient to handle the vast majority of the necessary workforce reductions. Layoffs, i.e. termination of employment due to operational requirements, are used only as *ultima ratio* when other measures fail.
2. With regard to older employees, in particular, we have endeavored to find socially compatible solutions. In addition, our efforts aim at minimizing the outflow of know-how. For this reason, the proposed measures are based on the current status and the perspectives of the business units concerned, irrespective of an employee's age.
3. We are avowed supporters of Germany as a business location. Siemens has an above-average representation in Germany, with more than 40% of its total employees working at German locations, although almost 80% of total sales are generated outside Germany. In discussions with staff representatives we expect to find arrangements which provide sufficient flexibility to create domestic content that allows us to hold our ground in the face of global competition. Besides, we are expanding our presence in other regions in order to benefit from lower costs, be near the customer, and make use of local know-how and expertise.

Re: Shareholder Proposals by Mr. Kohler, Ludwigsburg, Not to Grant Discharge to Managing and Supervisory Board Members

We believe that the proposals are without merit. The facility for the fabrication of mixed-oxide (MOX) fuels, now containerized in Hanau, Germany, is designed to mix the nuclear fuels (residual uranium and plutonium) resulting from reprocessing of spent fuel rods to make new fuel elements which can then be reused in nuclear power plants to generate electricity. A large part of the nuclear power plants now operating in Europe have for some time used MOX fuel elements. Reprocessing plants for spent fuel elements are located in France and the UK. In these countries and in Belgium there are facilities for the fabrication of MOX fuel elements. The Siemens MOX facility can neither be used to produce plutonium nor to make plutonium suitable for weapons use from non-weapons-grade plutonium. MOX technology can play an important role in the context of worldwide disarmament because it can be used to convert plutonium derived from military programs into MOX fuel elements.

Re: Shareholder Proposals by Mr. Kutz, Biberach, to Oppose Ratification of the Acts of the Managing Board and the Supervisory Board, to Deny Approval of the By-election Proposals to the Supervisory Board, and to Refuse Approval of a Resolution Authorizing the Repurchase and Use of Treasury Stock

We believe that the counter proposals are without merit. The statements that the “shareholder value” achieved is inadequate, that the “objected-to election proposals to the Supervisory Board” lack a performance record, and that the “stock option plans” are questionable “because of a proven lack of success and efficiency” are without any foundation. In the last fiscal year, the Company exceeded the expectations of the financial markets. Despite a difficult market environment, Siemens was able to achieve a positive EVA (economic value added) and thus create value. The Siemens share performed significantly better on the stock market than the comparable indices during the last year. As a result, there appears to be no foundation upon which the proponent’s critique can be based.

Re: Shareholder Proposals by Dr. Frhr. v. Fritsch, Mannheim, Not to Grant Discharge to Managing and Supervisory Board Members

Re 1: We believe that the counter proposal is without merit. Despite a difficult market environment, comparable net income after taxes (without proceeds from the sale of Infineon shares) rose almost 50% over the prior year. Shareholders will profit from these positive developments through a higher dividend proposal, and employees will benefit through corresponding adjustments to the variable income components. A greater portion of Managing Board compensation is variable and based predominantly on economic value added (EVA).

Since EVA improved significantly in fiscal year 2003 over the prior year, Managing Board compensation also increased. Moreover, Managing Board compensation was adjusted in the past fiscal year as part of a review process taking place about every three years.

In addition, the nominal increase in total compensation of Managing Board members is also attributable to the fact that Siemens had temporarily more Managing Board members in fiscal year 2003 than a year earlier.

Re 2: If this motion refers to the so-called global authorizations ("*Vorratsbeschlüsse*"), the counter proposal is essentially not understandable. By resolution of the shareholders in general meeting, the Managing Board is authorized under the Articles of Association of Siemens AG to make decisions the impact of which extends over one year or more. This gives the Managing Board the necessary entrepreneurial flexibility to adopt measures without having to consider the intervals of shareholder meetings for implementing the measures. Siemens did not enter into any commitment whose fulfillment would require approval by future shareholders' meetings.

Re: Shareholder Proposals by Mr. Bernhard, Kleinostheim

Mr. Eduard Bernhard, a shareholder in the Company, has submitted counter proposals for many years requesting that ratification of the acts of the Managing Board and the Supervisory Board be opposed. The practice has been essentially always the same, and substantially new aspects are not discernible. With regard to the subject of Hanau see also the Company response to Mr. Kohler's counter proposals. All other queries will answered orally at the Annual Shareholders' Meeting.

Siemens Aktiengesellschaft

The Managing Board

Siemens Aktiengesellschaft · Chairman of the Supervisory Board: Karl-Hermann Baumann ·
Managing Board: Heinrich v. Pierer, Chairman and CEO · Members of the Managing Board:
Johannes Feldmayer, Thomas Ganswindt, Klaus Kleinfeld, Edward G. Krbasik, Rudi Lamprecht,
Heinz-Joachim Neubürger, Jürgen Radomski, Erich R. Reinhardt, Uriel J. Sharef, Claus Weyrich, Klaus Wucherer
Registered Offices: Berlin and Munich · Commercial Registries: Berlin-Charlottenburg, HRB 12300;
Munich, HRB 6684