

Press talk – Reducing sales and administrative costs

Peter Löscher
President and CEO of Siemens AG

Siegfried Russwurm
Chief Personnel Officer of Siemens AG

Munich, July 8, 2008

Siemens is continuing its adaptations by cutting sales and administrative costs

Our principles

Increase
transparency

Enforce
accountability

Drive
performance

Organization

- 4 Adapt sales and administrative functions to the new organizational structure**
- Increase efficiency by streamlining bodies and structures (faster, more focused, more transparent)
 - Cut sales and administrative costs



- 3 Adapt the organization to the changed market environment**
- Streamline management (11 \Rightarrow 8 Managing Board members)
 - Introduction of the CEO principle
-
- 8 Groups \Rightarrow 3 Sectors
 - 70 Regional Companies \Rightarrow 20 Clusters



Bodies

Structure

Strategy / Portfolio

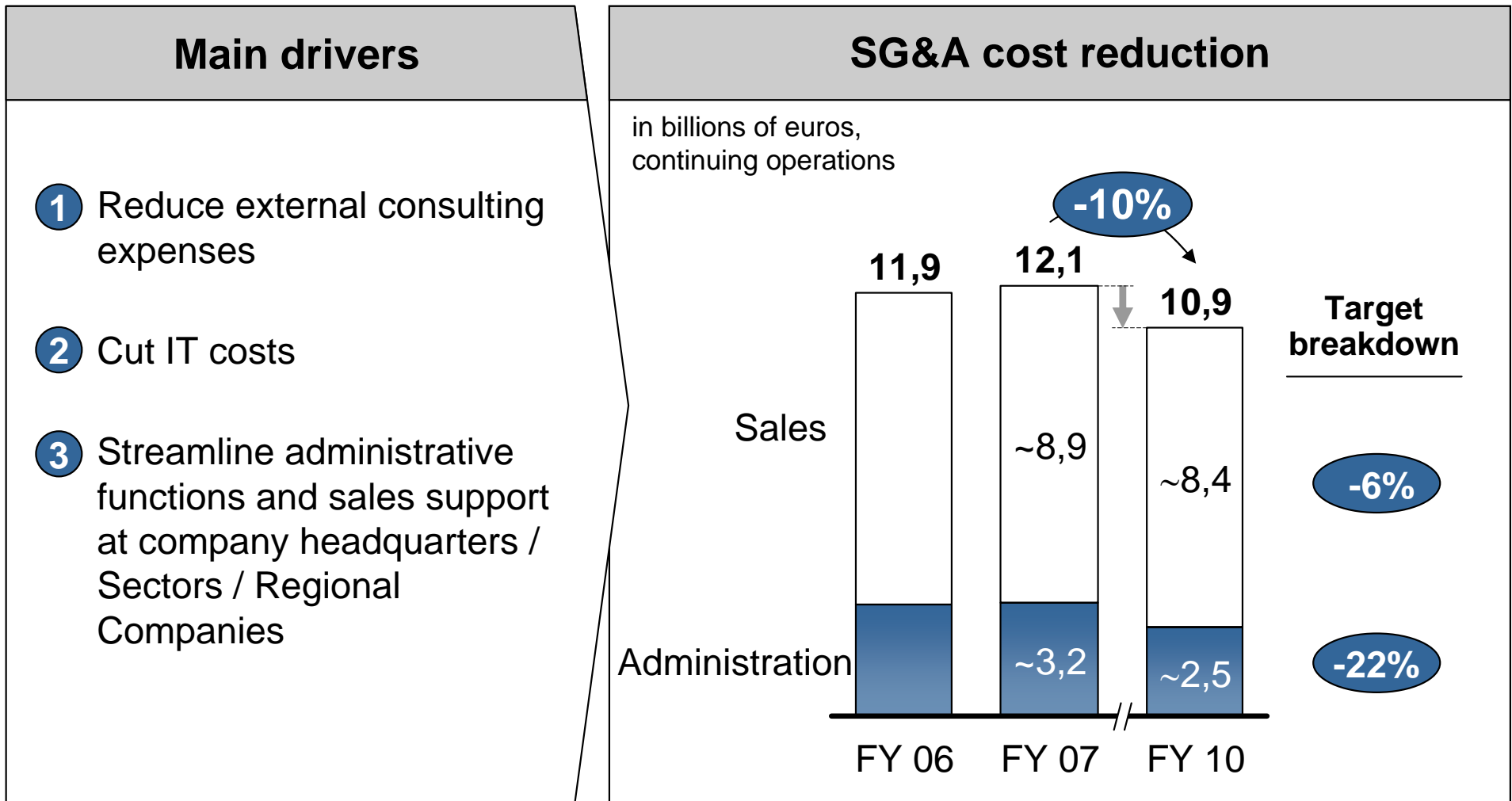
- 2 Rigorously gear the company's portfolio to the megatrends**
- 50% of the portfolio changed over the last five years
 - €20 billion invested in growth markets since 2004



- 1 Identify growth fields (megatrends)**
- Demographic change
 - Urbanization
 - Climate change



Reduction of sales and administrative costs – €1.2 billion by 2010



Mobility in Motion – Sustainable profit margin of 5-7% in 2010

SIEMENS

Challenges

- 1 Declining market prices
- 2 Production capacities in Europe too high
- 3 Product portfolio not geared to high-growth markets
- 4 Problematic projects burden earnings

Mobility in Motion

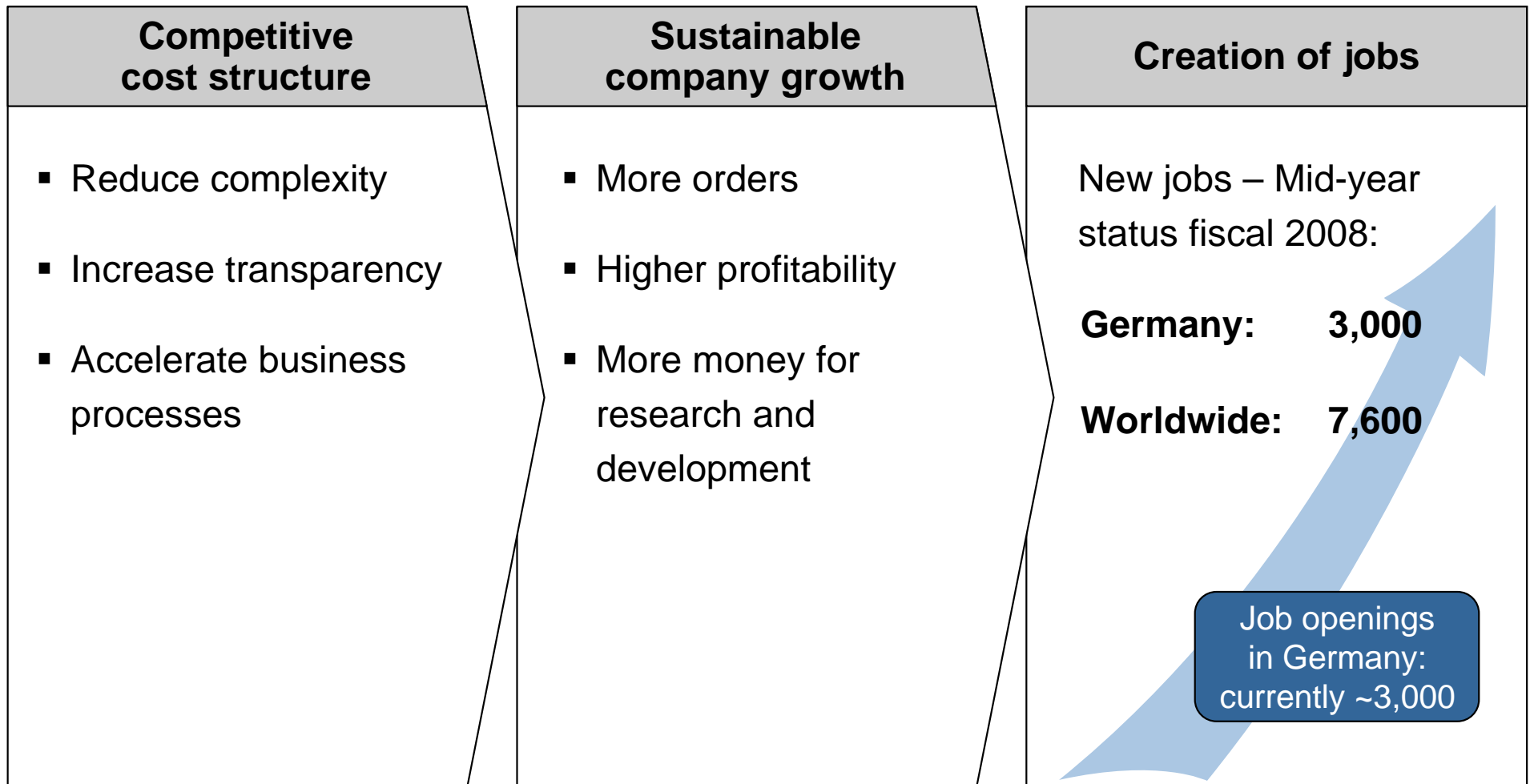
Division Mobility



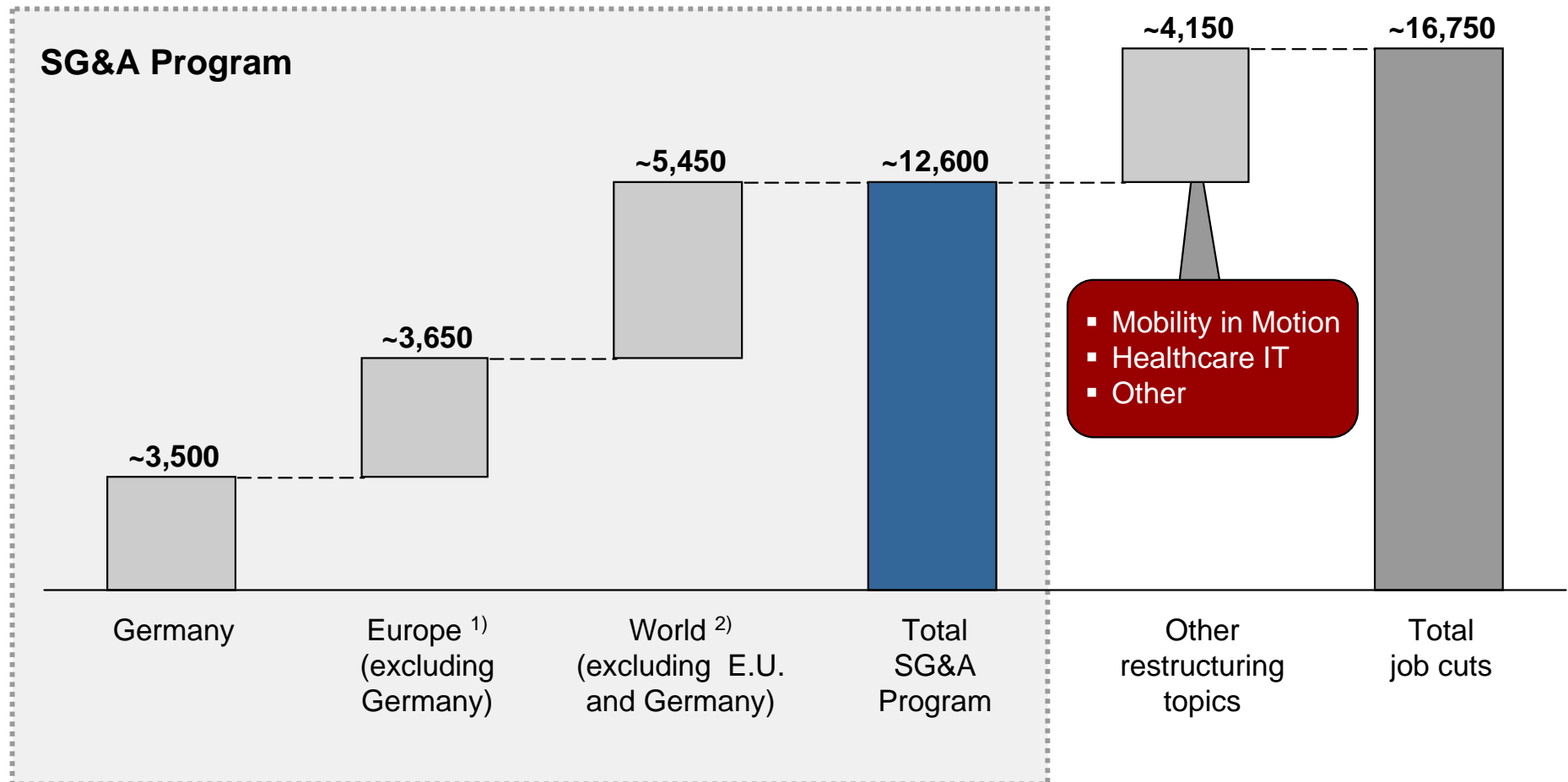
- Reduce production, sales and engineering capacities in saturated markets
- Merge engineering and production
- Cut sales and administrative costs
- Focus on platforms and standard solutions for selected customer markets

→ Sustainable profit margin of 5-7% by 2010

A leaner administration increases competitiveness, generates growth and creates jobs



12,600 jobs worldwide to be affected by streamlining of sales and administration



1) Siemens Europe Committee (SEC) countries

2) Non-SEC countries

Job cuts – As socially responsible as possible

Possible measures

- Job placement
- Employee qualification measures
- Part-time preretirement measures
- Severance package models
- **Transfer companies**

Highly successful instrument

Aim: Comprehensive, long-term further training and placement of employees

- Many years' experience of its application at Siemens
- Currently more than 4,000 company contacts throughout Germany
- Placement quote of roughly 80% to date
- Momentum from employment market: The number of employed in Germany climbed 1.6% year-over-year, to 40.19 million ¹⁾

1) Source: German Federal Office of Statistics, as of May 2008

Safe Harbour Statement

This document contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For us, particular uncertainties arise, among others, from changes in general economic and business conditions (including margin developments in major business areas); the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; changes in currency exchange rates and interest rates; 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, especially the corruption investigation we are currently subject to in Germany, the United States and elsewhere; 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.

EBITDA (adjusted), Return on capital employed, Free cash flow, Cash conversion and Net debt are Non-GAAP financial measures.

A reconciliation of these amounts to the most directly comparable IFRS financial measures is available on our Investor Relations website under www.siemens.com/ir, Financial Publications, Quarterly Reports. 'Group profit from operations' is reconciled to 'Income before income taxes' of Operations under 'Reconciliation to financial statements' in the table 'Segment Information'.

Questions & answers

Munich, July 8, 2008