

# **SIEMENS**

***Annual Shareholders' Meeting of  
Siemens AG***

Presentation by the Chairman of the  
Supervisory Board  
Dr. Gerhard Cromme

Munich, January 24, 2008

*Check against delivery!*

Dear Shareholders,

Siemens AG's fiscal 2007 was a year shaped by extraordinary developments. In light of these special circumstances, I would like to make some additional remarks.

As far as business is concerned, fiscal 2007 was extraordinarily successful. Mr. Löscher, who has been the President and CEO of Siemens AG since July 1 of last year, will discuss that later.

But aside from that, other topics shaped fiscal 2007 as well. The fiscal year presented dramatic moments with far-reaching changes. You see these changes in the composition of both the Managing Board and the Supervisory Board – there are many new faces. In summary, one can say that the picture of the company today – at the beginning of 2008 – is very different from the picture you saw at last year's Annual Shareholders' Meeting.

Ladies and Gentlemen, today I would like to discuss three topics at greater length: **People, Compliance and Organization.**

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## **People**

First, allow me talk about the personnel changes at your company.

On April 25, 2007, Mr. v. Pierer vacated his position as the Chairman of the Supervisory Board of Siemens AG. In its meeting on the same day, the Supervisory Board elected me as its Chairman for the remainder of the Board's term of office, that is, until today's Annual Shareholders' Meeting.

Ladies and Gentlemen,

I took on this responsibility for Siemens during a particularly difficult time. Today, I once again ask for your trust as we propose new members to be elected to the Supervisory Board.

But first, please also allow me to say a few words about Mr. v. Pierer. I have known Mr. v. Pierer for a long time. His entire professional life is tied to Siemens. He served the company for a long time. And he represents many successful years and developments at Siemens.

We respectfully accepted his decision – a decision he made in a situation that was tense for both the company and for himself. He did this to clear the path for a fresh start. And for this, he deserves our recognition. The Supervisory Board has thanked him for his dedication and honored him for his efforts.

I am sure that I speak for many of you in this regard.

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Also at the April meeting of the Supervisory Board, President and CEO Dr. Klaus Kleinfeld notified the Supervisory Board that he would no longer be available for the extension of his contract.

The Supervisory Board also expressed its gratitude to Dr. Kleinfeld for his work as President and CEO of Siemens AG.

On May 20, the Supervisory Board was able to clarify the most important question of the company's operational leadership by announcing Mr. Löscher as the new President and CEO. In addition to many years of international experience at major companies, Mr. Löscher possesses those qualities that have made Siemens strong and that Siemens stands for: namely, internationality, the

ability to develop successful strategies, a sense of tradition and values, familiarity with a marketplace shaped by growth and innovation, as well as experience with and an excellent reputation in the financial markets.

From the very beginning, Mr. Löscher and the Supervisory Board agreed that it was imperative to restore the confidence of our customers, employees and investors in Siemens as fast as possible and to make the entire company more transparent, less complex, faster and more efficient. Under the leadership of Mr. Löscher, the Managing Board implemented these ideas quickly and decisively.

The Managing Board and the Supervisory Board took a major step in this direction by drawing clearly structured lines of personal accountability for business operations from the top level of management on down. At Managing Board level, this measure involves parting from the “coaching system” of the Corporate Executive Committee and establishing the direct operational responsibility of Managing Board members. The message here is clear: one individual is responsible. No latitude, no gray zone and no ambivalence. One legal consequence of this measure is that as of the first of this year there is no longer a distinction between the Corporate Executive Committee and the Managing Board of Siemens AG.

The changed setup obviously affects the size and composition of the Managing Board. The Board now consists of eight instead of 11 members. This, too, will increase transparency, simplify and expedite decision-making and reduce the size and expense of the departments supporting the Managing Board.

On January 1, 2008, the CEOs responsible for the Sectors Industry, Energy and Healthcare joined the President and CEO on the Managing Board. The leadership of an integrated technology company clearly also comprises those individuals operationally responsible on the Managing Board level for the areas of technology and personnel – as well as finance and legal and compliance

matters. We have combined the three Managing Board positions for technology, personnel and legal and compliance matters with regional responsibility.

So much for the structure. In addition, I would like to introduce by name the individuals who are new to the Managing Board. Besides Mr. Löscher, they are:

- Wolfgang Dehen, head of the Energy Sector
- Heinrich Hiesinger, who now leads the Industry Sector
- Siegfried Russwurm, responsible for personnel as well as being the Labor Director of Siemens AG
- And Peter Solmssen, who is responsible for legal and compliance matters.

As before, also belonging to the Managing Board are:

- Joe Kaeser, Finance and Controlling
- Hermann Requardt, Technology
- And Erich Reinhardt, responsible for the Healthcare Sector.

Thus, the Managing Board now consists of eight people.

The previous members of the Board, Rudi Lamprecht, Eduardo Montes, Uriel J. Sharef and Klaus Wucherer left the Board in the course of calendar year 2007. They remain available as advisors to the President and CEO. I would like to thank all of them for their willingness to provide constructive support as we continue down the path of reorganization.

In addition, the previous head of Corporate Personnel and Labor Director, Mr. Jürgen Radomski, retired on December 31, 2007. Mr. Johannes Feldmayer's contract expired at the end of September.

The Supervisory Board has thanked all of these gentlemen for their many years of service. They laid the foundation upon which we can build today.

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Ladies and Gentlemen,

In addition to the unusually large number of changes in the composition of the Managing and Supervisory Boards during the past year, the regularly scheduled election of the members of the Supervisory Board of your company is also on today's agenda.

With the conclusion of today's Annual Shareholders' Meeting, the terms of office end for both shareholder representatives and employee representatives on the Supervisory Board. I would like to thank all of the members of the Supervisory Board on behalf of the Managing Board, shareholders, and employees for their constructive and faithful collaboration, especially in light of the demanding past few quarters.

The shareholder representatives in the order of years of service on the Supervisory Board are:

Peter von Siemens since 1993

Dr. Albrecht Schmidt since 1993

Dr. Henning Schulte-Noelle since 1997

Prof. Walter Kröll since 2003

John David Coombe since 2003

Jerry I. Speyer since July 2003

Prof. Heinrich v. Pierer from January 2005 to April 2007

Prof. Michael Mirow since April 2007

As well as the gentlemen  
Dr. Ackermann since January 2003 as well as  
Lord Iain Vallance of Tummel since 2003,  
who, like me, are candidates for re-election.

We are particularly grateful to those members of the Supervisory Board who have served the Board for many years. I've already mentioned Mr. v. Pierer. I would also like to single out Mr. Peter von Siemens who – believe it or not – has served the company for half a century. He has worked in a variety of capacities and held leadership positions in the company since 1958. You have been a member of the Supervisory Board since April 1993 and there represented the interests of your family. Mr. von Siemens, you have done this very successfully by contributing your unique experience, your circumspection and foresight and most of all your invaluable understanding of the complex circumstances inside and outside the company.

Then I would also thank Mr. Schmidt, who also served the Supervisory Board for 15 years. We always appreciated his experience a great deal.

I also thank Mr. Schulte-Noelle, who has been on the Supervisory Board since 1997 and who has substantially supported our work.

My gratitude also extends likewise to the gentlemen Kröll, Commbe, Speyer and Mirow. They helped Siemens stay the course during a difficult time.

To the same extent I would also like to thank the employee representatives who are leaving the Supervisory Board. Here, the terms of office of the following members end – in the order of years of service:

Birgit Grube since March 1993

Georg Nassauer since 1993 until March 2007

Wolfgang Müller since 2003 until January 2007

Gerhard Bielezki since 2003 until December 2007

Hildegard Cornudet since April 2004

Thomas Rackow since January 2006

I would like to thank Ms. Grube in particular. She has served the Board for 15 years.

The future employee representatives were appointed on September 27, 2007, as required by the German Codetermination Act. Their election will go into effect at the conclusion of today's Annual Shareholders' Meeting. Previous Supervisory Board members who were re-elected are Ralf Heckmann, Lothar Adler, Bettina Haller, Berthold Huber, Heinz Hawreliuk and Dieter Scheitor. In addition, Birgit Steinborn as well as Harald Kern, Werner Mönius and Dr. Rainer Sieg, as the representative of executive employees, were elected as new members of the Supervisory Board of Siemens AG.

As far as the election of shareholder representatives is concerned, we have proposed ten candidates. They are listed in the invitation under agenda item nine. A brochure with background information on the candidates can be viewed at the information kiosks and speaker registration stands. I would like to briefly introduce the candidates to you. Dr. Josef Ackermann, Lord Iain Vallance of Tummel and I are candidates for re-election to the Supervisory Board. You are familiar with us.

I am happy that all of the first-time candidates are present today and that I can introduce them to you. The candidates are:

- Dr. Nicola Leibinger-Kammüller
- Jean-Louis Beffa,
- Gerd von Brandenstein,

- Michael Diekmann,
- Dr. Hans Michael Gaul,
- Prof. Dr. Peter Gruss
- and Håkan Samuelsson.

We are pleased that we were able to win these individuals as candidates for the Supervisory Board. With Dr. Leibinger-Kammüller and the gentlemen named, we are presenting individuals for election to the Supervisory Board who cover all aspects that a large, internationally operating company must consider.

Seven candidates come from industrial or technology companies or have a professional background in this area. Two come from the financial industry and one candidate represents science. Mr. von Brandenstein additionally represents the interests of the Siemens family. Four candidates come from outside Germany.

I would be grateful to you if you ratified our recommendations.

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## **Compliance**

Ladies and Gentlemen,

So much for the personnel changes in the past year and the election of the Supervisory Board members. Now, I would like to briefly discuss substantive topics that shaped the past year at Siemens.

First of all, I would like make a few remarks on the topic that troubled us the most at Siemens this past year: compliance.

Fiscal 2007 was probably one of the most difficult years ever in the history of Siemens AG. Allegations of corruption, proven cases of misconduct, and – this is evident – more than just isolated cases of so-called slush funds.

The investigations have still not been concluded yet. One year ago, I stood before you at the Annual Shareholders' Meeting and said: *“We are deeply disturbed by the allegations that are being made against Siemens. But I also know that indignation and embarrassment do not solve problems. Siemens must find the right path, define concrete steps, and take them.”*

Ladies and Gentlemen, today I have the privilege to say that the company is indeed on the right path. We are making progress. This is evident from the tangible progress made in clarifying past wrongdoing, from the response of the general public to our actions and from the recognition we are receiving from experts and government authorities.

In response to the actions by the Munich Public Prosecutor's Office in November 2006, the Supervisory Board's Audit Committee, whose responsibilities were later transferred to the Compliance Committee, decided to conduct an investigation into possible corruption at Siemens. Siemens retained the law firm Debevoise & Plimpton LLP assisted by the accounting firm Deloitte Touche to advise the Committee in that investigation.

Both firms are working very hard to fulfill their mandate, which is to conduct the investigation and to identify violations of anti-corruption regulations and company guidelines.

The mandate encompasses uncovering systemic bribery of public officials, to identify the methods used and where possible the responsible company officers. The goal of the Compliance Committee and the Supervisory Board is to make sure that such practices cease, that those responsible for such practices are held

accountable and to introduce processes that prevent such practices from recurring in the future.

Over the last year, the investigation team conducted over 500 inquiries around the world and reviewed millions of records. Investigators have made enormous progress in exposing the systems used to make improper payments.

Of course, the Compliance Committee recognizes that much work remains to be done. Many of the uncovered practices date back many years and pervaded various businesses of the company in widely distributed parts of the world. It will take time to determine the full magnitude of these practices.

In calendar year 2007, the Compliance Committee met nine times with Debevoise and Deloitte. I myself was in regular contact with Debevoise throughout the year.

There were and are a number of unanswered questions regarding the magnitude, the duration and the likely conclusion of the investigations. I will answer some of these questions.

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*First question: Why is our company going through this internal investigation process?*

The answer here is that we have internal and external imperatives. Inside the company, it's a matter of good corporate governance. The Compliance Committee, the Supervisory Board and also the Managing Board believe it is appropriate and in the interest of shareholders to review the corruption allegations that have emerged and send a clear signal that such practices are not tolerated at Siemens. And we must take measures that correct past misconduct and prevent its recurrence.

Outside the company, the investigation is necessary because government authorities in several countries have made it clear that our investigations and our internal corrective measures are important proof of our commitment to putting an end to the unethical practices of the past.

The Compliance Committee is confident that government authorities will take our commitment and cooperation into consideration when making decisions on prosecution and punishment.

*Second question: Why is a US law firm conducting investigations at a German company?*

First of all, this is not a purely German or US matter. The company or company employees are under investigation all over the world – in Italy, Switzerland, Greece, Russia, China and other countries.

In the United States, Siemens is being investigated because the company has been listed on the New York Stock Exchange since 2001 and is therefore fully subject to US law. As far as the US government is concerned, Siemens is treated just like any other company being investigated – including US companies.

Debevoise was selected for its expertise in large corruption investigations. Although Debevoise is headquartered in the US, it is an international law firm with offices in Germany and many other countries. Deloitte, of course, is a global accounting firm. Both have extensive experience with investigations like this in many countries and in particular also in Germany. And US authorities consider both firms to be reliable investigators.

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*Third question: When will all this be over?*

As you know, the investigation of Siemens by the Munich Public Prosecutor's Office for violations at the Com Group has been concluded.

On December 17, Peter Löscher, Peter Solmssen and I met with representatives of the Department of Justice and the SEC in Washington. This was a very productive meeting. We described for the US authorities the actions Siemens has been taking in recent past months to improve compliance. The authorities stated that these are very positive developments and that the company is on the right path. And they also expressed their appreciation for the complete cooperation they have been receiving from Siemens. Since that meeting, our company attorneys have been in regular contact with the US authorities.

Ladies and Gentlemen, today I am very pleased to announce that the SEC and the Department of Justice SEC have agreed to soon begin discussions with us aimed at reaching a comprehensive and fair settlement. These discussions – this is my hope – could begin as early as February.

Of course, both the investigations by US authorities and by Debevoise will continue as these discussions take place. They are most likely to last several months. We do not know how soon a settlement can be reached. Everyone involved knows that this is a unique, precedent-setting case, so discussions are likely to take some time.

Peter Löscher, Peter Solmssen and I will invest as much time as needed to achieve a fair result for Siemens as fast as possible.

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Obviously, Ladies and Gentlemen, regardless whether a settlement is reached, our internal investigation will continue.

The amnesty program has accelerated the investigation significantly. The facts that are now being discovered through this program are likely to bring the investigation to a close sooner.

The Compliance Committee and the Supervisory Board will only take actions or recommend actions based on reliable facts. As I told you last year, we will protect the innocent and not act on mere rumors and accusations. The company has the responsibility to protect its employees and will not apply disciplinary measures based on unproven allegations. Here, too, the presumption of innocence applies.

Of course, investigations add new facts over time and so broaden the amount of information available to us. Accordingly, we may reach different conclusions. All information about specific individuals is only current at the time it is reported and may change over time.

From the point of view of the Compliance Committee and the Supervisory Board, the amnesty program has been a tremendous success, particularly after the new Managing Board was announced on November 28, 2007. With the amnesty option, employees have come forward and provided new and vital information to Debevoise almost on a daily basis.

Slowly, a picture is appearing that shows more clearly what happened and who was responsible. We expect new facts to emerge in the coming weeks.

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The investigation is not limited in scope or to certain levels of the organization. Nor are the Supervisory Board and the Compliance and Audit Committees exempt. Quite the contrary. From the outset, I asked Debevoise to include everyone – and specifically the Audit Committee and me as its Chairman – in its investigation. At each critical stage, in other words:

- Before last year's Annual Shareholders' Meeting
- Before my election as Chairman of the Supervisory Board in April 2007
- Before the November 28 decision by the Supervisory Board to propose my re-election and ratification to the Annual Shareholders' Meeting.
- And before today's meeting...

I asked Debevoise whether facts had come to its attention leading them to conclude that the Audit Committee or I as its Chairman failed to act appropriately. Each time, the answer was no.

It is a fact that the information provided to the Audit Committee from within the company was incomplete and, in some cases, misleading. This is not a failing of the Audit Committee. On the contrary, at the end of nearly every meeting, I asked every employee present whether he or she had been put under pressure, could perform his or her work without influence and whether there was anything else that should be brought to the attention of the Committee. The answer every time was: NO.

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Now let's turn to the Managing Board's proposal to ratify the acts of the Supervisory and Managing Boards. The Supervisory Board met on November 28 to consider proposals to the Annual Shareholders' Meeting for the ratification of the acts of Managing Board and Supervisory Board members. Prior to the Annual Shareholders' Meeting, I asked Debevoise to inform me in advance whether any new information had come to their attention that could have an effect on the ratification proposal.

Debevoise then informed me in its letter of January 16, 2008, that employees taking part in the amnesty program and other sources had provided significant new information and leads pertaining to individuals who in the past served on the

Managing Board. Debevoise believed that the Supervisory Board might want to consider postponing the ratification of the acts of all individuals who served on the Managing Board in recent years, other than Peter Löscher, so that ratification does not take place before the investigation ends.

Debevoise in the same letter stated that no new information has come to light regarding members of the Supervisory Board.

I believe that the ratification of the acts of the Managing Board is one of the most important rights of shareholders and that a decision on ratification should be postponed only for very good reasons.

For the Supervisory Board, there are such reasons. And that is why the Supervisory Board has decided at an extraordinary meeting on Monday this week to postpone the ratification of all individuals who served on the Managing Board in recent years, other than Peter Löscher.

As regards the Supervisory Board, there are no such reasons to postpone the ratification decision.

That is why I ask you to postpone the ratification of the acts of the Managing Board and of Prof. v. Pierer and to approve the ratification of the acts of all other Supervisory Board members.

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### ***Organization***

Ladies and Gentlemen,

A new organizational structure went into effect at your company on January 1. This is the first comprehensive reorganization of the company in about twenty years. And I would like to make it the third point of my remarks.

The new structure of our company, with its three Sectors Industry, Energy and Healthcare, meets both the requirements of the marketplace and our own requirement of making our organization simpler and more consistent.

One individual with worldwide operational responsibility stands at the top of each Sector. In other words, we are replacing the collective responsibility with personal responsibility. The Supervisory Board and the Managing Board are in full agreement that the new structure will focus our business for the benefit of customers. It will encourage faster decision-making processes. And it will create greater transparency for our investors – and, of course, also for employees and the company itself.

Ladies and Gentlemen,

After a year that presented critical stages, Siemens has taken resolute action to get back on track.