

SIEMENS

Annual Shareholders' Meeting of Siemens AG

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Chairman of the Supervisory Board of Siemens AG

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Check against delivery

Since the last Annual Shareholders' Meeting of Siemens AG, held on January 27, 2009, the Supervisory Board has dealt with a number of significant developments at Siemens AG that I would like to comment on today. These developments occurred during the course of fiscal 2009 as well as in the first months of the new fiscal year.

Siemens shows strength in crisis

In terms of business operations, fiscal 2009 was again very successful. This news is even more positive when one considers the worldwide crisis of the financial markets and its impact on the real global economy. Siemens has also been affected. Nevertheless, the company has proven itself to be quite robust in the crisis so far, and has performed quite respectably. I want to take this opportunity to thank the Managing Board and all employees in the name of the Supervisory Board, and express our recognition and respect for the performances and successes of the past fiscal year.

Changes in the Supervisory Board

In my remarks today I would like to address two topics: First, the changes in the composition of the Supervisory Board and the Managing Board since the last Annual Shareholders' Meeting. At last year's Meeting on January 27, 2009, I informed you of the changes that had taken place up to that Meeting, including the resignation of Mr. Ralf Heckmann from the Supervisory Board and the appointment of Mr. Hans-Jürgen Hartung as a new member of the board.

Since then, there has been a further change: Mr. Heinz Hawreliuk left the Supervisory Board of Siemens AG on March 31 at his own request. We expressed our thanks and recognition for his many years of work on the Board. As the substitute member of the Board, Ms. Sybille Wankel then replaced him. I would like to take this occasion to congratulate Ms. Wankel again and to wish her a good hand in all her work.

Settlement Agreement with the D&O insurer

Second, I'd like to comment on the settlement agreements with the D&O insurance carriers and the former members of the Managing Board that we are proposing to you today. The Supervisory Board and the Managing Board recommend that these settlements be approved and adopted.

If I may remind you, in December 2008 – that is, in the first quarter of the past fiscal year – we were able to reach a settlement with the German and American authorities to end the respective legal proceedings related to earlier corrupt practices at Siemens. I reported on this to you in detail at the Annual Shareholders' Meeting on January 27 last year.

At the Annual Shareholders' Meeting last January, we introduced former Federal Minister Dr. Theo Waigel in his function as Compliance Monitor. We were relieved that the U.S. authorities were willing to appoint a German Compliance Monitor. And we are especially pleased and grateful that Dr. Waigel was agreeable to accepting this function.

The fact that we were able to reach this settlement with the authorities just two years after the investigation began was, for a case of this magnitude, exceptionally fast and must be considered a great success. A great part of this success is attributable to the structural and personnel changes in the company's management team, and in the controlling and compliance practices at Siemens.

Now, let me turn to the settlement with the D&O insurance carriers. We are presenting to you for your approval a settlement agreement with the so-called D&O carriers, who provide a type of liability insurance for Managing Board members and the company's senior executives. This settlement was reached between Siemens and the consortium of five insurers headed by Allianz Versicherung. As a matter of form, I would like to note that Michael. Diekmann did not participate in the

discussions and decisions of the Supervisory Board in this matter in order to avoid even the slightest appearance of a conflict of interests.

Overall, the insurance policy provides risk coverage up to €250 million, but annuls this coverage in the case of intent. The policy also strictly excludes breaches of duty covered by the previous policy – from a different insurance consortium – in the period prior to October 1, 2004. The policy sees an exception for the period prior to October 1, 2004 only in the case that such breaches of duty were not known to or were not negligently unknown to the insured individuals. Only in this case is so-called “retroactive coverage” provided for breaches of duty. This regulation, in particular, presented a considerable legal risk for both sides and was a primary reason behind the efforts to reach a settlement.

The settlement proposal presented to you provides that the D&O insurers provide coverage of up to €100 million to compensate Siemens for damages and pay defense costs of the insured individuals. Considering the overall situation, we consider the settlement proposal to be an adequate regulation between the parties. By approving this proposal, further expensive clarification of the positions of both sides can be avoided and the Supervisory Board is convinced this is a compromise acceptable to all parties. The Supervisory Board and the Managing Board are also convinced that the proposals presented to you for settlements with nine former board members are appropriate. We therefore recommend your approval.

Siemens takes legal action against two former Managing Board members

Settlement agreements were not reached with two former members of the Managing Board, Mr. Thomas Ganswindt and Mr. Heinz-Joachim Neubürger. In both cases, we will therefore pursue the company’s claims for damages in court and have accordingly initiated court proceedings before the Munich Regional Court.

At this point, I would like to note that Karl-Hermann Baumann has informed us that the Public Prosecutor's Office in Nuremberg-Fürth has dropped charges against him related to the earlier financial subsidies of the Independent Labor Representation ("Arbeitsgemeinschaft unabhängiger Betriebsangehöriger" or AUB). We informed you about this investigation on pages 29-30 and 41 of this year's Notice of Annual Shareholders' Meeting.

Nine settlement agreements are presented to you for consideration. These settlement agreements are with former Managing Board members Johannes Feldmayer, Edward G. Krubasik, Rudi Lamprecht, Jürgen Radomski, Uriel Sharef and Klaus Wucherer, as well as with the former President and CEO Klaus Kleinfeld, with the former President and CEO and Chairman of the Supervisory Board Heinrich von Pierer in both functions, and with Karl-Hermann Baumann in his function as former Chairman of the Supervisory Board.

I would like to express a word of respect and thanks to all these gentlemen for their cooperation and for their acceptance of a settlement with the company. All of them were in a situation that was an extraordinary personal burden. In particular, Heinrich von Pierer faced unusually intensive media coverage of the issue which made it more difficult to reach an agreement. With this general background in mind, I expressly wish to honor what we accomplished together.

Furthermore, I would also like to emphasize that, without any doubt, law and order demanded that we take action. It is the obligation of the Supervisory Board and Managing Board to clarify the company's claims and to enforce them in an appropriate manner. Otherwise, the present boards would have failed to comply with their own duties and would have violated the interests of you, the company owners. We have therefore acted in the interests of the company's owners as required by law and order, and as is necessary. All those on the boards as well as all those affected individuals thereby served the legal and corporate culture in our country.

It is the nature of every settlement to draw a close to a dispute without requiring that the question of guilt or innocence be determined in the end. In other words, a settlement is not associated with an admission of guilt or a verdict of guilt. Aside from the questions we dealt with in connection with the settlements, I would also like to expressly emphasize that the company is grateful to all those with whom settlements were reached for many successes and strategic decisions in various fields over the years. The complex we are bringing to a close today should not make us to lose sight of the merits of these men. And it is to be hoped that, in the future, one will again be able to take a balanced view of their lifetime achievements. I am convinced that the great majority of you share this view. And I am therefore confident that you will follow our recommendation and approve the proposed settlements. This will bring a close to a dark and problematic chapter in the company's history.

At this point, please allow me to make a personal comment and express my thanks. We wouldn't have had the opportunity today to end this chapter without the major support and decisive contributions of Josef Ackermann and Berthold Huber in finding our common line for clarification and a new beginning. During an exceptionally difficult and threatening phase for Siemens over a number of months, both men made extraordinary contributions toward securing the future of Siemens and then rigorously joined others in rigorously pursuing our course in recent years. Not only I, but all of us are deeply grateful to Mr. Ackermann and Mr. Huber.

Managing Board compensation with incentives for sustainable company development

The theme of the appropriateness of Managing Board remuneration was also intensively discussed in public in the past year. The German government reacted to this debate in July 2009 by passing the German Act on the Appropriateness of Managing Board Remuneration – or VorstAG. In particular, the law is intended to ensure that, in the future, compensation systems for Managing Board members will have strong incentives for sustainable company development.

In addition, the VorstAG created the possibility for the Annual Shareholders' Meeting to vote on approving the compensation system for Managing Board members. The Managing Board and the Supervisory Board are making use of this new possibility and are proposing that the compensation system for Managing Board members be approved.

The present system of existing Managing Board contracts was the basis for determining compensation in the past fiscal year. At the same time, however, the Supervisory Board also decided to again review details of the compensation system. We want to ensure that there is complete compliance with the new legal principles of the VorstAG.

The VorstAG first took effect on August 5, 2009, and our fiscal year ended the following month, in September. A fundamental review requires sufficient time and a number of internal and external talks as well as a concluding decision by the Supervisory Board. Since there wasn't sufficient time for such a review, the Managing Board compensation had to be determined by the Supervisory Board on the basis of the current compensation regulations.

The new law also raises a number of questions that must be clarified before a decision can be made on a new compensation system. Consequently, conclusions from the review of Managing Board compensation at Siemens are yet available. The Supervisory Board will discuss the results at its spring meeting and, if necessary, decide on changes in the compensation system.

The Supervisory Board and external experts are convinced that the present compensation system at Siemens already largely complies with the legal requirements and goals of the VorstAG. After a number of talks with investors, shareholder representatives and discussions in the Supervisory Board, however, I would like to report on some aspects that we feel are especially important in a further review of the present compensation system.

We want to further strengthen the present compensation components that are oriented to sustainable company development, further reinforce compensation components, and more precisely reflect the changed regulatory requirements. We will therefore place special emphasis on ensuring that the variable components of the compensation system are linked to multi-year performance. And we will also comprehensively examine the relationship between fixed and variable compensation components. The Siemens Stock Awards, incidentally, are already subject to a multi-year waiting period. Moreover, members of the Managing Board are already required to hold an interest in the company over the entire period of their membership on the Managing Board equal to a multiple of their base salary (300 percent in the case of the President and CEO, 200 percent in the case of Managing Board members). Should the Siemens stock price decrease, they have an obligation to acquire additional shares in order to reach the required equivalent amount.

In addition, we have already undertaken a number of adjustments for this year. In particular, the granting of Stock Awards now relies on multi-year performance criteria based on earnings per share, and there is a fluctuation corridor of 20 percent upwards or downwards. With this change, we have further strengthened a basic principle of the VorstAG in Siemens' present remuneration system. As you can see in the Compensation Report on pages 28-43 in the Annual Report, Managing Board remuneration in the past fiscal year – due to especially ambitious Managing Board targets and the degree of achievement – declined around 25 percent compared to 2008 despite a significant improvement in operational profit. As you can see, Managing Board compensation at Siemens is not a one-way upward path, but is flexible.

The appropriateness of our compensation system can also be seen in a comparison with other DAX 30 companies in Germany. In its Managing Board remuneration, Siemens has fully conformed to the overall DAX picture in recent years. Moreover, for a company with worldwide operations like Siemens, it is also natural to look beyond national borders and make comparisons with competitors in other countries and on

other continents. It is then even more obvious that Siemens does not have a level of remuneration that is excessive.

The same holds true for the Supervisory Board. The new remuneration system decided upon last year led to some structural changes and to a moderate increase in compensation, which we announced and explained in detail at the time. I would like to note, however, that the speculations of individual shareholder representatives at the time about exorbitant increases were fully without basis even then and in fact never occurred.

Naturally there are ongoing discussions about the basic questions of board remuneration. We follow these discussions closely and also deal with their contents. In regard to the Supervisory Board, the question of weighting fixed and variable compensation components or limitation to a fixed compensation is one of the discussion points. Another consideration is to provide fixed remuneration to members of the Audit Committee in particular.

In general, there are a number of varying recommendations from institutional investors as well as shareholder organizations and individual shareholders, and there are diverse models and good arguments favoring one direction or another. We follow such discussions closely and seek advice and dialogue. And then we evaluate the various viewpoints and present our conclusions to you, the Siemens shareholders.

Submission of the Annual Financial Statements and the Consolidated Financial Statements, as approved by the Supervisory Board, together with Management's Discussion and Analysis of Siemens AG and the consolidated group, including the Explanatory Report on the information required of the German Commercial Code (HGB) for the fiscal year ending September 30, 2009. The necessary documents are available here in the meeting area today. They were also sent to you on request. Since the date of the convocation notice, they have been available for perusal at the company's offices, and have also been available on the Internet. They can also be

seen today at the registration desks and on the Internet. The Annual Financial Statements and Consolidated Financial Statements, as well as the Management's Discussion and Analysis, were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. They were appointed as the independent auditor at the last Annual Shareholders' Meeting. The independent auditor approved without reservation the auditor's reports required by law. The Supervisory Board approved the Annual Financial Statements and the Consolidated Financial Statements at its meeting on December 2, 2009. In view of our approval, the financial statements are accepted as submitted.