

## **Distribution of OSRAM Licht AG Common Stock**

### **General Information Regarding Canadian Federal Income Tax Treatment**

*Summary:* This notification provides information regarding certain Canadian federal income tax consequences of the Osram Spin-Off, including information regarding the required tax election that certain Canadian Siemens AG Shareholders may make for the Spin-Off to be tax-deferred to such Canadian Siemens AG Shareholders.

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On July 5, 2013, (the “Distribution Date”), Siemens AG, a corporation resident in Germany (“Siemens”), spun off the entirety (100%) of outstanding shares of common stock of OSRAM Beteiligungen GmbH to OSRAM Licht AG (“Osram”; the “Spin-Off”; both Osram Beteiligungen GmbH and Osram being German resident corporations), in consideration of which the holders of record of Siemens common stock (each a “Siemens Shareholder”) received shares in Osram corresponding to their participation in Siemens AG. The shares required for this purpose were created by a capital increase in exchange for a contribution in kind resolved at Osram. The Spin-off resulted in Siemens retaining a participation of 19.5 % and the Siemens shareholders obtaining a participation of 80.5 % in Osram. On the Distribution Date, each Siemens Shareholder received one share of Osram common stock for every ten shares of Siemens common stock owned on the Distribution Date. Siemens Shareholders also received cash in exchange for any fractional share of Osram common stock resulting from the Spin-Off.

This notice is generally applicable to Siemens Shareholders who, for the purposes of the *Income Tax Act* (Canada) (the “Canadian Tax Act”) and at all relevant times, (i) were resident or were deemed to be resident in Canada, (ii) held their Siemens common stock and Osram common stock as capital property, (iii) dealt at arm’s length with Siemens and Osram, and (iv) were not affiliated with Siemens or Osram (“Canadian Holders”). This notice is not applicable to a Canadian Holder (i) that is a “financial institution”, as defined in the Canadian Tax Act for the purposes of the mark-to-market rules, (ii) an interest in which would be a “tax shelter investment”, as defined in the Canadian Tax Act, (iii) that is a “specified financial institution”, as defined in the Canadian Tax Act, (iv) who makes or has made a functional currency reporting election pursuant to section 261 of the Canadian Tax Act, or (v) who holds or has held Siemens common stock through a deferred income plan.

The Canadian Tax Act provides that a distribution by a German resident corporation of common shares of another German resident corporation to Canadian Holders in a German tax-free distribution may, in certain circumstances, qualify as a type of reorganization where shareholders can elect for tax-deferred treatment under the Canadian Tax Act. The Canada Revenue Agency (“CRA”) has determined that the Spin-Off qualifies as a type of reorganization where Canadian Holders can elect to obtain tax deferred treatment under the Canadian Tax Act. The CRA has posted such information on its website at: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/spnffs-eng.html>.

Accordingly, a Canadian Holder is generally entitled to make an election under section 86.1 of the Canadian Tax Act to have the distribution of Osram common stock not included in the Canadian Holder's income for Canadian tax purposes. In order to receive tax-free treatment, a Canadian Holder must make a valid election pursuant to section 86.1 of the Canadian Tax Act.

The election must be made in writing, must be filed with the Canadian Holder's paper income tax return for the taxation year that includes the Distribution Date, and must provide the information required by CRA. Electing Canadian Holders are urged to contact their own tax advisors for advice regarding the consequences of making such an election having regard to their own circumstances, and for detailed advice concerning the procedure to be followed to make such an election. Information regarding the filing of the election may be found on the CRA website at: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/frgn-eng.html>.

If a valid tax election is made pursuant to section 86.1 of the Canadian Tax Act, the adjusted cost base of a Canadian Holder's shares of Siemens common stock immediately before the Spin-Off is required to be allocated between such shares of Siemens common stock and the shares of Osram common stock received by the Canadian Holder in the Spin-Off, based on the relative fair market values of such Siemens common stock and Osram common stock immediately after the Spin-Off.

If a valid tax election, as described above, is not filed, a Canadian Holder would be required to include in such Canadian Holder's income for Canadian federal income tax purposes, as a taxable dividend from Siemens, an amount equal to the fair market value of the shares of Osram common stock received (including any fractional share), determined as of the Distribution Date. Canadian Holders would not be entitled to the gross-up and dividend tax credit treatment (for individuals) or the inter-corporate dividend deduction (for corporations) normally applicable to dividends received from taxable Canadian corporations.

On the Spin-Off Canadian Holders disposed of any fraction of a share of Osram common stock for cash, and have realized a capital gain (or capital loss) to the extent the cash so received exceeds (or is less than) the aggregate of the adjusted cost base of such fraction of a share and any reasonable costs of disposition. In general, one half of a capital gain is included in income as a taxable capital gain and one-half of a capital loss is deducted against taxable capital gains to the extent and under the circumstances specified in the Canadian Tax Act.

## **CONSULT WITH YOUR TAX ADVISOR**

This notice regarding the Canadian federal income tax consequences of the Spin-Off is for general information purposes and does not constitute tax advice. The information contained in this notice is based on existing Canadian federal income tax laws and regulations, and it does not purport to be complete or to describe the consequences that may apply to particular categories of Siemens stockholders. You are urged to consult your own tax advisor regarding the federal, provincial and foreign tax consequences of the Spin-Off to you, including the applicability and effect of any Canadian federal, provincial, territorial and foreign tax laws and regarding the advisability of, and actions and information necessary to make, any available election under section 86.1 of the Canadian Tax Act.

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