

## Legal Proceedings – Fourth Quarter Fiscal 2008

As previously reported, public prosecutors and other government authorities in jurisdictions around the world are conducting investigations of Siemens and certain of our current and former employees regarding allegations of public corruption, including criminal breaches of fiduciary duty including embezzlement, as well as bribery, money laundering and tax evasion, among others. These investigations involve allegations of corruption at a number of Siemens' business units.

For more information regarding these and other legal proceedings in which Siemens is involved, as well as the potential risks associated with such proceedings and their potential financial impact on the Company, please refer to Siemens' Annual Report for the fiscal year ended September 30, 2007 (Annual Report) and its annual report on Form 20-F for the fiscal year ended September 30, 2007 (Form 20-F), and, in particular, to the information contained in "Item 3: Key Information – Risk Factors", "Item 4: Information on the Company – Legal Proceedings", "Item 5: Operating Financial Review and Prospects", and "Item 15: Controls and Procedures" of the Form 20-F.

Developments regarding investigations and legal proceedings that have occurred since the publication of Siemens' Annual Report and Form 20-F include:

- The investigation of the Munich public prosecutor extends beyond the former Communications (Com) group. To date, the Munich public prosecutor has announced that groups under investigation include Siemens' former Power Transmission and Distribution (PTD) group, in which a former member of the Managing Board is a suspect, the former Power Generation (PG) group, the former Medical Solutions (Med) group, the former Transportation Systems (TS) group and Siemens' IT Solutions and Services group.
- In January 2008, the Company announced, at the Annual Shareholders' Meeting, that the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ) had agreed to begin discussions with the Company regarding a possible settlement of their investigations into possible violations of U.S. law in connection with allegations of corruption.
- In November 2008, Siemens AG announced it would accrue a provision in the amount of approximately €1 billion in fiscal 2008 in connection with ongoing settlement negotiations with the Munich public prosecutor, the SEC and DOJ. This estimate is based on the status of ongoing discussions being held between the Company and the authorities.
- In May 2008, the Munich prosecutor announced an investigation against the former Chairman of the Supervisory Board, the former CEO and other former members of the

Supervisory Board and of the Managing Board of Siemens AG. The investigation is based on Section 130 of the German Law on Administrative Offences regarding violations of the duty to take appropriate supervisory measures required to prevent breaches of criminal and administrative law.

- On July 29, 2008, the Supervisory Board of Siemens AG resolved to claim damages from former members of the former Corporate Executive Committee of the Managing Board of Siemens AG. The claims are based on breaches of their organizational and supervisory duties in view of the accusations of illegal business practices and extensive bribery that occurred in the course of international business transactions and the resulting financial burdens to the company. Claims are being asserted against ten former executives, including two former Chief Executive Officers of Siemens and a former Chief Financial Officer. Claims for damages are also being brought against one of the aforementioned ten former executives and one additional former member of the Managing Board in connection with payments made to the former head of the independent employee association AUB (*Arbeitsgemeinschaft Unabhängiger Betriebsangehöriger*). The former executives have been invited to respond to the claims before legal action for damages is taken. In addition, in September 2008, two former chairmen of the Supervisory Board, one of whom is also a former CEO and referred to above, have been invited to respond to allegations that they had breached their supervisory duties, before the Company considers further steps and possible damage claims against them.
- In the course of its investigation, Debevoise has identified and reported to the Company evidence of payments to business consultants, sales-related intermediaries and cash payments. The Company has analyzed whether such payments were considered in its analysis of income tax non-deductible payments conducted in fiscal 2007 and identified no additional income tax impact from such payments. The Company is also analyzing certain inter-company transactions identified by Debevoise and does not expect a significant impact on its consolidated financial statements from these transactions.
- As previously reported, the Company also investigates evidence of additional bank accounts at various locations. The Company is investigating the amount of the funds, as well as whether such funds can be recorded on the Company's balance sheet. In October 2008, the Company recovered funds in immaterial amounts from certain such accounts.
- In November 2007, authorities in Nigeria conducted searches of the premises of Siemens Ltd. Nigeria in connection with an investigation into alleged illegal payments to Nigerian public officials between 2002 and 2005.
- In December 2007, the Norwegian public prosecutor's office conducted a search of Siemens AS Norway's offices as well as several private homes in connection with payments made by Siemens for golf trips in 2003 and 2004, which were attended by

members of the Norwegian Department of Defense.

- The public prosecutor in Milan, Italy is investigating allegations concerning whether two employees of Siemens S.p.A. made illegal payments to employees of the state-owned gas and power group ENI. In November 2007, the public prosecutor filed charges against the two employees, Siemens S.p.A. and one of its subsidiaries, as well as against other individuals and companies not affiliated with Siemens.
- Authorities in Russia are conducting an investigation into alleged embezzlement of public funds in connection with the award of contracts to Siemens for the delivery of medical equipment to public authorities in Yekaterinburg in the years 2003 to 2005. An employee of Siemens Russia was arrested in connection with this investigation and subsequently released in September 2008.
- In January 2008, the Vienna, Austria public prosecutor announced an investigation into payments between 1999 and 2006 relating to Siemens AG Austria and its subsidiary VAI for which valid consideration could not be identified.
- In January 2008, the Malaysian Anti-Corruption Agency executed a search warrant at the premises of Siemens Malaysia and requested interviews with several employees of Siemens Malaysia in connection with an investigation into a project involving the PTD group in 2005.
- As previously reported, Siemens was contacted by representatives of regional development banks, including the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development and the European Investment Bank, regarding anti-corruption inquiries and other matters of relevance to them.
- As previously reported, in connection with the investigation relating to an agreement entered into by Siemens with an entity controlled by the former head of the independent employee association AUB (*Arbeitsgemeinschaft Unabhängiger Betriebsangehöriger*), in April 2007, a former member of the Managing Board of Siemens AG was arrested and subsequently posted bail in the amount of €5 million and was released from custody. In connection with the posting of bail, a bank issued a bond (*Bankbürgschaft*) in the amount of €5 million, €4.5 million of which was guaranteed by the Company pursuant to the provisions of German law. The warrant associated with the arrest of the former member of the Managing Board has since been revoked and the bank bond, as well as the Company's guarantee thereof, has been released. In July 2008, the Nürnberg-Fürth prosecutor brought charges against this former member of the Managing Board on several counts of criminal breach of fiduciary duty and tax evasion. In September 2008, the trial against this former member started before the Regional Court of Nürnberg-Fürth. Furthermore, the Nürnberg-Fürth prosecutor has initiated an investigation against two other former

members of the Managing Board on suspicion of abetting breach of fiduciary duty.

- In December 2007, a suit and motion for approval of a class action was filed in Israel to commence a class action based on the fines imposed by the European Commission for alleged anti-trust violations in the high-voltage gas-insulated switchgear market. Thirteen companies have been named as defendants in the suit and motion, among them Siemens AG Germany, Siemens AG Austria and Siemens Israel Ltd. The class action alleges damages to electricity consumers in Israel in the amount of approximately €575 million related to higher electricity prices claimed to have been paid because of the alleged anti-trust violations. The court has not yet ruled on the motion for approval of the class action.
- In January 2008, the Competition Authority of Slovakia imposed a fine of €3.3 million on Siemens and VA Tech in connection with an investigation into possible anti-trust violations in the market for high-voltage gas-insulated switchgear. The Company has filed an appeal against this decision.
- As previously reported, in December 2006, the Japanese Fair Trade Commission (FTC) had searched the offices of more than ten producers and dealers of healthcare equipment, including Siemens Asahi Medical Technologies Ltd., in connection with an investigation into possible anti-trust violations. In February 2008, the FTC announced its findings. Siemens was found not guilty of participating in anti-trust violations, and was therefore not fined or otherwise punished.
- As previously reported, the Polish Competition Authority conducted an investigation against Siemens Sp. z.o.o. Poland regarding possible anti-trust violations in the market for the maintenance of diagnostic medical equipment. In May 2008, the Authority issued a final decision finding that Siemens Poland had not violated anti-trust regulations.
- In May 2008, Siemens received a decision issued by the Controller of the United Nations upon the recommendation of the Vendor Review Committee of the United Nations Secretariat Procurement Division (UNPD). According to the decision, which is based on the Fifth and Final Report (IIC Report) of the Independent Inquiry Committee into the United Nations Oil for Food Program, Siemens Medical Solutions is to be suspended for a minimum period of six months, effective as of May 23, 2008, from the UNPD Vendor Roster. Siemens appealed the decision. The review of the decision is pending.
- The Company has become aware of media reports that in June 2008 the Republic of Iraq filed an action requesting unspecified damages against 93 named defendants with the United States District Court for the Southern District of New York on the basis of findings made in the IIC Report. Siemens S.A.S France, Siemens A.S. Turkey and Osram Middle East FZE, Dubai are reported to be among the 93 named defendants.

None of the Siemens affiliates have been served to date.

- In June 2008, the court of first instance in Kalimantan Province, Indonesia, found the head of the former Med group of Siemens PT Indonesia not guilty of allegations of participation in bribery, fraud, and overcharging related to the awarding of a contract for the delivery of medical equipment to a hospital in 2003. The decision has been appealed by the prosecutor.
- In June 2008, a court of first instance in the Czech Republic reversed the decision by the national competition authority regarding alleged anti-trust violations in the high-voltage gas-insulated switchgear market and ordered the authority to repay to Siemens the €11.7 million fine imposed by the authority. The authority has the right to appeal the decision.
- In July 2008, the public prosecutor in Athens, Greece concluded his preliminary investigation relating to allegations of active and passive bribery of public officials, money laundering and aiding and abetting the foregoing, in connection with, among others, a telecom contract relating to the 2004 Olympic Games awarded by the Greek government to Siemens and purchases of telecom equipment by the Hellenic Telecommunications Organization SA (OTE) in the late 1990s. The prosecutor named several suspects, including several former Siemens employees, and transferred the case to an investigative Magistrate's Court in Athens, which can issue criminal charges against specific individuals. Separately, preliminary investigations continue into allegations of bribery by Siemens of the Greek national railways and of the Greek Ministry of Defense and the Military. The Greek Ministry of Finance has also announced tax probes into the local operations of Siemens.
- In July 2008, OTE filed a lawsuit against Siemens in the district court of Munich, Germany seeking to compel Siemens to disclose the outcome of its internal investigations with respect to OTE. OTE seeks to obtain information with respect to allegations of undue influence and/or acts of bribery in connection with contracts concluded with OTE from 1992 to 2006. On September 25, 2008, Siemens was served with the complaint by the district court.
- In July 2008, the Central Anti-Corruption Office of Poland executed a search warrant at the premises of Siemens Poland in connection with a corruption investigation relating to several contracts of the former Com group.
- As previously reported, the Company requested arbitration against the Republic of Argentina before the International Center for Settlement of Investment Disputes (ICSID) of the World Bank. The Company claimed that Argentina unlawfully terminated the Company's contract for the development and operation of a system for the production of identity cards, border control, collection of data and voters' registers and thereby violated the Bilateral Investment Protection Treaty between Argentina and

Germany (BIT). The Company sought damages for expropriation and violation of the BIT of approximately \$500 million. Argentina disputed jurisdiction of the ICSID arbitration tribunal and argued in favor of jurisdiction of the Argentine administrative courts. The arbitration tribunal rendered a decision on August 4, 2004, finding that it had jurisdiction over the Company's claims and that the Company was entitled to present its claims. A hearing on the merits of the case took place before the ICSID arbitration tribunal in Washington in October 2005. A unanimous decision on the merits was rendered on February 6, 2007, awarding the Company compensation in the amount of \$217.8 million on account of the value of its investment and consequential damages, plus compound interest thereon at a rate of 2.66% since May 18, 2001. The tribunal also ruled that Argentina is obligated to indemnify the Company against any claims of subcontractors in relation to the project (amounting to approximately \$44 million) and, furthermore, that Argentina would be obligated to pay the Company the full amount of the contract performance bond (\$20 million) in the event this bond was not returned within the time period set by the tribunal (which period subsequently elapsed without delivery). On June 4, 2007, Argentina filed with the ICSID an application for the annulment and stay of enforcement of the award, alleging serious procedural irregularities. An ad hoc committee has been appointed to consider Argentina's application. On June 6, 2008, Argentina filed with the ICSID an application for revision and request for stay of enforcement of the award alleging the discovery of new, previously unknown facts that would have decisively affected the award. Argentina relies on information reported in the media alleging bribery by the Company, which it argues makes the BIT inapplicable. The application was registered by the ICSID on June 9, 2008 and forwarded to the original members of the ICSID arbitration tribunal. The application for revision may result in a stay with respect to Argentina's application for annulment pending before the ad hoc committee. On September 12, 2008, the arbitral tribunal issued its initial procedural order requiring that Argentina submit its memorial supporting the application for revision by February 13, 2009. In addition, the arbitral tribunal ordered that Argentina inform it, fortnightly beginning on September 30, 2008, of the steps taken and progress achieved by Argentina in obtaining information relevant to the application for revision. The tribunal postponed its decision on leave to submit a counterclaim until the request has been formulated and substantiated. No deadline was set.

- In August 2008, the Argentinean Anti-corruption Authority executed a search at the premises of Siemens Argentina and Siemens IT Services SA in Buenos Aires relating to an investigation into corruption of government officials in connection with the awarding to Siemens in 1998 of the contract for the development and operation of a system for the production of identity cards, border control, collection of data and voters' registers, referred to above. The Argentinean investigative judge also requested judicial assistance from the Munich prosecutor and the federal court in New York.
- In August 2008, the Anticorruption Police in Vietnam commenced an investigation in connection with contracts between the Company and a government-related supply

- As previously reported, Italian and German prosecutors have investigated allegations that former Siemens employees provided improper benefits to former employees of Enel in connection with Enel contracts. In Italy, legal proceedings against two former Siemens employees ended when the “patteggiamento” (plea bargaining procedure without the admission of guilt or responsibility) by the charged employees and Siemens AG entered into force in November 2006.

In May 2007, the Regional Court of Darmstadt convicted one former employee on counts of commercial bribery and embezzlement and another former employee on counts of aiding and abetting commercial bribery and sentenced them to prison sentences, suspended on probation. Siemens AG was ordered to disgorge €38 million of profits. The prosecutor and both defendants appealed the decision. Siemens AG appealed the decision with respect to the disgorgement. In August 2008, the German Federal Supreme Court (*Bundesgerichtshof*) reversed the convictions of the former employees on counts of commercial bribery and aiding and abetting commercial bribery. As a consequence, the Federal Supreme Court also reversed the disgorgement order of €38 million of profits by Siemens AG. The Federal Supreme Court confirmed the conviction of the first former employee on counts of embezzlement to the detriment of Siemens AG, and remanded the case against the former employees to another criminal division of the Regional Court of Darmstadt.

- In October 2008, U.S. authorities conducted a search at the premises of Siemens Building Technologies Inc. in Cleveland, Ohio, in connection with a previously ongoing investigation into activities with Cuyahoga County government agencies.
- In July 2008, Mr. Abolfath Mahvi filed a request for arbitration with the International Chamber of Commerce in Paris (ICC) seeking an award of damages against Siemens in the amount of DM 150 million (or the equivalent in euro) plus interest. Mr. Mahvi’s claim is based on a contract concluded in 1974 between a then subsidiary of Siemens and two companies, one domiciled in the Bermudas and the other in Liberia. Mr. Mahvi alleges that he is the successor in interest to the Bermudan and Liberian companies and that the companies assisted Siemens with the acquisition of a power plant project in Bushehr, Iran. Siemens believes Mr. Mahvi’s claim to be without merit, particularly because the contract on which his claim is based was the subject of a previous ICC arbitration that resulted in the dismissal of the action filed against Siemens.
- Pursuant to an agreement dated June 6, 2005, the Company sold its mobile devices business to Qisda Corp. (formerly named BenQ Corp.), a Taiwanese company. A dispute arose in 2006 between the Company and Qisda concerning the calculation of the purchase price. From September 2006 onwards, several subsidiaries in different countries used by Qisda for purposes of the acquisition of various business assets from the Company filed for insolvency protection and failed to fulfill their obligations under various contracts transferred to them by the Company under the 2005

agreement. On December 8, 2006, the Company initiated arbitration proceedings against Qisda requesting a declaratory award that certain allegations made by Qisda in relation to the purchase price calculation are unjustified. The Company further requested an order that Qisda perform its obligations and/or the obligations of its local subsidiaries assumed in connection with the acquisition or, in the alternative, that Qisda indemnify the Company for any losses. The Company's request for arbitration was filed with the International Chamber of Commerce in Paris. The seat of arbitration is Zurich, Switzerland. In March 2007, Qisda raised a counterclaim alleging that the Company made misrepresentations in connection with the sale of the mobile devices business and asserted claims in connection with the purchase price. In November 2007, the Company expanded its claims that Qisda indemnify the Company in relation to any losses suffered as a result of Qisda's failure to perform its obligations and/or the obligations of its locally incorporated subsidiaries. Qisda amended its counterclaim in March 2008 by (i) changing its request for declaratory relief with regard to the alleged misrepresentations to a request for substantial damages, and (ii) raising further claims for substantial damages and declaratory relief. The Company has requested that the arbitral tribunal dismiss the counterclaim.

- Siemens AG is member of a supplier consortium consisting of Siemens AG and a further consortium consisting of Areva NP SAS and its 100 % affiliate Areva NP GmbH. The Company holds a 34% share in Areva NP SAS. The supplier consortium was contracted by Teollisuuden Voima Oyj (TVO) for the nuclear power plant project "Olkilouto 3" in Finland. The Company's participation in the project is approximately 27%. The project is expected to be delayed by a minimum of 30 months for reasons disputed by TVO and the supplier consortium. TVO and the supplier consortium are attempting to resolve their dispute amicably. However, if they are unsuccessful, the commencement of arbitration proceedings is likely.

The Company remains subject to corruption-related investigations in the United States and other jurisdictions around the world. As a result, additional criminal or civil sanctions could be brought against the Company itself or against certain of its employees in connection with possible violations of law, including the U.S. Foreign Corrupt Practices Act (FCPA). In addition, the scope of pending investigations may be expanded and new investigations commenced in connection with allegations of bribery and other illegal acts. The Company's operating activities, financial results and reputation may also be negatively affected, particularly due to imposed penalties, fines, disgorgements, compensatory damages, third-party litigation, including by competitors, the formal or informal exclusion from public procurement contracts or the loss of business licenses or permits. As previously reported and as described above, the Munich district court imposed a fine in October 2007 and the Company recorded a provision in fiscal 2008 in connection with the investigations. However, no additional charges or provisions for any such penalties, fines, disgorgements or damages have been recorded or accrued as management does not yet have enough information to estimate such amounts reliably. The Company expects that additional expenses and provisions will need to be recorded in the future for penalties, fines, damages or other charges, which could be material, in connection with the investigations. The Company will also have to bear the costs of

continuing investigations and related legal proceedings, as well as the costs of on-going remediation efforts. Furthermore, changes affecting the Company's course of business or changes to its compliance programs beyond those already taken may be required.

The fourth quarter of fiscal 2008 included a total of €89 million in expenses for outside advisors engaged by Siemens in connection with the investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities. In fiscal 2008, the total amount of these expenses was €510 million.

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 behavior of financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and further deterioration of the capital markets; the commercial credit environment and, in particular, additional uncertainties arising out of the subprime, financial market and liquidity crises; future financial performance of major industries that we serve, including, without limitation, the Sectors Industry, Energy and Healthcare; the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; 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 investigations 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](http://www.siemens.com), and on the SEC's website, [www.sec.gov](http://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.