SIEMENS

Earnings Release

Munich, November 8, 2007

Strong Growth, Higher Margins

Operations delivers nearly €2 billion in Q4 Group profit

Continuing operations generate EPS of €1.45 in Q4

Siemens in the Fourth Quarter of Fiscal 2007

- **Group profit from Operations was €1.990 billion, driven up sharply year-over-year by rising profits and earnings margins at all Groups.**
- **Income from continuing operations also climbed significantly, to €1.394 billion. EPS from continuing operations was €1.45 compared to €0.10 a year earlier.**
- **Net income was a negative €74 million due to non-operating items in discontinued operations, including approximately €1.0 billion in tax expense related to the carve-out of Siemens VDO Automotive. EPS was a negative €0.17 compared to a positive €0.10 a year earlier.**
- **Siemens continued to grow more than twice as fast as global GDP. Revenue was up 9% compared to the prior-year quarter, at €20.201 billion, and orders climbed 21%, to €21.328 billion.**
- **Free cash flow rose to €2.553 billion for the quarter, on higher income from continuing operations and a substantial improvement in net working capital year-over-year.**
- **Siemens announced plans for a €10 billion share repurchase program, and proposed a dividend for fiscal 2007 of €1.60 per share compared to €1.45 per share in the prior year.**

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“The fourth quarter demonstrates the kind of quality growth Siemens can generate,” said Siemens CEO Peter Löscher. “We expanded our business in all regions of the world, and all our operating Groups reached their Fit 4 2010 target margin ranges. This success in turn produced a strong increase in free cash flow. Net income was significantly impacted by tax expense related to the carve-out of Siemens VDO Automotive.”

“At the corporate level, one of our plans for the year ahead is to make our balance sheet more efficient. We are therefore announcing a capital structure target ratio based on net industrial debt and EBITDA. To meet this midterm target, we are taking advantage of our strong cash position to return value to shareholders through a share buyback program, which we will conduct over the next three years up to a total of approximately €10 billion. Ultimately, we believe that a more efficient capital structure will strengthen EPS growth while ensuring cost-effective access to capital as well as strategic flexibility.”

“Operationally, we expect more quality growth in fiscal 2008. Specifically, we anticipate volume growth that is twice as high as the rate of global GDP growth, and that our operating profit will grow at least twice as fast as our volume. Siemens remains very well positioned in dynamic world markets for solutions in industry, energy, and healthcare.”

Income and Group Profit

Group profit from Operations climbed on higher profitability and rising revenue. With increased operating leverage from improved cost structures and successful acquisitions in recent quarters, the Groups in Operations benefited substantially from higher revenue worldwide. The result was €1.990 billion in Group profit, compared to €749 million in the fourth quarter a year earlier. All nine Groups within Operations posted significantly higher Group profit and profit margins year-over-year.

Income from continuing operations was up strongly year-over-year. Substantially higher Group profit from operations resulted in a strong increase in income from continuing operations, which climbed to €1.394 billion from €139 million in the prior-year period. Earnings per share (EPS) from continuing operations rose to €1.45 compared to €0.10 a year earlier. Financing & Real Estate and Corporate Treasury generated €119 million in income before income tax in the quarter, compared to €129 million in the prior-year period.

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Net income was adversely affected by non-operating items in discontinued operations. Discontinued operations reduced net income by €1.468 billion in the fourth quarter, in large part because of the inclusion of Siemens VDO Automotive (SV) pending the close of its sale to Continental AG. Siemens recorded approximately €1.0 billion in tax expense associated with the SV carve-out. Other non-operating effects in discontinued operations include a penalty of €201 million imposed by German authorities in ending their investigation of past misconduct at the former Communications Group (Com). As a result, net income was a negative €74 million for the quarter compared to a positive €148 million in the prior-year period. Basic and diluted EPS for the current period were €(0.17) and €(0.19), respectively. A year earlier, both basic and diluted EPS in the fourth quarter were €0.10.

Orders and Revenue

Siemens delivered strong organic growth with excellent regional balance. With significant operations in all major regions and countries of the world, Siemens benefited strongly from favorable macroeconomic conditions in the fourth quarter. Revenue rose 9% compared to the prior-year period, to €20.201 billion, and orders climbed 21%, to €21.328 billion. On an organic basis, excluding the net effect of currency translation and portfolio transactions, revenue rose 8% year-over-year and orders climbed 19%. Growth in the Asia-Pacific region remained robust, with revenue up 19% and orders up 62%. Europe (including Germany) also had a strong quarter, with 7% growth in revenue and 26% growth in orders. The region comprised of Africa, the Near and Middle East and the Commonwealth of Independent States (C.I.S.) posted 19% revenue growth and accounted for nearly 10% of Siemens' revenue in the fourth quarter. These above-mentioned regions more than made up for slower growth in the Americas, where market conditions in the U.S. changed significantly compared to the prior-year quarter. Revenue and orders in the Americas each grew 6% year-over-year despite strong adverse currency effects, partly offset by new revenue from acquisitions between the periods under review.

Cash and Return on Capital Employed (ROCE)

The cash conversion rate for the quarter was well above target. Free cash flow from continuing operations for the fourth quarter was €2.553 billion, up from €963 million in the same quarter a year earlier. This increase was driven by substantially higher income from continuing operations compared to the prior-year period, as well as higher cash inflows resulting from net working capital. The resulting cash conversion rate for the quarter was 1.83, well above the target rate of 0.92.

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ROCE for fiscal 2007 was 12.7%. A year earlier, Siemens' ROCE was 9.6%. ROCE development in fiscal 2008 will be affected by a substantial increase in capital employed, stemming from major acquisitions completed or announced in fiscal 2007. Siemens' medium-term target for ROCE remains 14-16%.

Legal and regulatory matters in the fourth quarter

The Munich district court imposed a fine of €201 million on Siemens, marking the end of the investigation at Com by the Munich Office of Public Prosecution insofar as it relates to Siemens AG. Siemens recorded the fine in the fourth quarter of fiscal 2007. In addition, Siemens reached a final settlement with German tax authorities regarding questionable payments made under Business Consulting Agreements (BCAs), under other agreements with third-party intermediaries, and to other parties in fiscal years 2000-2006. A total of €449 million in questionable payments at Com have been determined to be non-deductible, resulting in a tax charge of €179 million. Siemens previously recorded €168 million for tax charges in its consolidated financial statements for fiscal 2006, corresponding to non-deductible payments of €417 million.

During the fourth quarter of fiscal 2007, Siemens substantially completed its analysis of the tax deductibility of questionable payments at Groups other than Com and in regional companies, also for fiscal years 2000-2006. This analysis identified in fiscal 2007 an additional €857 million in non-tax-deductible payments. Accordingly, Siemens recorded additional income tax expense of €339 million and adjusted corresponding amounts in prior periods in the consolidated financial statements for fiscal 2007. The majority of the tax total relates to payments prior to fiscal 2005, which reduces shareholders' equity as of October 1, 2004. There is no impact from these tax charges on Siemens' income statement for fiscal 2007.

Taking continuing operations and discontinued operations together, expenses for outside advisors engaged by Siemens in connection with investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities amounted to €159 million in the fourth quarter and €347 million in fiscal 2007.
More detailed information regarding compliance matters is provided in the document "Legal Proceedings."

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Operations in fiscal 2007

Automation and Drives (A&D): Robust Global Growth and Operating Leverage

	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				% Change	
(€ in millions)	2007	2006	Actual	Adjusted*	2007	2006	Actual	Adjusted**
Group profit	607	427	42%		2,090	1,575	33%	
Group profit margin	13.8%	11.8%			13.6%	12.1%		
Revenue	4,403	3,609	22%	16%	15,389	13,041	18%	16%
New orders	4,351	3,520	24%	18%	16,794	14,312	17%	16%

* Excluding currency translation effects of (1)% on revenue and orders, and portfolio effects of 7% on revenue and orders.

** Excluding currency translation effects of (2)% on revenue and orders, and portfolio effects of 4% and 3% on revenue and orders, respectively.

A&D completed an excellent year with an outstanding fourth quarter. Group profit for the final three months jumped 42% compared to the prior-year quarter, to €607 million. The Large Drives, Mechanical Drives and Motion Control Systems divisions all demonstrated strong operating leverage with expanded revenue, resulting in significantly increased earnings. Purchase price accounting (PPA) effects associated with the Group's acquisitions of UGS Corp. (in May 2007) and Flender Holding GmbH (in fiscal 2005) sliced €63 million from Group profit, and A&D posted an additional €12 million in integration costs. These negative impacts together took 170 basis points from Group profit margin for the quarter. Revenue for A&D overall reached a new quarterly high, at €4.403 billion. Orders rose even faster, climbing 24% to €4.351 billion. A&D generated its topline growth on a worldwide basis. Revenue rose 32% in Asia-Pacific, 26% in Germany, 20% in Europe outside Germany and 16% in the Americas. These results include new volume from UGS, a leading provider of product lifecycle management (PLM) software which A&D acquired to complement and extend its existing software capabilities. This business got off to a good start within A&D, launching its technology integration and winning new customers for the Group.

On a full-year basis, A&D increased its Group profit 33%, to €2.090 billion. The Group gained operating leverage on rising volume, and profitability increased year-over-year even though €143 million in PPA effects and €23 million in integration costs clipped 110 basis points from Group profit margin. Revenue for fiscal 2007 climbed 18% to €15.389 billion, and orders rose 17% to €16.794 billion. Topline growth was geographically broad-based and benefited from the UGS acquisition.

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Industrial Solutions and Services (I&S): *Groupwide Increase in Profitability*

(€ in millions)	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				% Change	
	2007	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	130	61	113%		415	282	47%	
Group profit margin	5.2%	2.5%			4.7%	3.2%		
Revenue	2,500	2,477	1%	2%	8,894	8,819	1%	3%
New orders	2,168	2,129	2%	3%	10,161	9,025	13%	15%

* Excluding currency translation effects of (2)% on revenue and orders, and portfolio effects of 1% on revenue and orders.
** Excluding currency translation effects of (3)% on revenue and orders, and portfolio effects of 1% on revenue and orders.

I&S closed fiscal 2007 with its strongest quarter of the year, more than doubling Group profit to €130 million. Earnings and profitability improved in all divisions compared to the prior-year quarter, most notably in the industrial services, water, and oil and gas businesses. As a result, the Group added 270 basis points to its quarterly Group profit margin. Industry-wide resource constraints and lower revenue in the postal automation business held back topline growth, as revenue rose to €2.500 billion and orders increased to €2.168 billion.

Full-year results for I&S showed similar trends, including sharply higher Group profit on restrained growth in revenue. Group profit climbed to €415 million, a 47% increase year-over-year, and both earnings and margins improved throughout the Group. Revenue for I&S overall was up 1% year-over-year, at €8.894 billion. Strong demand in the Americas and Asia-Pacific helped take orders up 13%, to €10.161 billion, for a book-to-bill ratio of 1.14 for the full fiscal year.

Siemens Building Technologies (SBT): Profiting From Higher-Margin Business

(€ in millions)	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				% Change	
	2007	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	102	77	32%		354	223	59%	
Group profit margin	7.5%	5.5%			7.0%	4.6%		
Revenue	1,353	1,403	(4)%	(1)%	5,062	4,796	6%	8%
New orders	1,331	1,402	(5)%	(2)%	5,350	5,235	2%	5%

* Excluding currency translation effects of (3)% on revenue and orders.
** Excluding currency translation effects of (3)% and (4)% on revenue and orders, respectively, and portfolio effects of 1% on revenue and orders.

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SBT delivered its highest quarterly Group profit of the year in the fourth quarter, at €102 million, and also added more than 200 basis points to Group profit margin compared to the prior-year period. These results demonstrate the Group's focus on reducing costs, improving execution and winning higher-margin business. This trend was most evident in SBT's building automation business, which more than doubled profitability compared to the same quarter a year earlier. For SBT as a whole, more selective order intake was evident in revenue of €1.353 billion, a modest decline compared to the prior-year quarter. Orders of €1.331 billion came in 5% below the fourth quarter a year ago. Key factors in this result included adverse currency translation effects and a slowdown in the U.S., which pulled U.S. orders down 15% year-over-year.

SBT's progress was even more substantial on a full-year basis, with Group profit jumping 59% year-over-year, to €354 million. Earnings and margins rose on a Groupwide basis, building a 240 basis point increase in Group profit margin. The Group's fire safety and heating, ventilation and air conditioning businesses made the largest contributions to Group Profit. Revenue rose 6% year-over-year, to €5.062 billion, and orders of €5.350 billion came in 2% higher than the prior period.

Osram: Sustained Growth and Profitability

	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				*% Change*	
(€ in millions)	**2007**	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	128	86	49%		492	456	8%	
Group profit margin	10.6%	7.7%			10.5%	10.0%		
Revenue	1,203	1,110	8%	12%	4,690	4,563	3%	7%
New orders	1,203	1,110	8%	12%	4,690	4,563	3%	7%

* Excluding currency translation effects of (4)% on revenue and orders.

** Excluding currency translation effects of (4)% on revenue and orders.

Osram posted Group profit of €128 million in the fourth quarter of fiscal 2007, with broad-based increases in earnings and margins. Group profit in the prior year included higher severance charges. Revenue and orders rose 8% to €1.203 billion for the quarter, including high demand for energy-efficient lighting solutions.

For the full year, Osram's Group profit rose 8% to €492 million. Along with strength in general lighting, Osram also benefited from higher earnings in its optical semiconductors business. Broad-based demand throughout the Group took revenue and orders up to €4.690 billion for the fiscal year.

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Excluding negative currency translation effects, revenue and orders grew 7% compared to the prior year.

Transportation Systems (TS): Improved Earnings and Margins

	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				% Change	
(€ in millions)	**2007**	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	62	19	226%		191	72	165%	
Group profit margin	5.1%	1.3%			4.3%	1.6%		
Revenue	1,212	1,446	(16)%	(12)%	4,452	4,493	(1)%	2%
New orders	2,189	743	195%	202%	4,780	6,173	(23)%	(20)%

* Excluding currency translation effects of (1)% on revenue and orders, and portfolio effects of (3)% and (6)% on revenue and orders, respectively.

** Excluding currency translation effects of (1)% on revenue and orders, and portfolio effects of (2)% on revenue and orders.

Group profit at TS in the fourth quarter rose to €62 million on broad-based increases in earnings and margins led by the Rail Automation division. Revenue of €1.212 billion came in below the level of the prior-year period. Fourth-quarter orders of €2.189 billion were nearly triple the level of the same period a year ago, driven by major contract wins in Austria, The Netherlands, the U.K., and China.

For the full year, Group profit of €191 million at TS benefited from a net gain of €76 million on the sale of the Group's locomotive leasing business. Earnings and margins rose on a Group-wide basis except for the mass transit business, which took charges related to its Combino railcar and posted a larger loss than in the prior year. Revenue of €4.452 billion came close to the prior-year level despite a decline in revenue in the mass transit business. Orders of €4.780 billion reflect a significantly lower level of large orders for the Group as a whole in the second and third quarters.

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Power Generation (PG): Margin Improvement in High-Growth Markets

	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				% Change	
(€ in millions)	**2007**	**2006**	*Actual*	*Adjusted** *	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	358	122	193%		1,147	779	47%	
Group profit margin	10.1%	4.2%			9.4%	7.7%		
Revenue	3,533	2,924	21%	21%	12,194	10,086	21%	20%
New orders	4,012	2,738	47%	46%	17,988	12,532	44%	43%

* Excluding currency translation effects of (3)% and (2)% on revenue and orders, respectively, and portfolio effects of 3% on revenue and orders.

** Excluding currency translation effects of (3)% on revenue and orders, and portfolio effects of 4% on revenue and orders.

PG combined increased profitability with strong revenue growth to generate €358 million in fourth-quarter Group profit, well above the prior-year period. PG's fossil power generation, fossil services, industrial and wind businesses all contributed significantly higher earnings year-over-year. Both periods under review included charges at major projects and negative equity investment income. With significant offsetting effects in the current quarter, Group profit margin was representative of PG's underlying performance. In contrast, Group profit margin in the prior-year quarter lost more than 500 basis points due to the factors mentioned above. Equity investment income related to Areva was a negative €37 million compared to a negative €52 million in the prior-year quarter. Demand for PG's power generation solutions was evident in revenue of €3.533 billion, 21% higher than in the prior-year quarter, and orders of €4.012 billion, up 47%. The fossil, wind and industrial businesses all contributed strong growth and major contract wins, including fuel-efficient combined-cycle power plants in Europe and Asia-Pacific and large wind power projects in Europe, Asia-Pacific and the U.S. PG expects continued volatility in equity investment earnings in coming quarters.

For the full fiscal year, Group profit at PG climbed 47%, to €1.147 billion. All businesses in PG's portfolio generated strong growth in earnings and profitability, including a significant rise in earnings in the fossil services business and a sharply higher 9.5% margin in the wind power business, where earnings more than doubled. Charges at major projects, negative equity investment income and offsetting effects took 60 net basis points from Group profit margin in fiscal 2007, compared to 230 net basis points a year earlier. Equity investment income related to Areva was a negative €45 million in fiscal 2007 compared to a negative €27 in the prior year. Demand was well-balanced both regionally and among PG's divisions. Fiscal 2007 revenue rose to €12.194 billion, 21% higher than in the prior fiscal year, and orders surged 44%, to €17.988 billion. These fiscal 2007 contract wins are expected to

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increase the earnings quality of PG's order backlog as older, lower-margin orders are converted to revenue in coming quarters.

Power Transmission and Distribution (PTD): Maintaining Momentum in Growth and Profitability

	Fourth quarter ended September 30,				**Fiscal year ended September 30,**			
			% Change				*% Change*	
(€ in millions)	**2007**	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	225	54	317%		650	315	106%	
Group profit margin	9.9%	2.9%			8.5%	4.8%		
Revenue	2,283	1,839	24%	25%	7,689	6,509	18%	21%
New orders	1,882	1,683	12%	14%	9,896	8,028	23%	27%

* Excluding currency translation effects of (1)% and (2)% on revenue and orders, respectively.

** Excluding currency translation effects of (3)% and (4)% on revenue and orders, respectively.

PTD completed a year of continuous earnings improvement with Group profit of €225 million for the fourth quarter. Group profit margin benefited from €25 million in hedging effects not qualifying for hedge accounting. For comparison, the prior-year result included restructuring charges. Higher revenue enabled all divisions within PTD to increase their earnings, and the Group achieved its best quarterly Group profit margin of the year. In a strong global market for secure, high-efficiency power transmission and distribution, PTD delivered revenue of €2.283 billion, up 24% from the prior-year quarter. Orders for the quarter rose 12% above the prior-year level, to €1.882 billion, including a major order in the U.S.

PTD's full-year results follow the same trends as in the fourth quarter. Group profit more than doubled, to €650 million, on improving margins and higher revenue. Revenue rose 18% year-over-year, to €7.689 billion, while orders climbed 23%, to €9.896 billion. Among numerous major orders were large new contracts in the Middle East and China, taking PTD's full-year book-to-bill ratio up to 1.29.

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Medical Solutions (Med): Strong Profit Growth From An Integrated Diagnostics Supplier

	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				% Change	
(€ in millions)	**2007**	**2006***	*Actual*	*Adjusted***	**2007**	**2006***	*Actual*	*Adjusted****
Group profit	380	266	43%		1,323	988	34%	
Group profit margin	13.3%	11.3%			13.4%	12.0%		
Revenue	2,848	2,359	21%	6%	9,851	8,227	20%	6%
New orders	2,999	2,994	0%	(11)%	10,271	9,334	10%	(2)%

* Group profit has been adjusted. For further information see the document “Legal Proceedings.”

** Excluding currency translation effects of (4)% on revenue and orders, and portfolio effects of 19% and 15% on revenue and orders, respectively.

*** Excluding currency translation effects of (5)% on revenue and orders, and portfolio effects of 19% and 17% on revenue and orders, respectively.

Group profit at Med in the fourth quarter jumped 43% compared to the prior-year quarter, to €380 million, and Group profit margin for the quarter rose to 13.3%. These results demonstrate the competitive strength and international success of Med’s diagnostics imaging businesses, which increased their profitability compared to the prior-year period despite continuing market pressure in the U.S., including effects from the U.S. Deficit Reduction Act (DRA). This enabled Med to more than offset the loss of 270 basis points from Group profit margin due to PPA effects of €21 million and integration costs of €55 million stemming from two major acquisitions. The companies acquired, Diagnostic Products Corp. (late in fiscal 2006) and a division of Bayer AG (in the second quarter of fiscal 2007), have been combined into Med’s new Diagnostics division for in-vitro diagnostic solutions. Revenue for the fourth quarter rose 21%, year-over-year, to €2.848 billion, including substantial new volume from the Diagnostics division. Orders were level at €2.999 billion, as Med compensated for the tightening in the U.S. imaging market with its Diagnostics division and growth in other regions. The Group’s acquisition of Dade-Behring Holdings, Inc. closed on November 6, 2007, and will result in further integration costs in coming quarters.

Med’s results for the full year showed similar development as in the fourth quarter. Group profit climbed 34%, to €1.323 billion, primarily due to higher earnings and profit margins in the diagnostics imaging businesses. Equity investment income in the current year benefited from a €23 million gain on the sale of a portion of Med’s stake in a joint venture, Draeger Medical AG & Co. KG, and rose to €60 million for the year compared to €27 million a year earlier. These factors partly offset PPA effects of €91 million and integration costs from acquisitions of €84 million, which took 180 basis points from

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Group profit margin. Revenue of €9.851 billion and orders of €10.271 billion were up 20% and 10%, respectively, primarily as a result of the acquisitions in in-vitro diagnostics.

Siemens IT Solutions and Services (SIS): Solid Improvement

	Fourth quarter ended September 30,				Fiscal year ended September 30,			
			% Change				*% Change*	
(€ in millions)	**2007**	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	80	(230)			252	(731)		
Group profit margin	5.6%	(16.2)%			4.7%	(12.8)%		
Revenue	1,438	1,424	1%	2%	5,360	5,693	(6)%	5%
New orders	1,595	1,266	26%	27%	5,156	5,574	(7)%	5%

* Excluding portfolio effects of (1)% on revenue and orders.

** Excluding currency translation effects of (1)% on revenue and orders, and portfolio effects of (10)% and (11)% on revenue and orders, respectively.

SIS posted €80 million in Group profit and a Group profit margin of 5.6% in the fourth quarter, benefiting from an improved cost structure following €180 million in severance charges in the prior-year period. Revenue rose modestly compared to the prior-year quarter, to €1.438 billion. Orders jumped 26%, to €1.595 billion on strong growth in Europe.

Fiscal 2007 was the first year of operation for SIS, which combines the former Siemens Business Services (SBS) Group with other strategic IT activities within Siemens. Results for SIS are stated on a retroactive basis, to provide a meaningful comparison with prior periods. Group profit for the fiscal year was €252 million, while in the prior year €576 million in severance charges contributed to a substantial loss. Revenue and orders of €5.360 billion and €5.156 billion, respectively, came in lower than the prior-year totals due to the divestment of the Group's Product Related Services (PRS) business halfway through fiscal 2006. On an organic basis, sales and orders were up 5% year-over-year.

Strategic Equity Investments (SEI)

SEI includes results at equity from three companies in which Siemens holds a strategic equity stake: Nokia Siemens Networks B.V. (NSN), BSH Bosch und Siemens Hausgeräte GmbH (BSH), and Fujitsu Siemens Computers (Holding) B.V. (FSC). SEI posted a loss of €11 million in the fourth quarter compared to a €75 million gain in the same period a year earlier. The change year-over-year was due largely to NSN, which became part of SEI results following its formation in the third quarter.

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Restructuring and integration programs resulted in €86 million in charges at NSN in the fourth quarter. As a result, Siemens incurred an equity investment loss of €58 million related to NSN.

For the full year, SEI overall recorded an equity investment loss of €161 million despite a positive €268 million from BSH and FHC. In the prior year, which does not include NSN, SEI posted equity investment income of €225 million. In the current year, NSN took €991 million in charges including €646 million for severance. As a result, Siemens' equity investment income related to NSN was a negative €429 million in fiscal 2007.

Other Operations

Other Operations consist of centrally held operating businesses not related to a Group, including Siemens Home and Office Communication Devices (SHC) and, in fiscal 2006, the distribution and industry logistics (Dematic) businesses carved out of the former Logistics and Assembly Systems Group. The result of Other Operations in the fourth quarter was a negative €71 million compared to a negative €208 million in the same period a year earlier. SHC took a small loss in the current quarter, while the prior-year quarter includes a more significant operating loss at Dematic plus a loss on the sale of the Dematic businesses. Other Operations also includes centrally carried regional costs not allocated to the Groups, totaling €45 million in the current quarter compared to €63 million in the prior-year period. Revenue for Other Operations declined to €663 million for the quarter from €1.012 billion in the prior-year period, due primarily to the divestment.

Results for fiscal 2007 followed a similar pattern. Other Operations improved to a negative €193 million compared to a negative €317 million in fiscal 2006. SHC contributed €13 million in profit for the year, while the Dematic business posted a loss of €159 million a year earlier. Centrally carried regional costs not allocated to the Groups totaled €96 million in the current period, up from €59 million in the prior year. In addition, fiscal 2007 included an impairment of €52 million at a regional payphone company in Europe. Revenue for Other Operations for the full year was €2.884 billion, down from €3.944 billion primarily due to the Dematic divestment. Within these totals, sales at SHC remained stable near €790 million.

Corporate items, pensions and eliminations

Corporate items, pension and elimination totaled a negative €451 million in the fourth quarter, compared to a negative €493 million in the prior-year quarter. This improvement was due to centrally

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carried pension expense, which was a positive €39 million compared to a negative €45 million in the same quarter a year earlier. Corporate items increased year-over-year to a negative €484 million compared to a negative €462 million in the prior-year period. This change includes €85 million in the current quarter for outside advisors related to legal and regulatory matters mentioned above, as well as €108 million related to Siemens' regional sales organization in Germany, primarily including an impairment.

For the full year, Corporate items, pensions and eliminations was a negative €1.672 billion compared to a negative €527 million in the prior year. Corporate items was the primary factor in the change year-over-year, increasing to a negative €1.728 billion from a negative €553 million in fiscal 2006. Costs related to major legal and regulatory matters totaled €843 million in the current period. Within this figure, major impacts included €440 million stemming from sanctions on major suppliers of gas-isolated switchgear, €152 million in expenses related to compliance mentioned earlier, and €81 million in funding primarily for job placement companies for former Siemens employees affected by the bankruptcy of BenQ Mobile GmbH & Co. OHG (BenQ). Corporate items also included higher expenses related to a major asset retirement obligation. Finally, the full year also includes the €108 million mentioned above for the fourth quarter. A year earlier, Corporate items benefited from a €95 million gain on the sale of an investment, as well as €70 million in positive effects from settlement of an arbitration proceeding.

Financing and Real Estate

Siemens Financial Services (SFS)

	Fourth quarter ended September 30,			**Fiscal year ended September 30,**		
(€ in millions)	**2007**	**2006**	*% Change*	**2007**	**2006**	*% Change*
Income before income taxes	52	120	(57)%	329	306	8%
Total assets				8,912	10,543	(15)%

Income before income taxes (IBIT) at SFS was €52 million compared to €120 million in the fourth quarter a year earlier. The prior-year quarter benefited strongly from a special dividend related to an investment in the Equity division. On a full-year basis, IBIT rose to €329 million from €306 million in fiscal 2006, including gains on sales of shares in the Equity division and special dividends resulting

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from divestment gains by a company in which SFS holds an equity position. IBIT in the prior period included the special dividend mentioned above. Total assets declined compared to the end of fiscal 2006, due to a significant reduction in accounts receivable related to the carve-out of SV and the transfer of carrier activities into NSN.

Siemens Real Estate (SRE)

	Fourth quarter ended September 30,			Fiscal year ended September 30,		
(€ in millions)	**2007**	**2006**	*% Change*	**2007**	**2006**	*% Change*
Income before income taxes	48	13	269%	228	115	98%
Revenue	435	446	(2)%	1,686	1,705	(1)%
Total assets				3,091	3,221	(4)%

Income before income taxes at SRE was €48 million in the fourth quarter, which benefited from higher gains on sales of real estate. Income before income taxes for the full year was €228 million, compared to €115 million in the prior year. A year earlier, SRE's results included significantly higher vacancy charges and a lower level of real estate disposals.

Eliminations, reclassifications and Corporate Treasury

Income before income taxes from eliminations, reclassifications and Corporate Treasury was €19 million in the fourth quarter, compared to a negative €4 million in the prior-year period. The current quarter included beneficial effects at Corporate Treasury from Siemens's repurchase of outstanding notes from a €2.5 billion convertible bond issued in June 2003. On a full-year basis, IBIT from eliminations, reclassifications and Corporate Treasury was €153 million compared to a negative €18 million in fiscal 2006. The difference is due mainly to negative net effects in the prior year from a mark-to-market valuation of a cash settlement option associated with the convertible bond.

Income and earnings per share in fiscal 2007

Net income for Siemens in fiscal 2007 was €4.038 billion, a 21% increase compared to €3.345 billion in the same period a year earlier. Basic and diluted EPS were €4.24 and €4.10, respectively, compared to €3.52 and €3.51, respectively, in fiscal 2006. Net income in fiscal 2007 rose even as income from discontinued operations fell to €129 million from €703 million in fiscal 2006. More detail on discontinued operations is included below. Income from continuing operations for the year was

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€3.909 billion, 48% higher than €2.642 billion in fiscal 2006. Basic and diluted EPS on a continuing basis were €4.13 and €3.99, respectively, compared to €2.78 and €2.77 a year earlier.

Strong operating performance was the primary driver of higher income from continuing operations. Group profit from Operations rose 70% year-over-year to €6.560 billion, even with negative equity investment income of €429 million related to NSN. All Groups in Operations increased their Group profit and Group profit margin on a full-year basis. SIS benefited strongly from severance programs totaling €576 million in fiscal 2006, recording Group profit of €252 million for the year compared to a loss of €731 million in the prior year.

Rapid growth in Group profit more than offset a significant increase in Corporate items, pensions and eliminations year-over-year, which rose from a negative €527 in fiscal 2006 to a negative €1.672 billion in the current year. The change was due primarily to the €843 million in costs for major legal and regulatory matters mentioned above in Corporate items.

Earnings at Financing and Real Estate rose to €557 million for fiscal 2007, from €421 million a year earlier. Corporate Treasury activities contributed earnings of €153 million compared to a loss of €18 million in the same period a year earlier, which includes a €143 million net negative effect related to a cash settlement option related to the €2.5 billion convertible bond.

Discontinued Operations in the fourth quarter and fiscal 2007

Discontinued operations include Com activities that remained within Siemens after the transfer of carrier assets into NSN at the beginning of the third quarter, and also the operations of SV, which is held for disposal pending the closing of its sale to Continental. SV is included within discontinued operations on a retroactive basis, to provide a meaningful comparison with prior periods.

In the fourth quarter, discontinued operations reduced net income by €1.468 billion compared to a contribution to net income of €9 million in the same quarter a year earlier. The difference is due primarily to SV, which had approximately €1.0 billion in tax expense related to its carve-out. This led to a negative result of €861 million at SV activities for the quarter despite Group profit of €143 million. The prior-year result was a €77 million contribution to net income from SV activities. The result for Com activities was a negative €588 million compared to a negative €25 million in the prior-year period. The difference is due mainly to non-operating factors in the current quarter. The largest of these is the

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€201 million fine imposed by German authorities as discussed earlier. In addition, a non-cash, pretax, preliminary gain of approximately €1.7 billion generated by the transfer of Com assets into NSN was adjusted to approximately €1.6 billion in the fourth quarter, and the enterprise network business within discontinued operations took an impairment of €64 million. On an operating basis, Com activities posted losses of €115 million in the current quarter and €113 million in the prior-year period, which included €235 million in severance charges.

For fiscal 2007, income from discontinued operations contributed €129 million to net income, compared to €703 million a year earlier. Contribution to net income from SV activities was a negative €550 million compared to a positive €410 million in fiscal 2006. This swing was due to the approximately €1.0 billion in tax expense mentioned above as well as interest expense and closing costs related to the carve-out. Full-year results at Com-related activities contributed positively in both the current and prior year, with €765 million and €357 million, respectively. The current-year result was higher primarily due to the €1.6 billion NSN gain mentioned above. This gain was partly offset by €567 million in impairments at the enterprise networking business, the €201 million penalty mentioned above, and €104 million in other costs related to legal and regulatory matters. The remainder of the change year-over-year is due to an operating loss in the current year compared to operating profit at Com a year earlier. While the profitable carrier activities were included for all of fiscal 2006, they were transferred out of discontinued operations and into NSN midway through fiscal 2007. Effects related to BenQ reduced net income by €86 million and €64 million, respectively, in fiscal 2007 and fiscal 2006.

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Order and revenue trends in fiscal 2007

	New Orders (location of customer)					
			% Change vs. previous year		*therein*	
(€ in millions)	**2007**	**2006**	*Actual*	*Adjusted**	*Currency*	*Portfolio*
Germany	13,562	12,782	6%	5%	*0%*	*1%*
Europe (other than Germany)	26,648	22,351	19%	18%	*0%*	*1%*
Americas	22,831	20,202	13%	18%	*(9)%*	*4%*
Asia-Pacific	13,291	11,250	18%	19%	*(3)%*	*2%*
Africa, Near and Middle East, C.I.S.**	7,584	8,359	(9)%	(7)%	*(3)%*	*1%*
Siemens	**83,916**	**74,944**	**12%**	**13%**	***(3)%***	***2%***

* Excluding currency translation and portfolio effects.

** Commonwealth of Independent States.

Siemens booked €83.916 billion in new orders in fiscal 2007. This 12% rise compared to fiscal 2006 resulted in a book-to-bill ratio of 1.16 for the year. Europe outside Germany and the Americas were the two largest regions by volume, followed by Germany and Asia Pacific. Europe outside Germany showed the fastest growth of any region, with a 19% increase to €26.648 billion for the year led by strong demand at PG, Med, PTD and A&D and numerous large new contracts. Orders in Germany were €13.562 billion, up 6% including strong contributions from A&D, PG and TS.

In the Americas region, orders rose 13% compared to fiscal 2006, to €22.831 million, despite considerable weakening of the U.S. dollar against the euro during the year. Continuing demand for energy solutions at PG, and for industrial automation solutions at A&D and I&S, more than compensated for industry, market and currency conditions that led to reported reductions in orders in the U.S. at Med, Osram and SBT. As a result, the U.S. share of orders in the region fell to 73% compared to 78% in fiscal 2006. On an organic basis, excluding the net effect of portfolio transactions and unusually strongly negative currency translation effects, orders were up 18% in the Americas overall.

Orders in Asia-Pacific came in at €13.291 billion, 18% higher than in the prior year, with PG, A&D, PTD, Med and I&S all winning at least 20% more new business in the region compared to fiscal 2006. Orders in China and India grew at 12% and 15% respectively, and accounted for 52% of new Asia-Pacific orders during fiscal 2007. A year earlier, their combined share was 54%. New orders in the

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Africa, Near and Middle East, C.I.S. region came in 9% lower year-over-year, at €7.584 billion, primarily because the prior year included a very large order at TS for both trains and maintenance in Russia. For the region as a whole, PTD, A&D and Osram saw double-digit order growth for the current period.

	Revenue (location of customer)					
			% Change vs. previous year		*therein*	
(€ in millions)	**2007**	**2006**	*Actual*	*Adjusted**	*Currency*	*Portfolio*
Germany	12,594	12,382	2%	2%	*0%*	*0%*
Europe (other than Germany)	22,801	20,489	11%	10%	*0%*	*1%*
Americas	19,321	18,371	5%	9%	*(8)%*	*4%*
Asia-Pacific	10,937	9,457	16%	18%	*(3)%*	*1%*
Africa, Near and Middle East, C.I.S.**	6,795	5,788	17%	19%	*(3)%*	*1%*
Siemens	**72,448**	**66,487**	**9%**	**10%**	***(3)%***	***2%***

* Excluding currency translation and portfolio effects.

** Commonwealth of Independent States.

Revenue for fiscal 2007 totaled €72.448 billion, a 9% increase compared to fiscal 2006. Revenue in Europe outside Germany rose 11% year-over-year, to €22.801 billion, with A&D, PG and Med leading the increase. Revenue growth was more restrained in the Americas for the reasons mentioned above, coming in 5% higher than in fiscal 2006 at €19.321 billion. Energy, automation and medical solutions were the highlights for the Americas overall as well as for the U.S., which accounted for 77% of the region's revenue for the year. Brazil contributed 21% growth. On an organic basis, revenue for the Americas climbed 9% year-over-year.

Revenue grew more rapidly in Asia-Pacific, reaching €10.937 billion on a 16% rise. Revenue in China was up 13%, as A&D, PG and TS converted major orders from prior periods into current business. While the majority of Groups booked more sales in China than in India, revenue for India jumped 62% year-over-year from a smaller base and every operating Group posted double-digit increases. Together China and India accounted for 53% of Asia-Pacific revenue, up from 50% in fiscal 2006. The Africa, Near and Middle East, C.I.S. region saw 17% growth compared to the prior year, benefiting from large infrastructure orders in prior years. Most Groups posted double-digit increases in the region, with Siemens' energy businesses accounting for 63% of the total volume of €6.795 billion.

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Cash flows and cash conversion rate for the fourth quarter

Operating activities provided net cash of €3.352 billion in the fourth quarter of fiscal 2007. Discontinued operations used net cash of €241 million, including €640 million in tax payments related to the divestment of SV. A year earlier, operating activities in the fourth quarter provided net cash of €2.800 billion, with discontinued operations providing €737 million of the total.

Investing activities used net cash of €1.181 billion in the fourth quarter of fiscal 2007, down from €3.231 billion in the prior-year period. Continuing operations were the primary factor in the change year-over-year. Discontinued operations used net cash of €402 million in the current quarter and €298 million in the prior-year period.

Continuing operations		**Operations**		**SFS, SRE and Corporate Treasury ***		**Siemens**	
		Fourth quarter ended September 30,					
(€ in millions)		**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Net cash provided by (used in):							
Operating activities	A	3,246	1,867	347	196	3,593	2,063
Investing activities		(704)	(2,368)	(75)	(565)	(779)	(2,933)
Thereof: Additions to intangible assets and property, plant and equipment	B	(731)	(857)	(309)	(243)	(1,040)	(1,100)
Free cash flow **	A+B	**2,515**	**1,010**	**38**	**(47)**	**2,553**	**963**

* Also includes eliminations and reclassifications.

** Free cash flow from continuing operations is presented in the table "Segment information."

On a continuing basis, net cash provided by operating activities within Operations rose strongly to €3.246 billion, from €1.867 billion in the fourth quarter a year earlier. This increase was driven by a substantially higher income from continuing operations compared to the prior-year period. Investing activities within Operations used net cash of €704 million in the fourth quarter. A year earlier, net cash used of €2.368 billion included a cash outflow of approximately €1.3 billion for the acquisition of Diagnostics Products Corp. Investing activities within Financing and Real Estate and Corporate Treasury used €75 million compared to cash used of €565 million in the prior year period, which included net investments in available-for-sale financial assets of €423 million.

Free cash flow from continuing operations for Siemens was €2.553 billion for the fourth quarter of fiscal 2007. The primary factors in the substantial increase year-over-year were higher income from

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continuing operations and cash inflows resulting from changes in net working capital. The corresponding cash conversion rate for the quarter was 1.83, nearly double Siemens' target rate of 0.92. For the full fiscal year, the cash conversion rate improved to 1.73 from 0.69 in fiscal 2006.

Funding status of pension plans

The funding status of Siemens' principal pension plans on September 30, 2007, was an underfunding of approximately €1.0 billion compared to an underfunding of approximately €0.2 billion at the end of the third quarter of fiscal 2007. The increase in underfunding is primarily due to a decrease in the discount rate assumption at September 30, 2007, increasing Siemens' defined benefit obligation, and furthermore due to the regular increase in the defined benefit obligation as a result of service and interest cost. Altogether this by far offset the positive effect on funding status due to the actual return on plan assets and employer contributions. The actual return on plan assets during the last three months amounted to €199 million. This represents a 3.5% return on an annualized basis, compared to the expected annual return of 6.5%.

All figures are preliminary and unaudited. Reconciliation and Definitions of our Non-GAAP Measures are available on our Investor Relations website under www.siemens.com/ir, Financial Publications, Quarterly Reports.

This Earnings Release should be read in conjunction with information Siemens published today regarding legal proceedings. More detailed disclosure regarding legal proceedings is provided in the Annual Report.

IFRS Conversion

Beginning with the first quarter of fiscal 2007, Siemens prepares its primary financial reporting according to International Financial Reporting Standards (IFRS). For the years prior to fiscal 2007, Siemens prepared its primary financial reporting according to United States Generally Accepted Accounting Principles (U.S. GAAP). As part of its transition to IFRS, Siemens has published IFRS Consolidated Financial Statements for fiscal 2006 and fiscal 2005 as supplemental information to its U.S. GAAP figures. This document is available at www.siemens.com/ir, where you can also find a presentation explaining major differences between IFRS and U.S. GAAP in Siemens financial results.

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" 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 its operations, performance, business strategy and results and could cause the actual

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results, performance or achievements of Siemens worldwide 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 worldwide; changes in business strategy; the outcome of pending investigations and legal proceedings; our analysis of the potential impact of such matters on our financial statements; as well as various other factors. More detailed information about our risk factors is contained in Siemens' 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."

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