

Dear Extended Management Team,

during the last days and as usual parallel to large proposals we are shortlisted on rumours have been launched dealing with a potential asset stripping of Siemens IT Solutions and Services. I made some comments on that already during our Management Team telco. Let me again clarify recent discussions.

While negotiating Siemens' SG&A program German Labor Union and Siemens Board agreed some weeks ago to freeze our German SG&A sub-program until the SIS'

mandate approved by Siemens authorities in 2006 will have been reviewed.

This was driven by the fact that G&A costs of other Siemens businesses are stated in our P/L as CoS. Overall it makes a lot of sense to align SIS with the new Siemens Sectors mandates effective since 1st of July 2008. This review recently took place with the following results:

a) All parties involved are satisfied with the performance of Siemens IT Solutions and Services. Our turnaround program has been a success and provides a sustainable base for future businesses and positive contribution to Siemens' overall targets.

b) The mandate of Siemens IT Solutions and Services operating the complete IT-Infrastructure of Siemens, providing innovative IT-Solutions and Services to Sector customers and other industries remains unchanged. The frozen SIS SG&A sub-program has been released and is now being implemented. And on top of this regarding the pending organisational issues (ITO/ARE etc) we have been invited to present the necessary changes at the upcoming "Wirtschaftsausschuß" for final consultation and subsequent decision.

**c) SIS' software engineering resources will be clustered by the nature of their business. Resources working for Siemens Sectors will be transferred to the to be implemented Siemens Software House and resources working for external customers will remain at SIS. Due to partly converse priorities and management requirements of P/L vs. cost efficient know how and ressource management the planned clustering will be the right way forward regarding the target of a complete integration of respective engineering experts into the value chain of Sectors and Divisions. The respective separation initiative will be launched within the next couple of weeks and we will keep you updated about the progress. All of this will be part of the consultation with the respective workers councils.**

Summarizing these results: Siemens IT Solutions and Services remains an integrated part of Siemens and we will continue to manage SIS as Cross-Sector Business with direct sales channels and full market access. And to make this point cristal clear: SIS is not up for sale and there is no intention at all regarding any kind of asset stripping.

Reviews of business mandates and missions will become daily business within Siemens and within our industries. This excercise will keep us aligned with market requirements and customer needs. It is our common responsibility to ensure that any related rumors launched by whomsoever will not effect our customer relationships or employee performance. One point is without any

doubt: SIS will make its job also in future in a reliable and sustainable manner. We have everything prepared for our sustainable success and it is on us to make our strategy happen. Let's do it!

All the best  
Christoph Kollatz

P.S. Please be informed that I will include this respective topic in a more generic way also in my employee communication beginning of next fiscal year.