Strong Year-End in Tough Markets

Despite Recession, Full-Year Revenue Holds Steady
Q4 Cash Climbs on Disciplined Asset Management

Peter Löscher, President and Chief Executive Officer of Siemens AG

"In a very difficult environment, Siemens has performed very well in 2009 compared to its key competitors. Supported by our Energy and Healthcare Sectors, we can look back with pride on our stable revenue development and our robust profit on a operational basis. With new energy we started in fiscal 2010 and have strengthened our portfolio by the addition of Solel. We see substantial further potential worldwide in the area of environmental technology. To ensure the sustainable viability of businesses that have been particularly affected by the crisis we are continuing to rigorously implement all necessary measures. The overall market environment will remain challenging in 2010."

Financial Highlights

- Orders came in at €18.747 billion, 16% below the prior-year period. The book-to-bill ratio was 0.95 and the backlog for the Sectors was €81.2 billion.
- Revenue of €19.714 billion was down 9% compared to the prior-year quarter, despite stable revenue in Energy and Healthcare.
- Total Sectors profit climbed 25% from the prior-year level, to €1.923 billion.
- Free cash flow from continuing operations was €3.158 billion, up 13% from the strong prior-year quarter.
- Net income was a negative €1.063 billion, due primarily to a non-cash loss of €1.962 billion related to NSN. Basic EPS was a negative €1.31.
- For fiscal 2009, revenue was nearly unchanged compared to the prior year, Total Sectors profit rose to €7.466 billion, and income from continuing operations increased to €2.457 billion. Siemens proposed a dividend of €1.60 per share compared to €1.60 per share in fiscal 2008.

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SIEMENS

Orders and Revenue

Macroeconomy stabilizes but capital investment still low

While the global economy showed increasing signs of stabilizing, capital investment was still restrained in industrial and infrastructure markets in developed countries. Fourth-quarter orders came in 16% below the same period a year earlier, while conversion of Siemens' strong order backlog held the decline in fourth-quarter revenue to 9%. A book-to-bill ratio of 0.95 and currency translation effects took the order backlog to €81.2 billion at the end of the quarter. On an organic basis, excluding currency translation and portfolio effects, revenue declined 7% and orders came in 14% lower compared to the same period a year earlier. Orders for the typically strong year-end quarter rose 9% from the third quarter.

Decline in Industry takes revenue down in all regions

The Industry Sector was the primary factor in lower revenue year-over-year, reporting a 13% decline in the fourth quarter. In contrast, revenue was level in Energy on conversion of the Sector's strong backlog, and rose 1% in Healthcare despite challenging macroeconomic and competitive conditions. Revenue and orders from Other Operations fell sharply due to streamlining activities during fiscal 2009.

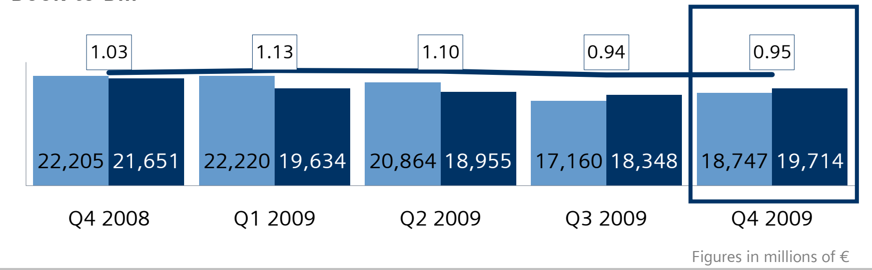
Revenue came in lower in all regions, again due primarily to Industry. On a geographic basis, the sharpest declines came in the region comprising Europe, the Commonwealth of Independent States, Africa and the Middle East (Europe/CAME) and in the Americas. Siemens expects market conditions to remain challenging in coming quarters.

Order strength in Asia, Australia offset by other regions

Orders came in lower for all Sectors compared to the prior-year period. Orders declined 20% in Industry, as the recession's effects became increasingly evident in the Sector's longer-cycle businesses other than Mobility. Customers continued to delay potential new energy infrastructure projects, particularly for fossil power generation, taking Energy orders down 10%. Healthcare orders came in 2% below the prior-year level.

On a geographic basis, substantially lower volume from major orders at Fossil Power Generation in Europe/CAME contributed to a double-digit decline for the whole region. Fourth-quarter orders rose in Asia, Australia.

Book-to-Bill



New Orders Revenue Book-to-Bill ratio

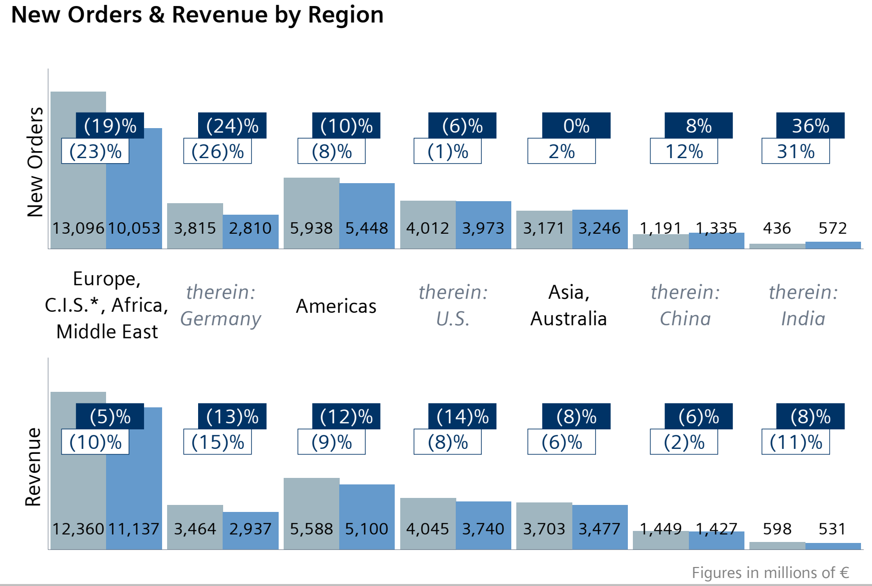
New Orders & Revenue

	Q4 2008	Q4 2009	% Change Actual	% Change Adjusted*
New Orders	22,205	18,747	(16)%	(14)%
Revenue	21,651	19,714	(9)%	(7)%

Figures in millions of €

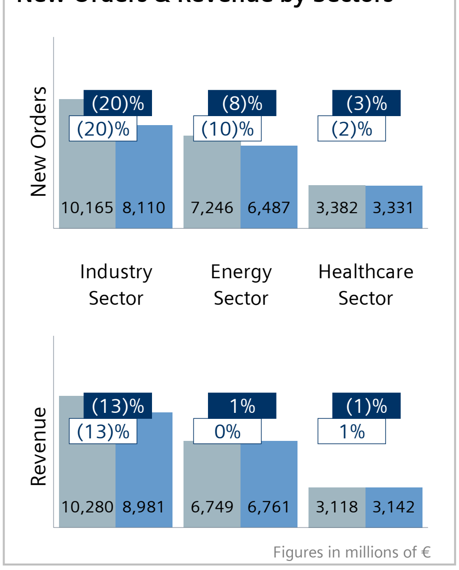
* Excluding currency translation and portfolio effects

New Orders & Revenue by Region



Q4 2008 Q4 2009 Actual change * Commonwealth of Independant States
Adjusted change (throughout excluding currency translation and portfolio effects)

New Orders & Revenue by Sectors



Q4 2008 Q4 2009 Actual change
Adjusted change

Income and Profit

Energy and Healthcare take Total Sectors profit up

Total Sectors profit in the fourth quarter increased to €1.923 billion from €1.533 billion a year earlier, on sharply higher profits in the Energy and Healthcare Sectors. The Industry Sector absorbed a volume-driven decline in profit due to the economic downturn, and also took net charges of €173 million for severance. For comparison, Total Sectors profit in the prior-year period was burdened by even higher charges related to previously disclosed transformation costs, totaling €151 million in Industry and €174 million in Healthcare. The fourth quarter a year earlier also included €162 million in negative profit impacts in Energy related to a power generation project in Olkiluoto, Finland.

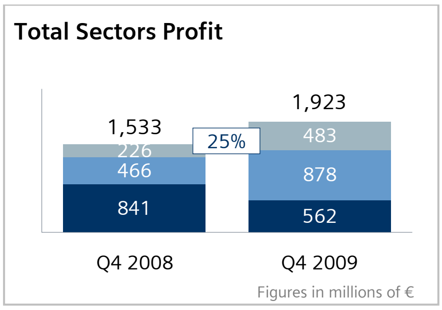
Equity Investments loss offsets Total Sectors profit

Income from continuing operations was a negative €982 million compared to a negative €1.259 billion in the fourth quarter a year earlier, and basic EPS was a negative €1.21 compared to a negative €1.51. While total Sectors Profit was higher in the current quarter, due in part to successful implementation of measures to cut SG&A costs, Total Sectors profit in both periods was more than offset by other factors. The current quarter included a loss of €1.980 billion in the Equity Investments segment, as Siemens took an impairment of €1.634 billion on its stake in Nokia Siemens Networks B.V. (NSN) and also recorded a quarterly loss of €328 million due to the NSN stake. In addition, Corporate items included €169 million in net severance charges.

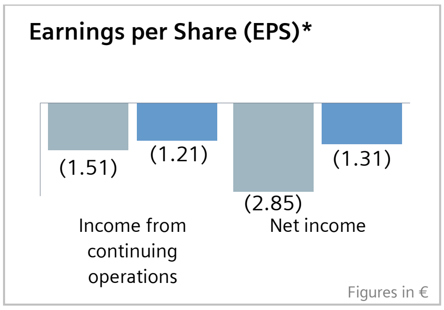
A year earlier, Corporate items included €1.081 billion in net severance charges associated with the global SG&A reduction program, a pretax provision of approximately €1 billion for subsequent settlements of legal and regulatory matters, and a one-time endowment of €390 million coinciding with establishment of the Siemens Stiftung (foundation).

Net income result driven by continuing operations

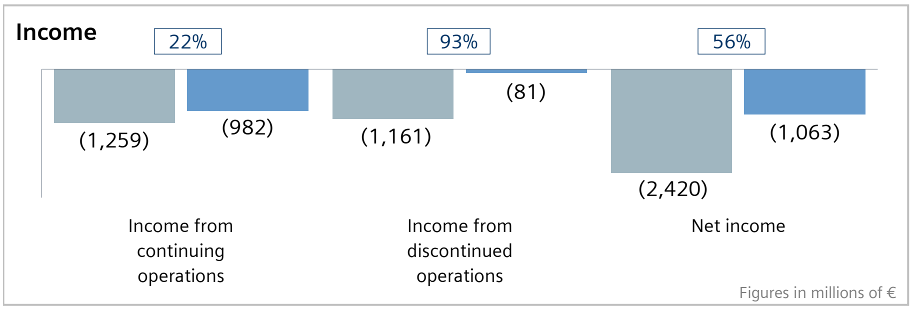
Net income was a negative €1.063 billion in the fourth quarter, including a loss of €81 million from discontinued operations, and basic EPS was a negative €1.31. A year earlier, fourth-quarter net income was a negative €2.420 billion and basic EPS was a negative €2.85. These results include a negative €1.161 billion from discontinued operations, primarily a negative €1.0 billion associated with the sale of a 51% stake of Siemens Enterprise Communications.



Sectors: Industry Energy Healthcare
% Change



Q4 2008 Q4 2009
* Basic



Q4 2008 Q4 2009 % Change

Cash, Return on Capital Employed (ROCE), Pension Funded Status

Free cash flow rises compared to strong prior-year period

Free cash flow from continuing operations in the fourth quarter increased to €3.158 billion from the strong prior-year quarter, as positive results from stringent asset management more than offset €208 million in payments arising from severance programs initiated in prior periods.

As in the prior year, Free cash flow in the Sectors improved on a sequential basis substantially compared to the third quarter of the fiscal year. The current period benefited from strong net working capital management, including reduced inventory levels, particularly in the Industry and Energy Sectors.

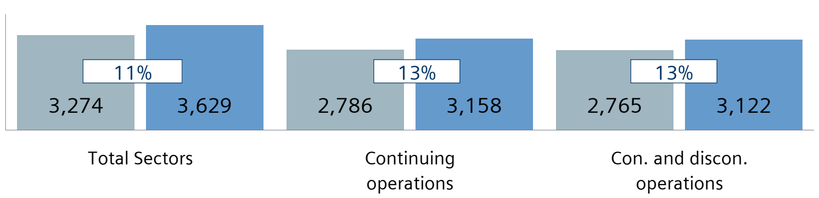
Loss from continuing operations results in negative ROCE

On a continuing basis, ROCE in the fourth quarter was a negative 10.4%, as the loss of €1.980 billion in the Equity Investment segment mentioned earlier and other factors resulted in negative income from continuing operations. A year earlier, ROCE was a negative 13.2% due to the substantial profit impacts mentioned earlier, including the €1.081 billion in charges associated with SG&A reduction, the €1 billion provision for settlements of legal and regulatory matters and the Siemens Stiftung endowment of €390 million.

Pension plan underfunding decreases

The underfunding of Siemens' principal pension plans as of September 30, 2009 amounted to €4.0 billion compared to €5.0 billion as of June 30, 2009. A positive return on plan assets more than compensated for an increase in Siemens' defined benefit obligation (DBO). The increase in the DBO was due mainly to a further decrease in the discount rate assumption as of September 30, 2009. The effect on the DBO of the change in discount rate assumption was approximately €1.1 billion. While the change in funded status in general does not affect earnings for the current fiscal year, it impacts equity on the balance sheet and pension costs in fiscal 2010. As of September 30, 2008 pension plan underfunding was €2.5 billion.

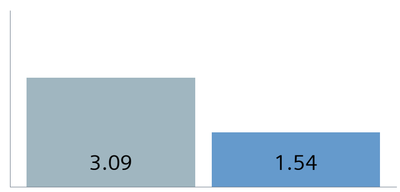
Free cash flow



Figures in millions of €

Q4 2008 Q4 2009 % Change

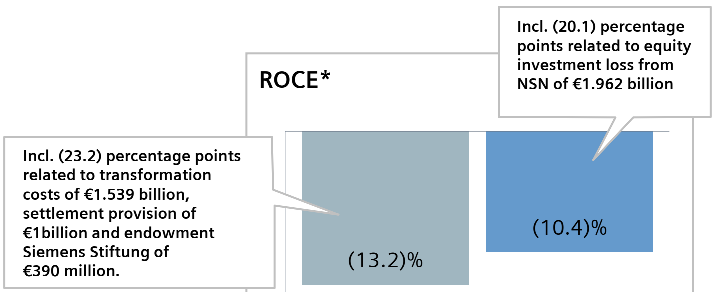
Cash Conversion Rate (CCR)*



Fiscal 2008 Fiscal 2009

* Continuing operations (fiscal year basis, due to negative result in fourth quarter)

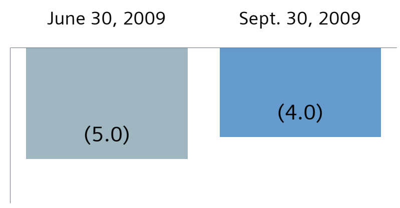
ROCE*



Q4 2008 Q4 2009

* Continuing operations

Pension funded status



Figures in billion of €

Industry Sector

Intensifying measures to restore profitable growth

The **Industry Sector** launched a substantial expansion of cost-cutting programs, capacity adjustment measures and structural initiatives aimed at restoring profitable growth. These efforts entailed €173 million in net charges for severance in the fourth quarter, and were a major factor in reducing Sector profit to €562 million. A year earlier, charges and costs related to structural initiatives at OSRAM and Mobility were partly offset by a €130 million net gain on the sale of a business. In the current quarter, SG&A reduction and capacity adjustments strengthened profitability, particularly for short-cycle businesses. Mobility made a significant contribution to Sector profit, reversing the negative result of the prior-year period.

Fourth-quarter revenue declined 13%, including all major regions. While orders came in 20% lower, the Asia, Australia region posted 11% growth year-over-year. The book-to-bill was 0.9 for the quarter, taking the Sector's order backlog to €27.8 billion. Industry expects further charges in coming quarters and anticipates that market conditions will remain challenging.

Adjusting capacity, reducing costs

Revenue for the **Industry Automation** Division was 21% lower than a year ago, adversely affecting capacity utilization and revenue mix, and profit fell sharply as a result. Capacity adjustment measures resulted in net severance charges of €24 million. While the Division was able to partly offset the impact of these factors with aggressive cost-cutting in the fourth quarter, margin pressures are expected to remain significant in the near term. Purchase price accounting (PPA) effects related to the purchase of UGS Corp. in fiscal 2007 were €33 million in the current quarter and €35 million in the prior-year period. Revenue and orders declined significantly in Europe/CAME and the Americas. Orders rose in Asia, Australia.

Adverse conditions reach long-cycle businesses

Delayed effects of the economic downturn began to reach the long-cycle businesses of **Drive Technologies**, taking revenue and orders down sharply compared to the fourth quarter a year earlier, particularly in Europe/CAME and the Americas. Profit fell on lower revenue as well as net severance charges of €30 million. PPA effects related to the Division's purchase of Flender Holding GmbH in fiscal 2005 were €9 million in the current quarter and €10 million in the prior-year period.

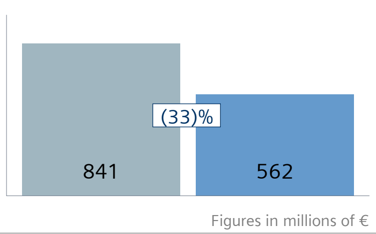
Construction industry still slowing

Building Technologies reported a 7% decline in revenue and orders despite a modest increase in Asia, Australia and higher demand for energy efficiency solutions. Reduced economies of scale and a less favorable revenue mix, combined with net charges for severance programs of €26 million and losses from divestments, reduced fourth-quarter profit year-over-year.

Structural initiatives continue in lighting

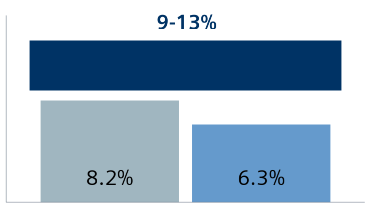
OSRAM advanced efforts to improve its cost structure and product mix. These resulted in net charges of €18 million for severance and €40 million in charges for major impairments and inventory write-downs. As a result, OSRAM posted a loss for the fourth quarter despite positive results from cost-reduction measures already taken. A year earlier, charges for those measures were offset by a €130 million net gain on the sale of the Global Tungsten & Powders unit. While OSRAM posted a broad-based decline in revenue compared to the prior-year quarter, particularly in Europe/CAME and the Americas, the Division also saw signs that new demand may begin stabilizing.

Profit Sector



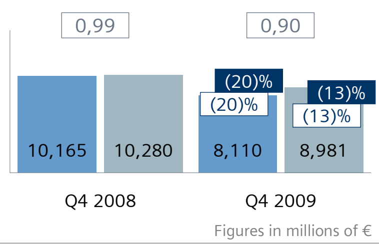
Q4 2008 Q4 2009 Actual change

Profit margin Sector



Q4 2008 Q4 2009 Target range

New Orders & Revenue Sector



New Orders Revenue Book-to-bill
Actual change vs. previous year
Adjusted change vs. previous year

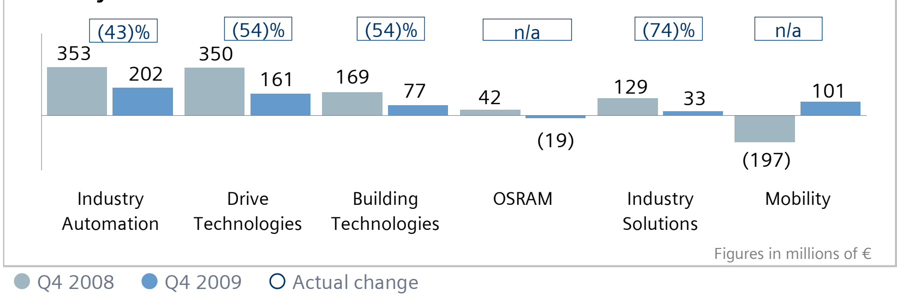
Increasing impacts from economic downturn

Revenue for **Industry Solutions** was well below the peak level of the fourth quarter a year earlier, including a sharp drop in the Division's large metals technology business. Together with €69 million in net severance charges, this dropped fourth-quarter profit below the prior-year level. Within an overall decline in fourth-quarter orders of 30%, the Asia, Australia region posted an 11% increase.

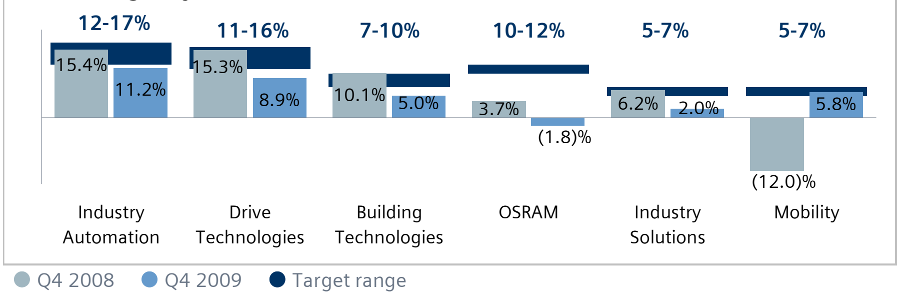
Another solid quarter of profitable growth

Mobility contributed €101 million to Sector profit in the fourth quarter compared to a loss in the prior-year period. Broad-based earnings improvement stemmed in part from execution of the Division's "Mobility in Motion" program. A year earlier, this program entailed costs of €151 million and the Division also took provisions related primarily to projects in the rail automation business. Revenue in the current period was 6% higher, while orders declined 3% due to lower volume from large orders.

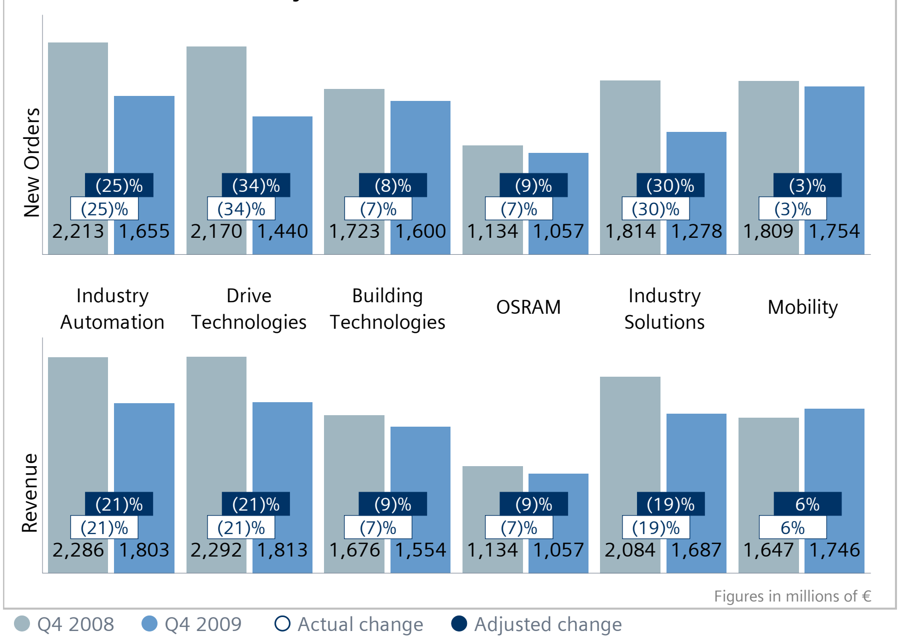
Profit by Division



Profit margin by Division

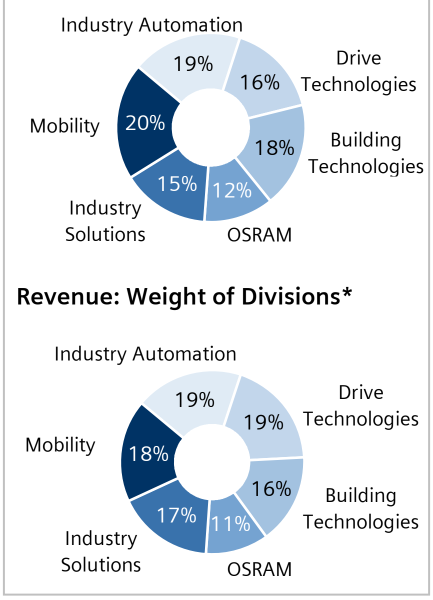


New Orders & Revenue by Division



New Orders: Weight of Divisions*

Revenue: Weight of Divisions*



* Unconsolidated basis

Energy Sector

Strong competitive performance, surge in Sector profit

The **Energy Sector** closed the fiscal year with its fourth straight year-over-year and quarter-over-quarter profit increase, and was again the top contributor to Total Sectors profit. At €878 million, Sector profit was up sharply from the fourth quarter a year earlier, when the Fossil Power Generation Division recorded €110 million in project charges and an equity investment loss of €52 million related to a major project in Olkiluoto, Finland. Profit in the current quarter also rose on substantially lower SG&A expenses, particularly at Power Transmission, Fossil Power Generation and Power Distribution.

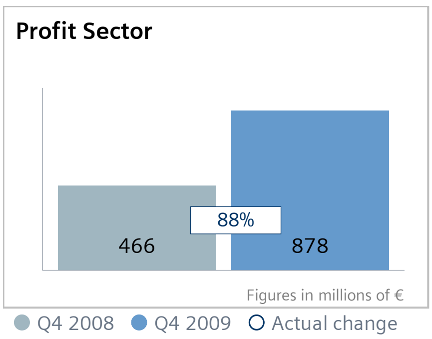
Orders came in 10% below the level of the prior-year period, as customers delayed potential new projects due to adverse macroeconomic and financing conditions. This factor was particularly evident for major power generation projects in Europe/CAME. The Sector drew on its strong order backlog to hold fourth-quarter revenue stable at €6.761 billion, as higher sales in Europe/CAME offset revenue declines in other regions. Energy's book-to-bill ratio was 0.96, and its order backlog at the end of the quarter stood at €47.1 billion.

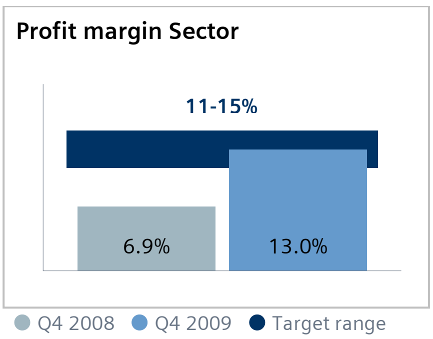
Strong profit generation on broad-based margin improvement

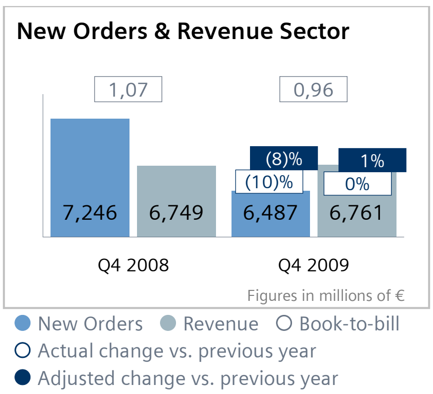
Fossil Power Generation produced fourth-quarter profit of €327 million. For comparison, profit in the prior-year period was held back by the impacts mentioned above. The current period included improved project execution and higher earnings in the product business compared to the prior-year period. The high-margin services business also contributed to profit growth compared to the fourth quarter a year earlier, but its influence on the Division's profitability was smaller than in other quarters of the fiscal year due to a seasonally lower proportion of revenue. Fourth-quarter revenue rose 9%, led by growth in Europe/CAME. In contrast, orders came in well below the prior-year level due primarily to a substantial drop in volume from large orders. This effect stemmed from adverse macroeconomic and financing conditions, particularly including postponement of major infrastructure projects by utilities.

Renewable Energy expands global footprint and capabilities

The **Renewable Energy** Division continued the steady expansion of its geographic presence in line with growing global demand for alternative energy solutions. A corresponding rise in functional costs year-over-year held fourth-quarter profit below the prior-year level. Orders more than doubled from the low level of the fourth quarter a year earlier, when the Division temporarily slowed order intake while ramping up new production capacity. Revenue in the current quarter rose 5% compared to the prior-year quarter, driven by strong growth in Europe/CAME. Renewable Energy expects revenue conversion from its







order backlog to continue at a similarly moderate pace in the near term, due to the selective order intake a year earlier and the long lead times of large off-shore projects booked between the periods under review. In the first quarter of fiscal 2010, Renewable Energy acquired 100% of Solel Solar Systems, a solar thermal power technology company, to strengthen its position in the expanding market of solar thermal power. The acquisition costs (cash and debt free), amount to approximately €280 million in cash consideration.

Higher profit on lower revenue

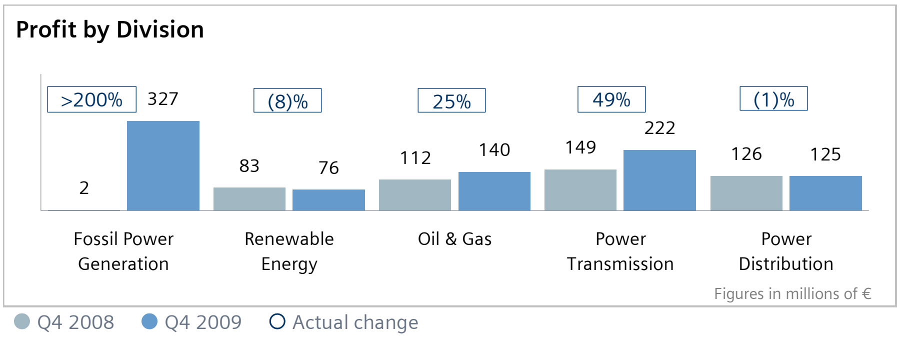
The **Oil & Gas** Division turned in broad-based profit growth in part due to a more favorable revenue mix compared to the prior-year period. As a result, profit reached €140 million even as revenue declined 9% compared to the fourth quarter a year ago. Orders came in 20% above the prior-year level, including new contracts that customers had previously postponed due to continuing uncertainty in the process industry environment.

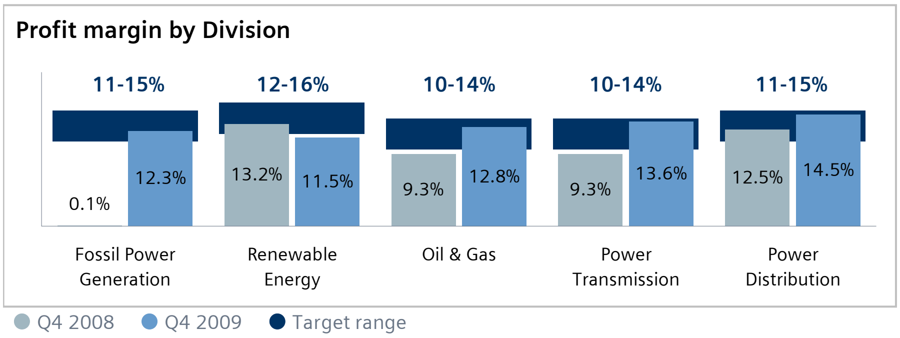
Strong earnings contribution, new high for revenue

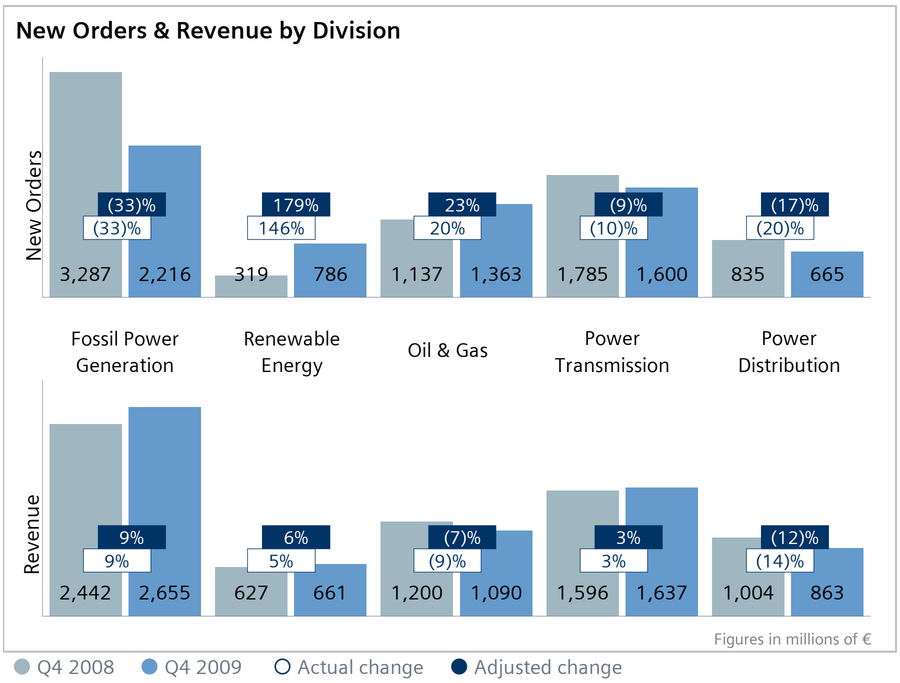
Power Transmission delivered €222 million in profit driven by a strong performance in the transformers business. Quarterly revenue rose 3% to a new high at €1.637 billion. In contrast, customer postponements of potential new projects took orders down 10% from the fourth quarter a year earlier.

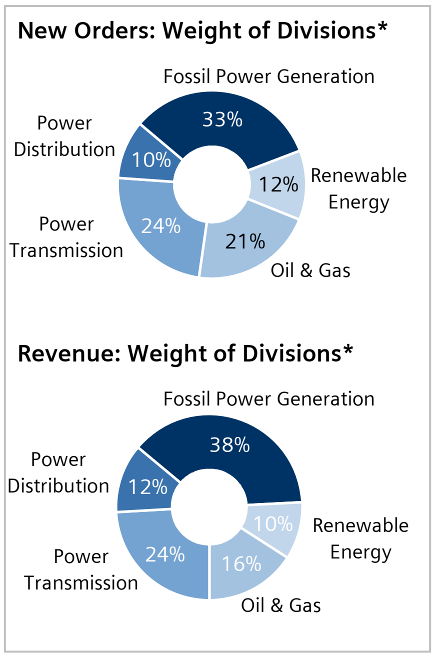
Market conditions continue to hold back demand

Revenue for the **Power Distribution** Division came in 14% below the peak level of the fourth quarter a year ago, as demand remained weak among industrial customers. The Division held fourth-quarter profit steady year-over-year, at €125 million, in part due to a more favorable revenue mix compared to the prior-year period. Fourth-quarter orders declined 20% year-over-year on lower demand in all regions, and again came in below revenue. As a result, the Division expects demand to remain soft in coming quarters.









* Unconsolidated basis

Healthcare Sector

Outstanding profitability despite volume headwinds

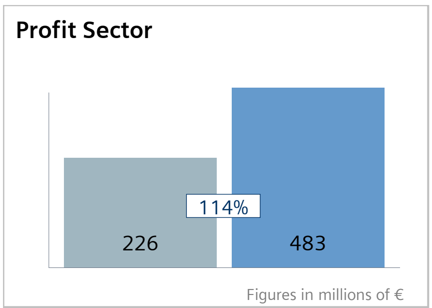
The **Healthcare Sector** continued to compete successfully in a challenging market environment, delivering substantially higher fourth-quarter profit even as revenue remained close to the prior-year level. This achievement came against a background of economic recession, limited access to financing for equipment purchases, and increased uncertainty as national healthcare reform efforts progress in the U.S. and governments in developed markets come to terms with budget deficits.

Profit reached a record high of €483 million in the quarter, including significantly higher earnings at Imaging & IT and Diagnostics as well as a return to profitability at Workflow & Solutions. For comparison, profitability in the prior-year quarter was held back by €174 million from severance charges, impairments and other costs related to reviews of certain business activities. In addition, the prior-year period included higher PPA effects and integration costs associated with acquisitions at the Diagnostics Division. These totaled €98 million in the fourth quarter a year ago, equivalent to approximately 3.1 percentage points (pp) of profit margin. In the current quarter, PPA effects and integration costs totaled €66 million, and reduced Sector profit margin by approximately 2.1 pp.

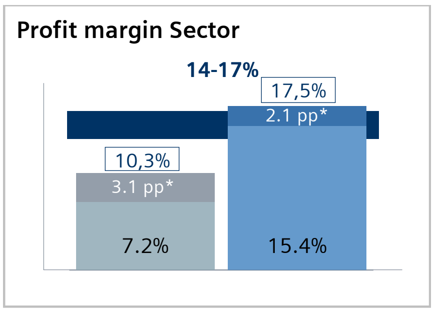
Revenue rose 1% to €3.142 billion, and orders of €3.331 billion came in 2% below fourth-quarter orders a year earlier. Both revenue and orders were higher in Asia, Australia outside Japan. Excluding positive currency translation effects, revenue was down 1% and orders declined 3%. Healthcare's book-to-bill ratio was 1.06 in the fourth quarter, and its order backlog remained strong at €6.3 billion. The Sector expects that near-term profitability will be influenced by up to €100 million in costs related primarily to the next phase of integration activities in the Diagnostics Division.

Strong earnings conversion, book-to-bill above 1

Imaging & IT was the top earnings contributor among Siemens Divisions, with €357 million in profit in an outstanding year-end quarter. Exceptional earnings conversion benefited from a more favorable revenue mix, including significant contributions from new products introduced in recent quarters. For comparison, the prior-year quarter included €90 million of the Sector's negative profit impacts mentioned above. The market for imaging equipment remained difficult particularly in the U.S and Japan. In contrast, Imaging & IT achieved double-digit growth in both revenue and orders in the Asia, Australia region, particularly in China. On an organic basis, revenue and orders for the Division each declined 4% compared to the same period a year earlier. The book-to-bill ratio was above one.

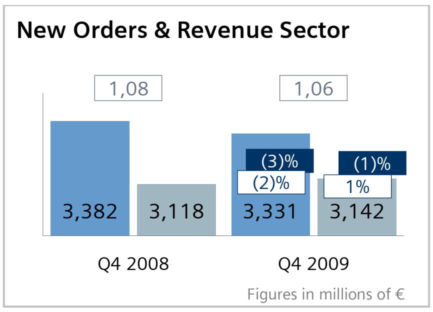


Q4 2008 Q4 2009 Actual change



Q4 2008 Q4 2009 Target range

* Margin impact of PPA effects and integration costs



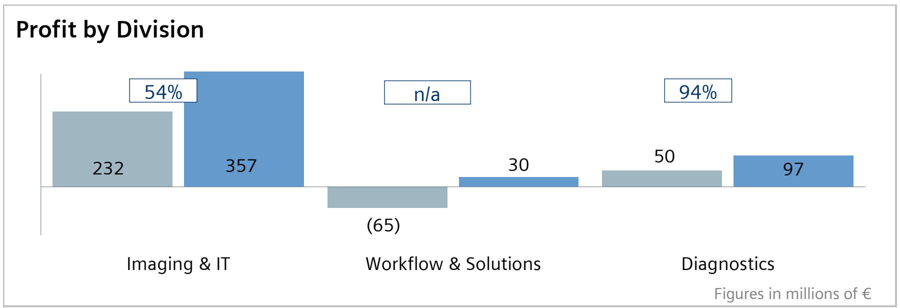
New Orders Revenue Book-to-bill
Actual change vs. previous year
Adjusted change vs. previous year

Progress with integration lifts profitability

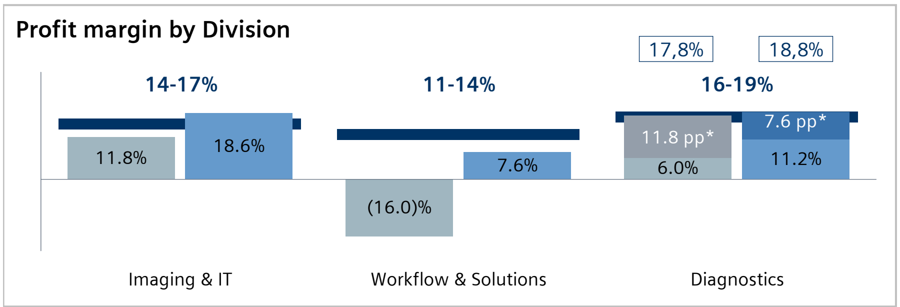
Fourth-quarter revenue rose 4% at **Diagnostics**, and PPA and integration costs were lower than in the prior-year period as mentioned above. These factors took profit up from the prior-year level. The Division's double-digit profit margin was reduced by PPA effects of €43 million and integration costs of €23 million associated with acquisitions. These factors together amounted to approximately 7.6 pp of profit margin. A year earlier, PPA and integration costs at Diagnostics were €46 million and €52 million, respectively, cutting approximately 11.8 pp from profit margin. The increase in revenue included growth in Asia, Australia and the Americas, while order growth was driven primarily by the Americas region. On an organic basis, revenue rose 2% and orders were up 1%.

Workflow & Solutions back in the black

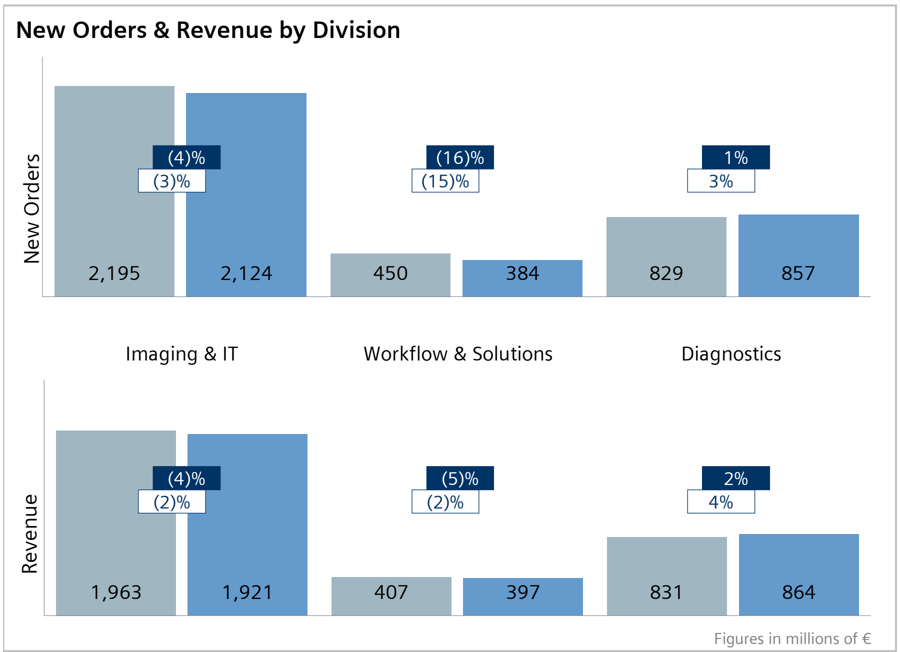
Workflow & Solutions posted a profit of €30 million compared to a loss of €65 million in the fourth quarter a year earlier. That prior-year period included €81 million of the Sector's negative profit impacts mentioned above, mainly related to particle therapy contracts.



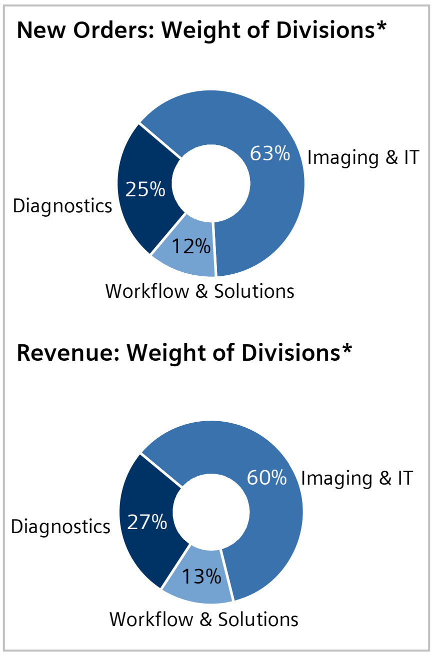
Q4 2008 Q4 2009 Actual change



Q4 2008 Q4 2009 Target range * Margin impact of PPA effects and integration costs



Q4 2008 Q4 2009 Actual change Adjusted change



* Unconsolidated basis

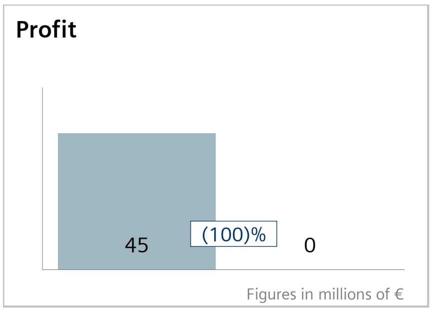
Equity Investments and Cross-Sector Businesses

Impairments lead to loss in Equity Investments

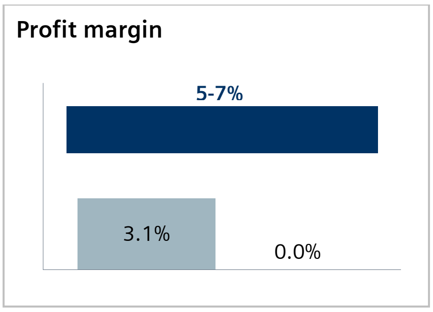
Major components of Equity Investments include stakes in Nokia Siemens Networks B.V. (NSN) and BSH Bosch und Siemens Hausgeräte GmbH. Equity Investments recorded a loss of €1.980 billion in the fourth quarter compared to a profit of €6 million in the same period a year earlier. The difference was due to a loss related to NSN of €1.962 billion. Siemens recorded an impairment of €1.634 billion on its stake in NSN, and the quarterly result related to the stake was a loss of €328 million including a significant charge of €216 million related to an impairment of deferred tax assets at NSN. Equity Investments in the current period also included a loss of €52 million related to Enterprise Networks B.V., including restructuring efforts.

Lower contribution from Cross Sector Businesses

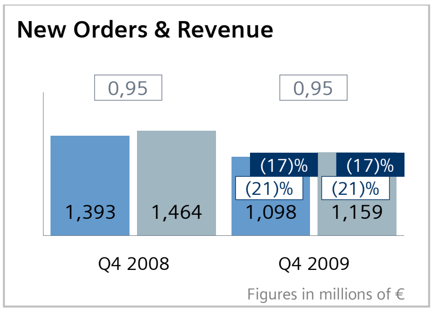
Orders and revenue for **Siemens IT Solutions and Services** both declined 21% due to increasingly challenging external markets and streamlined internal business within Siemens. Profit fell due to a number of factors including lower revenue, net severance charges of €22 million and costs associated with measures to reduce IT expense for Siemens as a whole.



Q4 2008 Q4 2009 Actual change

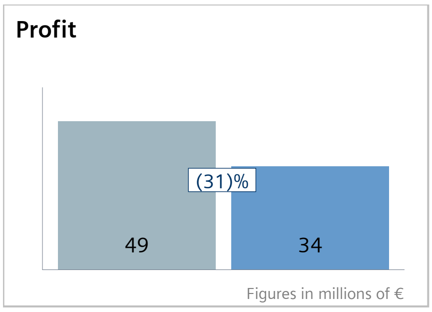


Q4 2008 Q4 2009 Target range

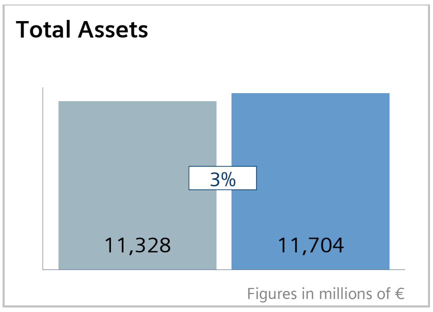


New Orders Revenue Book-to-bill
Actual change vs. previous year
Adjusted change vs. previous year

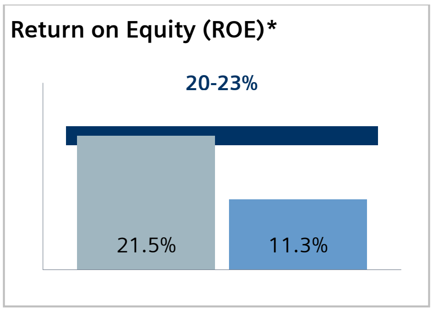
Profit (defined as income before income taxes) at **Siemens Financial Services (SFS)** declined, due primarily to an increase in loss reserves in part related to a commercial finance portfolio in Europe to be liquidated. This was partly offset by higher interest results. Total assets rose slightly, to €11.704 billion. Return on equity (ROE) decreased significantly compared to the same quarter a year earlier.



Q4 2008 Q4 2009 Actual change



Sept. 30, 2008 Sept. 30, 2009
Actual change



Q4 2008 Q4 2009 ROE Target range

* ROE is calculated as annualized Income before income taxes of Q4 divided by average allocated equity for Q4 2009, which was €1.208 billion compare to €911 million in the prior-year period.

Other Operations, Corporate Activities and Eliminations

Streamlining of Other Operations completed

Other Operations consist primarily of operating business activities not allocated to a Sector or Cross-Sector Business which are to be integrated into a Siemens Sector or Cross-Sector Business, divested, moved to a joint venture, or closed. Siemens completed these streamlining actions in the fourth quarter and therefore will discontinue reporting Other Operations in future periods. Beginning with the first quarter of fiscal 2010, segment information will include a new line item, *Centrally managed portfolio activities*, mainly comprising centrally managed activities intended for divestment or closure as well as activities remaining from previously divested businesses. The electronics assembly systems business will be reported in *Centrally managed portfolio activities*.

Other Operations posted a loss of €133 million in the fourth quarter compared to a loss of €277 million in the same period a year earlier. The prior-year period included €133 million in costs related to the streamlining of Other Operations, mainly related to the divestment of Siemens Home and Office Communication Devices (SHC), as well as €21 million related mainly to the carve-out of SHC. Both periods included net expenses related to businesses divested in the current and prior periods. The electronics assembly systems business recorded a loss of €29 million in the fourth quarter compared to a loss of €48 million in the prior-year period. Both periods under review include severance charges. Divestment of this business is expected to result in a material loss. Due largely to the streamlining actions mentioned above, revenue from Other Operations again declined significantly year-over-year, to €107 million from €680 million in the fourth quarter a year ago.

Bundling of real estate management at SRE

Income before income taxes at Siemens Real Estate (SRE) was €15 million in the fourth quarter, down from €54 million in the same period a year earlier. This change is due partly to lower gains from sales of real estate. SRE intends to continue real estate disposals in coming quarters, depending on market conditions.

In the second half of fiscal 2009, Siemens initiated a multi-year program to improve the efficiency of its real estate management by bundling the entire portfolio within SRE by 2011. The program is expected to generate even greater efficiency increases than originally anticipated, including approximately €250 million in cost savings annually by 2011 and €400 million in annual savings from 2014 onward. During implementation, the real estate bundling program will entail costs associated with reducing vacancy and consolidating locations. In fiscal 2009 these costs totaled €44 million. Assets with a book value of €614 million were transferred to SRE during the year.

Lower costs for SG&A reduction and compliance

Corporate items and pensions totaled a negative €600 million in the fourth quarter, compared to a negative €2.760 billion in the prior-year period. The primary factor in both periods was Corporate items, which included substantially lower costs for SG&A reduction and compliance matters year-over-year. In the current quarter, a negative €486 million for Corporate items included net charges of €169 million related to the global SG&A program and other personnel-related restructuring measures, as well as €34 million in interest-related net expenses associated with a major asset retirement obligation. In the fourth quarter of fiscal 2008, a negative €2.814 billion for Corporate items included charges of €1.081 billion related to the global SG&A program; a provision of approximately €1 billion related to legal proceedings in the U.S. and Germany that were resolved between the periods under review; and a one-time endowment of €390 million coinciding with establishment of the Siemens Stiftung (foundation). Expenses for outside advisors engaged in connection with legal and regulatory matters also fell sharply year-over-year, to €5 million from €83 million a year earlier.

Centrally carried pension expense swung to a negative €114 million from a positive €54 million in the prior-year quarter, due primarily to higher benefit costs related to Siemens' principal pension plans.

Reduced counterparty risks

Income before income taxes from Eliminations, Corporate Treasury and other reconciling items in the fourth quarter was a negative €100 million compared to a negative €130 million in the prior-year period. The difference is due mainly to charges of €50 million in the fourth quarter a year earlier related to counterparty risks, principally involving banks affected adversely by developments in international financial markets.

Outlook

Siemens anticipates that conditions in the manufacturing sector and world financial markets will remain challenging in fiscal 2010. Following a double-digit decline in orders in fiscal 2009, we expect only a mid-single-digit percentage decline in organic revenue in fiscal 2010 due to the stabilizing effect of our strong order backlog. We expect Total Sectors profit between €6.0 and €6.5 billion in fiscal 2010, and an increase of approximately 20% in income from continuing operations compared to €2.457 billion in the prior year. This outlook is conditional on no material deterioration in our pricing power during the fiscal year and on improving market conditions in the second half, particularly for our shorter-cycle businesses. Furthermore this outlook excludes major impacts that may arise during the fiscal year from restructuring, portfolio transactions, impairments, and legal and regulatory matters.

Note and Disclaimer

All figures are unaudited. This Earnings Release should be read in conjunction with information Siemens published today regarding legal proceedings. More detailed disclosure, particularly regarding legal proceedings, is provided in the annual report also published today. Financial Publications are available for download at: www.siemens.com/ir → Publications & Events.

New orders and backlog; adjusted or organic growth rates of Revenue and new orders; book-to-bill ratio; return on equity, or ROE; return on capital employed, or ROCE; Free cash flow; cash conversion rate, or CCR; EBITDA (adjusted); EBIT (adjusted); earnings effect from purchase price allocation (PPA effects) and integration costs; net debt and adjusted industrial net debt are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens' financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. A definition of these supplemental financial measures, a reconciliation to the most directly comparable IFRS financial measures and information regarding the usefulness and limitations of these supplemental financial measures can be found on Siemens' Investor Relations website at www.siemens.com/nonGAAP.

Starting today at 9.00 a.m. CET, we will provide a live video webcast of the annual press conference with CEO Peter Löscher, CFO Joe Kaeser and board member Barbara Kux. You can access the webcast at www.siemens.com/pressconference. The accompanying slide presentation can also be viewed here, and a recording of the conference will subsequently be made available as well. Also today at 4.30 p.m. CET, you can follow a conference in English with analysts and investors live on the Internet by going to www.siemens.com/analystconference.

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 the current expectations and certain assumptions of Siemens' management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens' control, affect Siemens' 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 Siemens, particular uncertainties arise, among others, from changes in general economic and business conditions (including margin developments in major business areas and recessionary trends); the possibility that customers may delay the conversion of booked orders into revenue or that prices will decline as a result of continued adverse market conditions to a greater extent than currently anticipated by Siemens' management; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of the capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime, financial market and li quidity crises; future financial performance of major industries that Siemens serves, including, without limitation, the Sectors Industry, Energy and Healthcare; the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; the introduction of competing products or technologies by other companies; a 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 and actions resulting from the findings of these investigations; the potential impact of such investigations and proceedings on Siemens' ongoing business including its relationships with governments and other customers; the potential impact of such matters on Siemens' financial statements; as well as various other factors. More detailed information about certain of the risk factors affecting Siemens is contained throughout this report and in Siemens' other 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.