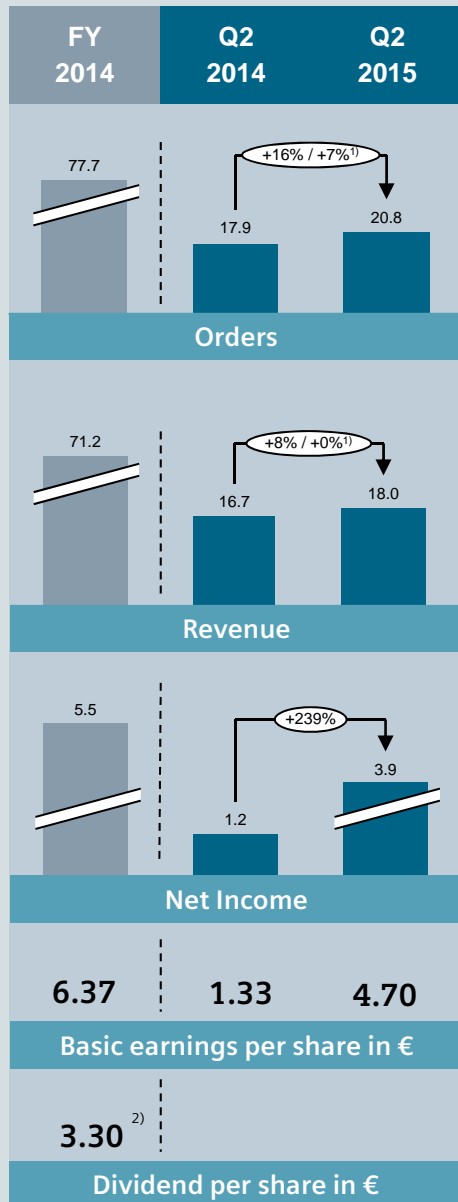


Shareholder Letter

May 2015

Financial Highlights

(preliminary and unaudited;
in € billion, except where otherwise stated)



1) Changes are adjusted for currency and portfolio translation effects

2) Approved dividend at the Annual Shareholders' Meeting on January 27, 2015

Ladies and Gentlemen, dear Shareholders,



During last week's analyst conference on May 7, Siemens CEO Joe Kaeser and CFO Ralf Thomas reviewed the performance for Siemens' second quarter in fiscal year 2015. The outlook for fiscal year 2015 was confirmed despite an increasingly difficult environment.

The revenue was flat on a comparable basis year-on-year, while orders were up 7% due to large railway orders from Europe. Net income (all-in) increased to €3.9 billion, including portfolio effects from the previously announced sale of the hearing aid business (€1.6 billion), the stake in BSH Bosch und Siemens Hausgeräte GmbH (€1.4 billion) and the hospital information business (€0.2 billion).

"For business volume, we performed well in our markets. The profitability of our Industrial Business shows that we must still improve some businesses," Joe Kaeser said.

Siemens presented Vision 2020 exactly a year ago and began implementing the strategic realignment on October 1, 2014. Since then a great deal of what was planned has been executed – in record time. The organization is leaner. Siemens is increasing its investments in sales and R&D, and is more selective about where investments are made. And measures have been initiated to cut costs by €1 billion on a sustainable basis. So Siemens is fully on track.

As part of Vision 2020, Siemens also announced that it would take a close look at its chronically low-profit businesses. The review has now been completed and Siemens has decided to restructure those businesses primarily through its own efforts. In addition to the measures already adopted, clear targets and business plans are now to be rigorously implemented by the end of fiscal 2017. However, even where Siemens put things back in order itself, job reductions can't be avoided. This also applies to the Power and Gas Division's power generation business, where Siemens has to cope with changes in the markets and with overcapacities. These steps largely complete Siemens' company reorganization.

Yet, even the best strategy can't succeed unless it's supported by a strong culture. Please find more information about this topic on page 4.

Dear Shareholders, once again I want to thank you for your interest and continuous commitment towards Siemens.

Kind regards,

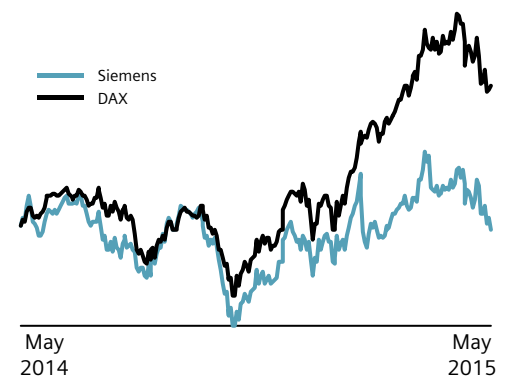
Mariel von Schumann

Head of Governance and Markets, Siemens AG

Share Performance

- The Siemens share price closed at €95.36 on May 7, 2015.
- Between May and December last year the DAX and Siemens shares rollercoasted, followed by a strong outperformance of the DAX starting in January.
- Siemens was outperformed by most of the competitors' stocks during the last twelve months, in particular though since March 2015.
- On Thursday, May 7, 2015, Siemens shares reacted on the results of Q2 negatively and closed -1.5%.

Last price: **EUR 95.36**¹⁾



For further information: http://www.siemens.com/investor/en/siemens_share.htm

¹⁾ Closing price on May 7, 2015

News from our Industrial Businesses

Power and Gas

- Revenue increase in the Americas due to currency translation, decline in Asia
- Margin 12.9%, impacted by lower margin in the large gas turbine and compressors business



Egypt and Siemens to massively increase power generation capacity

Agreement on 4.4 GW Beni Suef power plant in Southern Egypt. Siemens will be the contractor responsible for engineering, procurement and construction for the Beni Suef power plant in Upper Egypt, and will work together with local partners. Under the agreements, Siemens will propose to build additional combined cycle power plants with a capacity of up to 6.6 GW and ten substations for reliable power supply. Additionally, the building of 2 GW wind power generation capacity and a wind rotor blade factory have been agreed.

(for further information, please click [here](#))

Wind Power

- Revenue growth in the offshore and service businesses; increase due to currency translation mainly in the Americas, decline in Asia, Australia
- Margin -3.5%, losses from ongoing high production and installation costs



Siemens provides 157 wind turbines for three projects in South Africa

The 2.3 MW machines of the Siemens G2 platform will be installed at the wind power plants Khobab, Loeriesfontein 2 and Noupoot. The three wind power plants have a combined generation capacity of 360 MW. It is Africa's biggest order ever awarded for wind turbines.

(for further information, please click [here](#))

Energy Management

- Revenue up in all businesses, primarily solutions, as well as in all three reporting regions
- Margin 3.3%, up from -7.6% in previous year quarter



Siemens hands over world's largest offshore grid connection to TenneT

Siemens has handed over SylWin1, the third North Sea grid connection this year, to its customer TenneT. The German-Dutch transmission grid operator has now put the world's most powerful grid connection to date into commercial operation. The offshore platform of the SylWin1 grid connection is located around 70 kilometers west of the island of Sylt, after which the project was named. Up to 864 MW of green electricity can now be transmitted with this grid connection - enough to supply more than a million German households.

(for further information, please click [here](#))

News from our Industrial Businesses

Building Technologies



- Higher revenue in the service business and increase in the Americas from currency translation effects
- Margin 6.6%; profit impacts from substantial appreciation of the Swiss franc

Siemens expands security portfolio with new video management software

Siveillance VMS (Video Management Software) comprises software-based security platforms and modules that are used in critical infrastructures and by enterprise customers. The strategic partner for this software is Danish IP video management specialist Milestone Systems, on whose technology Siveillance VMS is based.

(for further information, please click [here](#))

Mobility



- Revenue growth driven by execution of turnkey projects and rail infrastructure business
- Margin 8.6%, supported by higher revenue

Billion-euro order: Siemens to build Rhine-Ruhr Express (RRX)

The municipalities involved in the new RRX rail transport concept commissioned Siemens to supply 82 Desiro HC electric multiple units and to provide maintenance services for a period of 32 years. With a total volume of more than €1.7 billion, this is the largest regional rail transport order ever won by Siemens in Germany. Through the optimized extension of the railway network, the RRX is expected to eliminate thousands of car trips every workday.

(for further information, please click [here](#))

Digital Factory



- Revenue up in all businesses, primarily motion control and industry software, as well as in all three reporting regions
- Margin 14.7%, partly related to lower revenue share from high-margin products

German Chancellor Merkel visits Siemens' showcase "digital factory"

Angela Merkel visited Siemens' Electronics Factory in Amberg, Bavaria, and was briefed on the current status of production automation as it moves toward Industrie 4.0. Key elements of the coming industrial world are already being used at the Amberg factory: Products communicate with machines and all processes are optimized and controlled via IT.

(for further information, please click [here](#))

Process Industries and Drives



- Revenue development driven by growth in the U.S. and China due to currency translation tailwinds; lower revenue in higher-margin process automation business
- Margin 3.7%, mainly due to operational challenges especially in oil and gas

New series of planetary gear units offers the highest efficiency in its class

The Planurex 3 is available in ten sizes, with a torque range from 1,700 to 5,450 kNm. This raises the highest torque in the standard modular system from the previous 2,600 kNm up to 5,450 kNm. The gear units also have the highest efficiency in their class.

(for further information, please click [here](#))

Healthcare



- Revenue up in all three reporting regions and across all businesses, with the largest increase coming from the imaging and therapy systems businesses
- Margin 16.4%, including gain from divestment of microbiology business

Saving precious time: Siemens' new ultrasound system for faster imaging

At this year's European Congress of Radiology (ECR) in Vienna, Austria, Siemens Healthcare introduces its new hand-carried Acuson P500 ultrasound system, Frosk edition. It allows reliable and fast imaging by offering new and time-tested high-end imaging technology in a compact and easy-to-use device, making it particularly suitable for the use in the emergency medicine and general imaging.

(for further information, please click [here](#))

Ownership Culture – the code for sustainable success

Vision 2020 will enable Siemens to occupy attractive growth fields, sustainably strengthen its core business and outpace its competitors in efficiency and performance.

Yet, even the best strategy can't succeed unless it's supported by a strong culture. To make Vision 2020 real, Siemens needs a shift toward a true Ownership Culture in which every employee takes personal responsibility for the company's success. A culture that encourages everyone to give the best to help build a better Siemens for the next generation.

A true Ownership Culture is the basis for sustainable success and consists of the following elements:

Equity

Equity reflects the success and value Siemens is building. It helps in focusing on long-term goals, output and profit. Siemens' employee share programs turn employees into Siemens shareholders in over 60 countries worldwide. Employees profit from the company's success in this way and tend to be more motivated because as shareholders they work for "their" company.

Values

"Responsible, excellent, innovative" – our Values are the foundation on which Ownership Culture is built. Only those who assume responsibility can produce excellent results and be innovative.

People Orientation

By communicating management decisions transparently, encouraging employees to ask questions, empowering them to take responsibility for results, promoting an open dialogue, and standing by employees, Siemens can promise "We care."

Leadership

With a modern understanding of leadership, Siemens expects managers to be bold and decisive, to think long-term, and to engage and motivate employees.

Behaviors

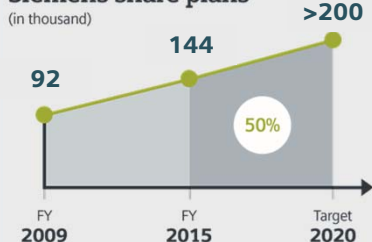
Thinking as an entrepreneur in their own area of responsibility, seeking opportunities and seizing them rather than staying in the comfort zone. And by doing so, always focusing on results and winning customer and markets to create value for Siemens as a whole, the customers, and the society.



"Always act as if it were your own company"

Joe Kaeser, Siemens CEO

Employees owning shares from Siemens share plans



Equity Culture at Siemens

Siemens offers several share programs to let the employees participate in the company's success. Today, current and former employees hold approx. 5% of the Siemens shares and about 144,000 employees are also shareholders.

By **2020**, Siemens plans to increase the number of employee shareholders by 50% to more than **200,000** employees. Siemens offers several share programs to make all global employees co-owners of the company.

Frequently Asked Questions

"On the way to Industrie 4.0 – Driving the Digital Enterprise" was our motto at **Hannover Messe 2015**, where Siemens presented solutions and products from the comprehensive portfolio of electrification, automation, and digitalization. Hannover Messe is the largest industrial fair worldwide. Joe Kaeser welcomed German Chancellor Angela Merkel and Indian Prime Minister Narendra Modi at the opening of the booth (see picture below).

What was the size of the Siemens booth?

Siemens had, with 3.500sqm, the largest booth at the trade fair, built out of 85t of steel and 30km cable.

How many people visited the Siemens booth?

~120,000 visitors, including 23 delegations from 19 countries, were visiting the hall, where the Siemens booth was located. 250 booth tours with ~3,900 participants were guided through the booth and had the opportunity to follow one of 50 presentations.

How many products were shown?

More than 120 product presentations were offered, with over 50 exhibits and 50 product innovations.



(for further information about Siemens at the Hannover Messe 2015 please click [here](#))

Financial Calendar

30 <small>July 2015</small> <small>€</small> <small>3rd quarter 2015 financial results</small>	12 <small>November 2015</small> <small>€</small> <small>4th quarter 2015 financial results</small>	26 <small>January 2016</small> <small>€</small> <small>1st quarter 2016 financial results</small>
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For further information, please click [here](#)

We are happy to answer all of your questions

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Your Siemens IR Team

How does Siemens assess the further course of fiscal year 2015?

We confirm our outlook. We believe that our business environment will be complex in fiscal 2015, among other things due to geopolitical tensions. We expect revenue on an organic basis to remain flat year-over-year, and orders to exceed revenue for a book-to-bill ratio above 1. Furthermore, we expect that gains from divestments will enable us to increase basic EPS from net income by at least 15% from €6.37 in fiscal 2014. For our Industrial Business, we expect a profit margin of 10% to 11%. This outlook excludes impacts from legal and regulatory matters.

Notes and Forward-Looking Statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.