SIEMENS

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Siemens plans savings of €6 billion by 2014
Strengthens core activities in Industry Sector

Siemens is targeting a Total Sectors profit margin of at least 12 percent and, among other goals, productivity gains of €6 billion over the coming two years with its recently launched "Siemens 2014" company program. The first measures have already been introduced and are being rigorously implemented. One of the program's five levers aims at strengthening the company's core activities. As part of this strategy, Siemens is acquiring LMS International for around €680 million in the Industry Sector and will also restructure its water technology business. In the future, the water business will focus on Siemens' core competencies in automation and drives, while activities involved in processing and treating water and wastewater will be sold.

With over 1,200 employees and revenue of more than €140 million for the first nine months of 2012 (January 1 to September 30), LMS is business partner for around 5,000 companies in the automobile, aerospace and other industries. The private company, headquartered in Leuven, Belgium, sells simulation software in 15 countries for evaluating the acoustics, vibrations, oscillations, operational stability and dynamics of mechatronic systems. LMS International is the only provider worldwide offering a complete software platform for modeling, simulating and testing mechatronic systems in vehicles, airplanes and other complex products. With the acquisition of LMS, Siemens will hold a top position in this software segment and can decisively improve the innovative strength and speed of its customers. The takeover of LMS is subject to approval of the authorities.
For details refer to "Siemens to acquire leading provider of mechatronic simulation" at www.siemens.com/press/pi/I20121155e

In the water business, Siemens will in the future concentrate on solutions related to its core electrotechnical competencies, which lie in automation and drive technologies for operating water and wastewater treatment plants as well as desalination plants. The business in the Industrial Automation Systems Business Unit providing efficient solutions for the control, management and instrumentation of water processes will remain unchanged with Siemens. On the other hand, the

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business with the mechanical, biological and chemical treatment and processing of water and wastewater – currently bundled in the Water Technologies Business Unit that showed revenue of roughly €1 billion in fiscal 2012 – will be sold. The largest share of this business centers on local solutions in a highly fragmented market environment and thus has little in common with Siemens' global sales setup. Moreover, there are few synergies with the automation and industry software business.
Details refer to “Siemens to focus its water business on automation technology in the future” at www.siemens.com/press/pi/I20121156e

“Siemens 2014” company program

Although Siemens achieved one of the best operating results in the company's history in fiscal 2012, the company lagged behind its own high objectives defined in the One Siemens target system. Siemens therefore plans to achieve a Total Sectors profit margin of at least 12 percent by fiscal 2014. To reach this target, the company plans to reduce its costs by €6 billion, increase its competitiveness, and become faster and less bureaucratic with the help of a two-year company-wide program.

“Siemens 2014” concentrates on five levers:

Cost reduction

This lever will contribute the largest share of the planned savings of €6 billion. Savings of around €3 billion are expected from the improved integration of the key processes of design, development and production. Around €1 billion is to be saved by improving the global capacity utilization and presence. And a further €1 billion in savings is to be achieved by improving the efficiency and quality of processes.

Strengthen core activities

This includes both reinforcements through acquisitions as well as the divestment of businesses whose profits remain below company's expectations over a longer period. For example, the company announced on October 22 that it would sell its solar business and concentrate fully on the renewables of wind and water. The company's announcement of its acquisition of LMS and plans to restructure the water business marked two further measures designed to strengthen core activities in the Industry Sector.

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Go-to-market

The sales setup will be more flexibly adapted to regional circumstances and potentials. An improved sales setup will optimize regional market access.

Optimized infrastructure

The company's worldwide infrastructure will be further optimized and redundant functions and duplicate processes will be eliminated.

Simplified governance

The complexity of processes and regulations will be reduced in order to give the company's businesses greater entrepreneurial freedom and optimize their work with customers.

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the fields of industry, energy and healthcare as well as providing infrastructure solutions, primarily for cities and metropolitan areas. For over 165 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is the world's largest provider of environmental technologies. Around 40 percent of its total revenue stems from green products and solutions. In fiscal 2012, which ended on September 30, 2012, revenue from continuing operations totaled €78.3 billion and income from continuing operations €5.2 billion. At the end of September 2012, Siemens had around 370,000 employees worldwide on the basis of continuing operations. Further information is available on the Internet at: www.siemens.com.

NOTES AND FORWARD-LOOKING STATEMENTS

This document includes supplemental financial measures that are or may be non-GAAP financial measures. New orders and order backlog; adjusted or organic growth rates of revenue and new orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; cash conversion rate, or CCR; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such 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. Other companies that report or describe similarly titled financial measures may calculate them differently. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at www.siemens.com/nonGAAP. For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

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 "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders 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, 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 or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter "Risks" of our most recent

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annual report prepared in accordance with the German Commercial Code, and in the chapter “Report on risks and opportunities” of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, www.siemens.com, and throughout our most recent annual report on Form 20-F and in our 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, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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.

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