Ladies and Gentlemen, dear Shareholders,

During last week's press conference and analyst call, Siemens CEO Joe Kaeser, CFO Ralf Thomas and Managing Board Member Lisa Davis reviewed the performance for Siemens fourth quarter and fiscal year 2014. In a nutshell: Siemens met its target for the past fiscal year, and hence proposes a €3.30 per share dividend, an increase of 10% over last year. Besides the dividend increase Siemens will continue its share buyback program of up to €4bn. Overall Siemens continues to deliver an attractive shareholder return.

A brief look at some details of the past quarter: modest order growth was mainly supported by large orders in Infrastructure & Cities, while revenue remained flat year-on-year. Net income (all-in) rose to €1.5bn with corresponding earnings per share of €1.72, mainly driven by a higher total sector profit year-on-year.

For fiscal 2014 organic\(^1\) revenue and orders both rose 1% compared to the prior year, resulting in a book-to-bill ratio of 1.09. Basic earnings per share (EPS) from net income increased 25% year-over-year. “We delivered the results we originally promised for fiscal 2014 and made substantial progress in strengthening our portfolio. Vision 2020 gives us a clear strategic direction going forward,” said Joe Kaeser.

Regarding portfolio measures Siemens continues to set the course as outlined in its Vision 2020 to strengthen core activities. In September, Siemens announced a takeover bid for Dresser-Rand with a total transaction value of $7.6 billion. The acquisition strengthens Siemens’ portfolio for the oil & gas industry. During the fourth quarter, Siemens classified as discontinued operations the activities of Healthcare’s hospital information systems business. The business will be sold to Cerner. Prior-period results are presented on a comparable basis. Last but not least we announced to sell the Audiology Solutions business to the investment company EQT and Germany’s Strüngmann family of entrepreneurs as co-investor for ~€2.2bn. Due to the very attractive offer made by the two investors, Siemens has decided not to further pursue preparations for the public listing it announced in May. For a comprehensive overview of all portfolio measures, please refer to page 4 of this shareholder letter.

Dear Shareholders, please let me use the opportunity to thank you for your interest and continuous commitment towards Siemens.

Kind Regards,

Mariel von Drathen, Head of Governance & Markets, Siemens AG

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\(^1\) Changes are adjusted for currency and portfolio translation effects

\(^2\) Proposed dividend for approval at the Annual Shareholders’ Meeting in January 2015

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**Financial Highlights**

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Q4 2013</th>
<th>Q4 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>79.8</td>
<td>78.4</td>
<td>20.3</td>
<td>20.7</td>
</tr>
<tr>
<td>Revenue</td>
<td>73.4</td>
<td>71.9</td>
<td>20.6</td>
<td>20.6</td>
</tr>
<tr>
<td>Net Income</td>
<td>4.4</td>
<td>5.5</td>
<td>1.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Basic earnings per share in €</td>
<td>5.08</td>
<td>6.37</td>
<td>1.19</td>
<td>1.72</td>
</tr>
<tr>
<td>Dividend per share in €</td>
<td>3.00</td>
<td>3.30</td>
<td>3.00</td>
<td>3.30</td>
</tr>
</tbody>
</table>

\(^1\) Changes are adjusted for currency and portfolio translation effects

\(^2\) Proposed dividend for approval at the Annual Shareholders' Meeting in January 2015
Share Performance

- Current Siemens share price stands at €89.61\(^1\).
- The DAX and Siemens shares rollercoastered since last November. While the index rose by approx. +4% year-on-year, Siemens shares declined during the same period by approx. -3%.
- Siemens outperformed around half of the competitors stocks during the last twelve months.
- On Thursday, November 6, 2014, Siemens shares outperformed in the morning following overall well received fourth quarter results; during the course of the afternoon session the stock saw some profit taking and performed in-line with the Dax, which closed +0.7%.


Last price: EUR 89.61\(^1\)

News from our Sectors

Energy

Siemens receives order for 67 wind turbines for Dudgeon offshore wind power plant
Siemens Energy has received an order from the Norwegian energy utilities Statoil and Statkraft for the "Dudgeon Offshore Wind Farm" in the UK. Siemens will manufacture, deliver, install and commission 67 Siemens direct-drive wind turbines rated at 6 MW each and equipped with a 154-meter rotor. Installation will start in early 2017. The combined value including a five-year-service contract is approximately €650m. (for further information, please click [here](http://www.siemens.com/investor/en/siemens_share.htm))

Further power plant order from South Korea for Siemens H-class technology
Siemens will deliver the power island for Dangjin 4 combined cycle power plant in South Korea. Customer is the South Korean construction company GS Engineering & Construction Corporation. Equipped with the latest state-of-the art Siemens H-class gas turbine, Dangjin 4 will attain an efficiency level above 60% and can supply ecofriendly electricity to more than 900,000 people. Order volume including a long-term service contract is €360m. (for further information, please click [here](http://www.siemens.com/investor/en/siemens_share.htm))

Healthcare

New Siemens ultrasound system visualizes entire blood flow during valve procedures
Siemens Healthcare introduced the new Prime edition of its Acuson SC2000 ultrasound system at the annual congress of the European Society of Cardiology. This new release of the premium cardiovascular imaging system is the first to offer live full-volume color Doppler imaging of heart valve anatomy and blood-flow using a new true volume transesophageal echo probe. (for further information, please click [here](http://www.siemens.com/investor/en/siemens_share.htm))

Siemens presents solutions to support in fighting cardiovascular diseases
Siemens showcases applications designed for a more precise diagnosis of cardiovascular diseases in computed tomography, magnetic resonance imaging and molecular imaging as well as the universal angiography system Artis one with premium features for cardiology. (for further information, please click [here](http://www.siemens.com/investor/en/siemens_share.htm))
News from our Sectors

Industry

Siemens supplies environmentally friendly drive and power generation system for UASC container ships
The Siemens Drive Technologies Division is equipping 17 container ships owned by the United Arab Shipping Company (UASC) with an environmentally friendly drive and power generation system. Using a waste heat recovery system, exhaust gas from the propulsion main engine is utilized to produce additional electrical power from the ship’s exhaust gas in a clean and efficient manner. (for further information, please click here)

Siemens to supply drive and power equipment for an integrated pulp and board project in China
Stora Enso has awarded Siemens a major order in connection with the construction of a new plant in China. The order covers the drive technology, automation of the entire factory, the complete power engineering systems, and the power generation. The new, integrated production plants for pulp and packaging board are being built in the Chinese province of Guangxi, and the board machine is scheduled to go into operation in Q1 16. (for further information, please click here)

San Francisco orders 175 light rail cars from Siemens
San Francisco’s Municipal Transportation Agency has awarded Siemens a contract to deliver an initial 175 light rail cars for its Muni transit system at a value of US $648m. With an option for an additional 85 cars, this is one of the biggest orders for light rail cars ever placed in the USA. With this contract, Siemens secures its position as the U.S. market leader in this segment. (for further information, please click here)

Siemens to install automatic train protection system for high-speed line in Southern Spain
Siemens is to install signaling and control equipment on the ~126 km high-speed line between Antequera and Granada in a consortium with Thales. The contract recently sealed with Spanish operating company Administrador de Infraestructuras Ferroviarias and is worth ~€210m to the consortium, encompasses the installation of automatic train protection systems and the telecommunication and traffic control systems plus system maintenance for a period of 20 years. (for further information, please click here)

Infrastructure & Cities

San Francisco orders 175 light rail cars from Siemens
San Francisco’s Municipal Transportation Agency has awarded Siemens a contract to deliver an initial 175 light rail cars for its Muni transit system at a value of US $648m. With an option for an additional 85 cars, this is one of the biggest orders for light rail cars ever placed in the USA. With this contract, Siemens secures its position as the U.S. market leader in this segment. (for further information, please click here)

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

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 earnings per share (EPS) from net income by at least 15% from €6.37 in fiscal 2014.
For our Industrial Business, we expect a profit margin* of 10-11%. This outlook excludes impacts from legal and regulatory matters.

*Effective with fiscal 2015, our enhanced profit definition excludes amortization of intangible assets acquired in business combinations.
Executing Siemens Vision 2020

Further portfolio activities in fourth quarter of FY 2014

A key management priority for fiscal 2015 – and into 2016, if it comes to integration – is the diligent execution of all announced portfolio measures to concentrate on core businesses. Please find the most relevant information below:

**Investments:**

- In September we have announced one of the biggest acquisitions in Siemens’ history. Siemens has entered into an agreement with Dresser-Rand to acquire all of the issued and outstanding common shares of Dresser-Rand by way of a friendly takeover bid. Siemens’ bid is unanimously supported by Dresser-Rand’s Board of Directors. With its comprehensive portfolio of compressors, steam turbines, gas turbines and engines, Dresser-Rand is a leading supplier for the oil & gas, process, power and other industries in the related energy infrastructure markets worldwide. The acquisition complements Siemens’ existing offerings, notably for the global oil & gas industry and for distributed power generation.

- Of utmost importance is the smooth integration of Rolls Royce Aeroderivatives gas turbine and compressor business as well as Dresser Rand to create long-term value from these transactions. The value they create over time is significant, when successfully integrated into our comprehensive value chains of Electrification, Automation and Digitalization, which is unique in the whole sector.

**Divestments:**

- During the fourth quarter we have announced the sell of the Microbiology business to Beckman Coulter. The decision enables Siemens Healthcare to focus on its core in-vitro business within the Diagnostics Division. In addition we also announced the sale of the business for Hospital Information Systems to Cerner Corporation. Both transactions are in alignment with Siemens – Vision 2020.

- The divestment of Siemens’ stake in B/S/H Bosch und Siemens Hausgeräte GmbH to Bosch was announced at the end of September. The sale of Siemens’ BIS/H stake is part of our drive to continue focusing very intensively on our core business. Under the terms of the agreement, BIS/H will also be allowed to produce and market household appliances under the Siemens brand over the long term.

- On November 6, we have announced another important step with the transfer of the Audiology Solutions business to EQT and the Struengmann family. As already communicated, Audiology is a highly attractive business in a good market, yet does not fully meet our key imperatives for our portfolio mix.

(for further information please click on the bold text)
Frequently Asked Questions

On November 6, 2014, Siemens announced the planned dividend for fiscal year 2014. In addition, the currently running share buyback is progressing. In this issue of the Shareholder Letter, some of the related questions are answered:

What is the dividend payout ratio for fiscal year 2014?

Based on the results of fiscal year 2014, the Managing and Supervisory Board will propose a dividend of €3.30 per share for approval at the Annual Shareholders’ Meeting in January 2015. The dividend proposal equals a dividend payout ratio of 49%. The dividend payout ratio is defined as the total amount of dividend payments (~€2.7bn for fiscal year 2014, based on a shares outstanding assumption of 820m at the Annual Shareholders’ Meeting 2015) divided by the Net Income all-in adjusted for exceptional non-cash items (~€5.5bn for fiscal year 2014).

What is the current status of the up to €4bn share buyback program?

From May 12 until November 7, 2014, Siemens repurchased ~16.7m of its own shares. The average price was ~€92.51. The total buyback volume amounted to ~€1.5bn.

For further information, please click here

Financial Calendar

<table>
<thead>
<tr>
<th>Jan 27</th>
<th>May 7</th>
<th>July 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st quarter 2015 financial results &amp; Annual Shareholders’ Meeting</td>
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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

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.