TAP: Focus on Execution – Delivering in Tough Markets

Joe Kaeser, CFO

Merrill Lynch's All Stars 2009 – Germany/Austria/Switzerland Conference
New York, April 1, 2009

Safe Harbour Statement

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 our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect our 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 us, 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 will delay conversion of booked orders into revenue or that our pricing power will be diminished by continued adverse market developments, to a greater extent than we currently expect; the behavior of financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and further deterioration of the capital markets; the commercial credit environment and, in particular, additional uncertainties arising out of the subprime, financial market and liquidity crises; future financial performance of major industries that we serve, including, without limitation, the Sectors Industry, Energy and Healthcare; the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; introduction of competing products or technologies by other companies; 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, including corruption investigations to which we are currently subject and actions resulting from the findings of these investigations; the potential impact of such investigations and proceedings on our ongoing business including our relationships with governments and other customers; the potential impact of such matters on our financial statements; as well as various other factors. More detailed information about certain of these factors is contained throughout this report 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 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.

Earnings before interest and taxes, or EBIT (adjusted); Earnings before interest, taxes, depreciation and amortization, or EBITDA (adjusted); Return on capital employed (ROCE); Return on equity (ROE); Free cash flow; Cash conversion rate; and adjusted or organic growth rates of revenue and new orders are or may be non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to measures of our financial condition, results of operations or cash flows as presented in accordance with IFRS in our Consolidated Financial Statements. Information for a reconciliation of these amounts to the most directly comparable IFRS financial measures is available on our Investor Relations website under www.siemens.com/investors -> Financial Publications. “Profit Total Sectors” is reconciled to “Income from continuing operations before income taxes” in the table “Segment Information.”

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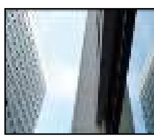
Focused on three Sectors with strong end markets

High BUSINESS QUALITY in #1 or #2 positions

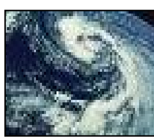
Attractive markets with tailwind from MEGATRENDS

Mega-trends

Demographic change



Urbanization



Climate change

Globalization

Three SECTORS

Energy

~€23bn[1]

- Fossil Power Generation
- Oil & Gas
- Service
- Renewable Energy
- Transmission
- Distribution

Industry

~€38bn[1]

- Industry automation
- Drive Technology
- Industry Solutions
- Mobility
- Building Technologies
- Osram

Healthcare

~€11bn[1]

- Imaging & IT
- Workflow & Solutions
- Diagnostics

Cross-sectoral

Siemens IT Solutions and Services

Siemens Financial Services

1) 2008 revenues

Strong Energy performance covers short cycle businesses weakness in Q1 FY2009

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	Q1 FY2008	Q1 FY2009	% Change	
			Actual	Adjusted[1)]
New orders (Cont. Op.)	24,242 m	22,220 m	-8%	-7%
Sales (Cont. Op.)	18,400 m	19,634 m	7%	8%
Profit Total Sectors	1,673 m	2,084 m	20%	
Income from Cont. Op.	1,078 m	1,260 m	17%	
Net income ("all-in")	6,475 m	1,230 m	-81%	
Free Cash Flow (Cont. Op.)	-217 m	-1,574 m	n.a.	

- Orders slightly up q-o-q, down 7%[1)] y-o-y, no major cancellations!
- Top line holding up in challenging times: robust book-to-bill at 1.13x on the back of strong revenue growth at +8%[1)]
- Profit Total sectors € 2.0bn up 20% y-o-y. Margin pressure at IA and DT offset by strong performance in Energy and relative market strength in Healthcare
- Net income comparison strongly influenced by a substantial prior-year gain related to the sale of Siemens VDO
- Free cash flow at -€1.6bn affected by €1.0bn payment related to resolution of legal proceedings and €222m cash outflow related to project reviews, restructuring, and SG&A charges

1) Adjusted for portfolio and currency translation effects

Financial flexibility –
A key element in global financial turmoil

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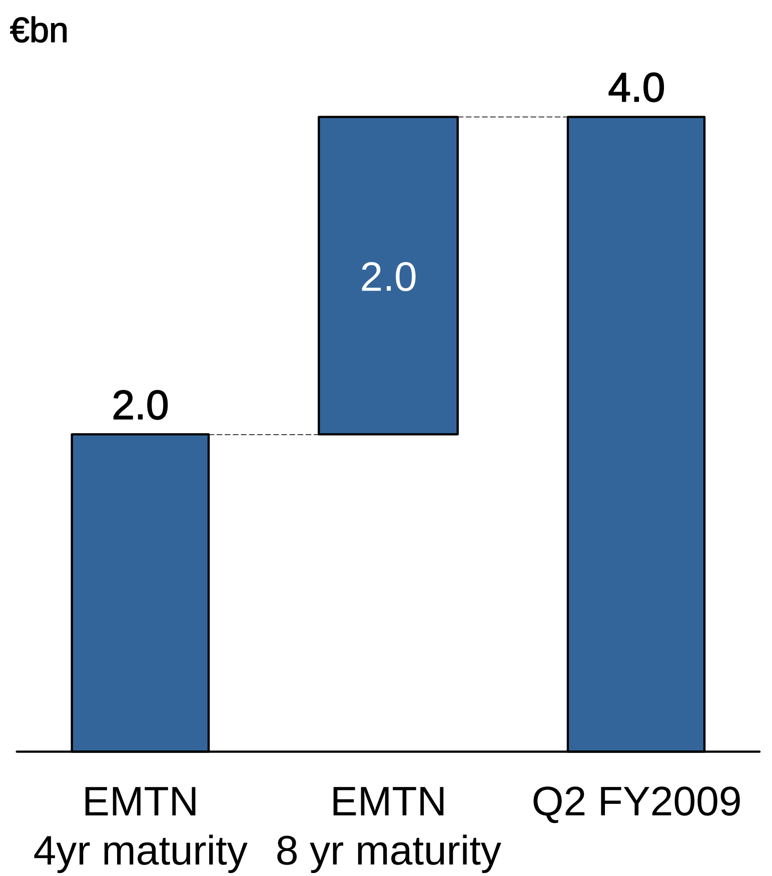
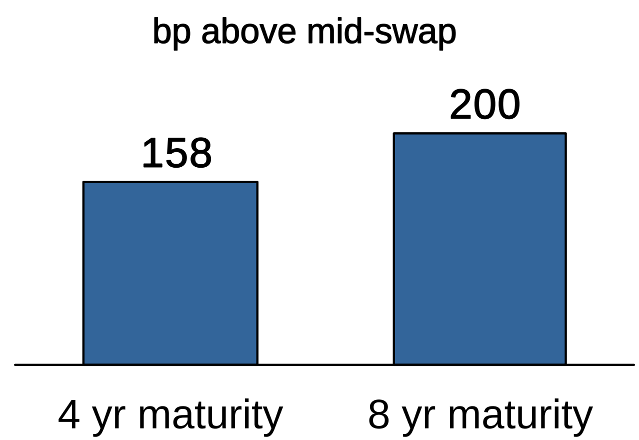
Funds raised in Q2 FY2009



…at attractive terms



- Transforming short term into long term debt
- Offer heavily oversubscribed
- Attractive spreads - €4.0bn issued instead of planned €2.0bn
- Short term financing continues to be available:
  - US$ 9bn CP program in place
  - Undrawn committed credit lines of $8bn

1) EMTN = Euro Medium Term Note

Strong balance sheet and adequate maturity profile mark a solid financial condition

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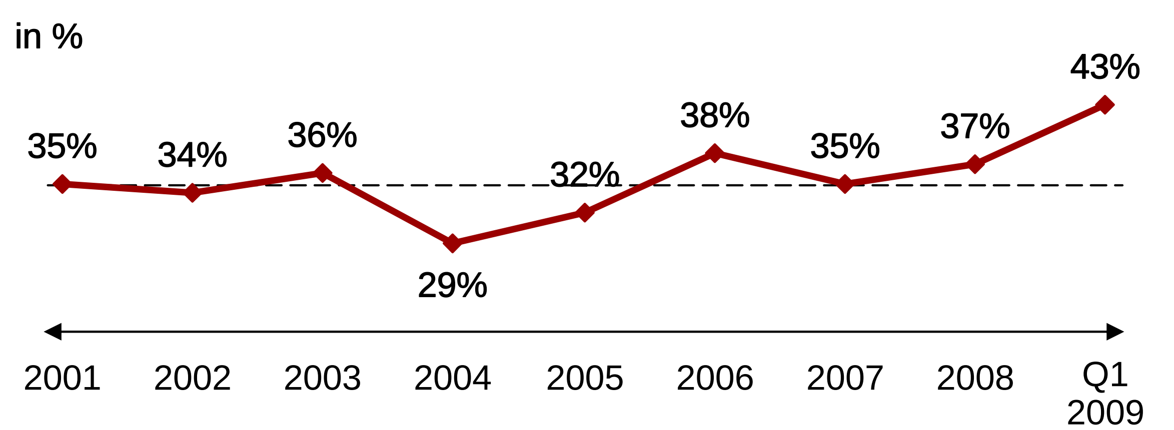
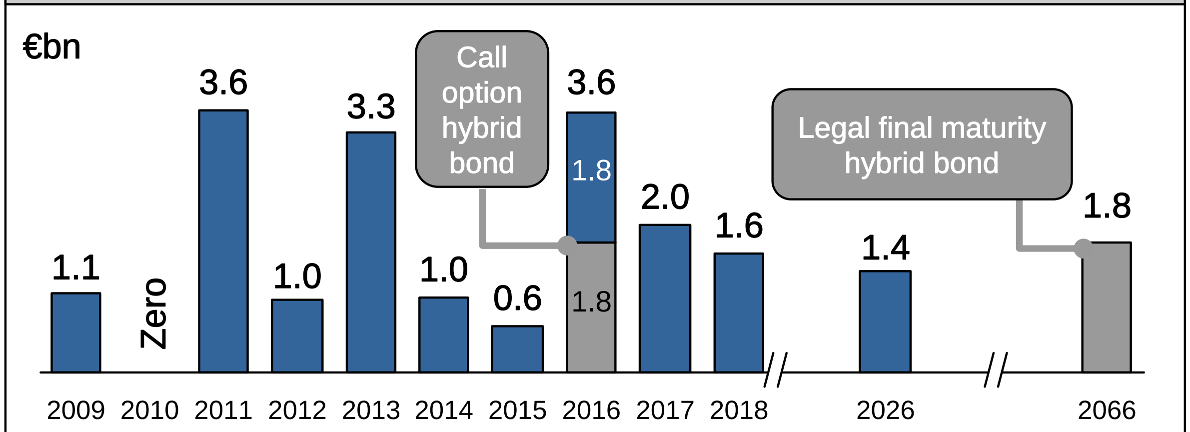
Leverage (total debt / capital[1])



1) Capital = Total debt + equity

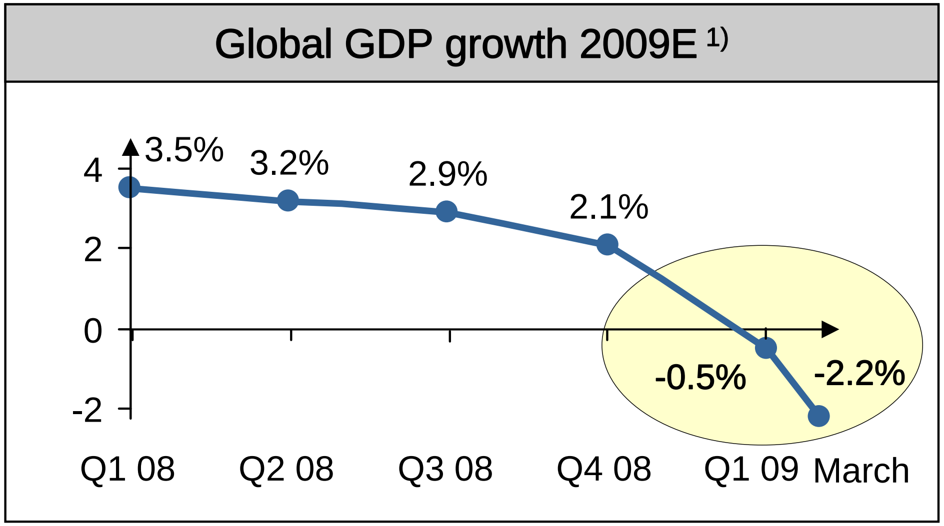
Loan and bond maturity profile[2)]

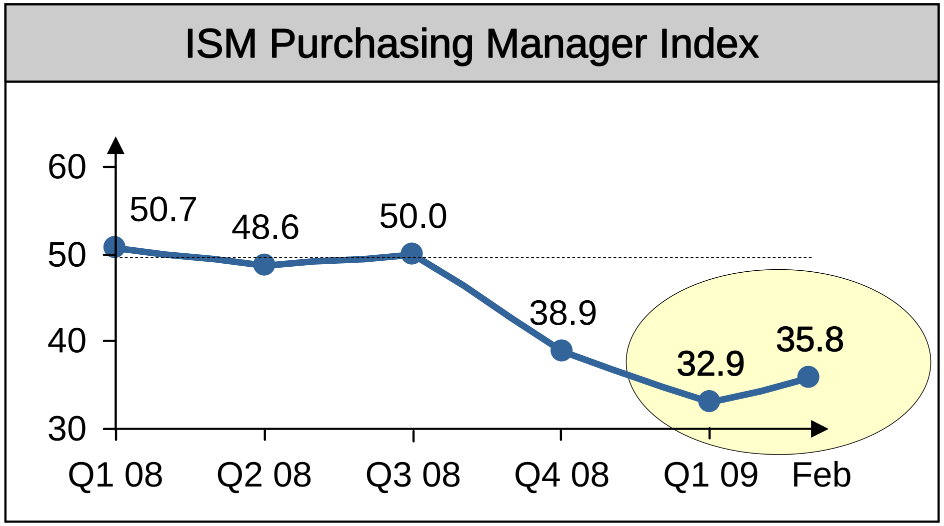


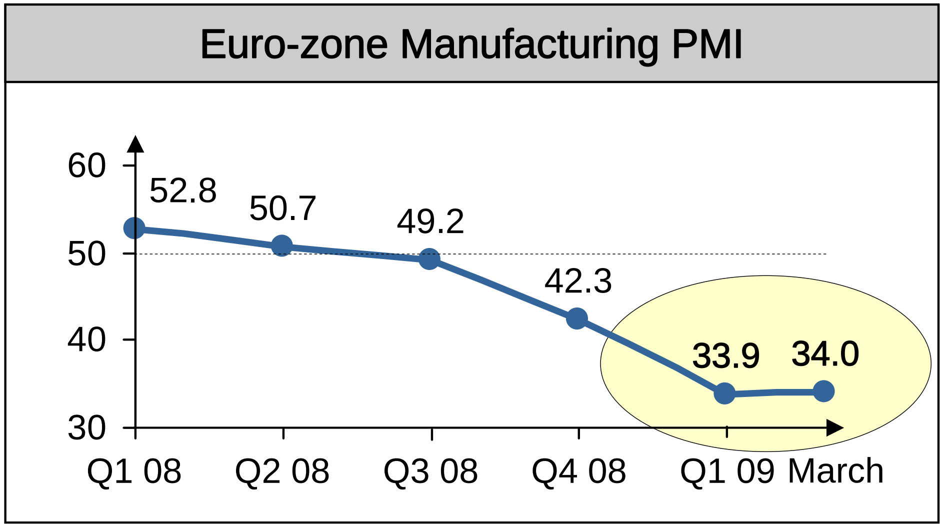
2) FX rate as of 23/02/2009: EUR/USD = 1.2798; EUR/GBP = 0.87798

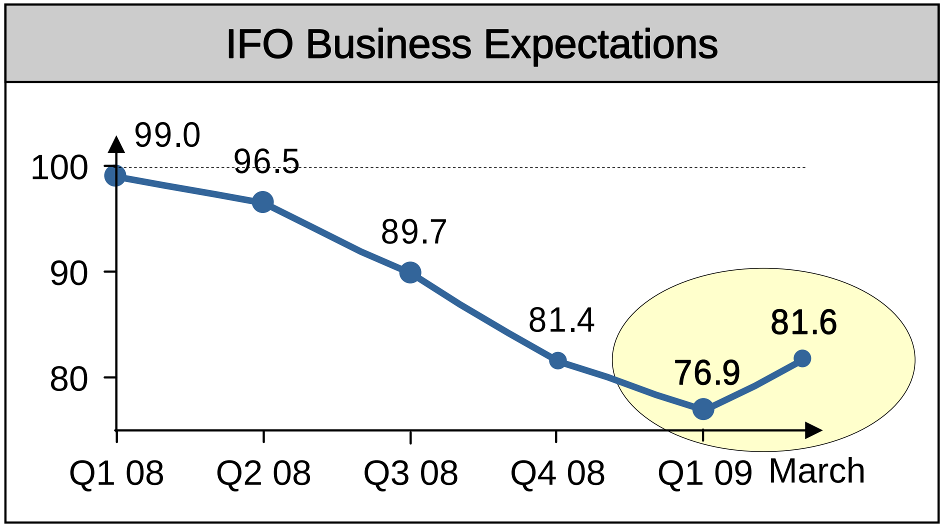
- **Strong balance sheet even during recession**
- **Conservative financial policy:**
  - **Long-term** loan and bond **maturity profile**
- **High investment grade credit rating:**
  - **S&P:** AA- / neg. outlook / A-1 +
  - **Moody's:** A1 / stable outlook / P-1

Macro indicators still point to a contracting economy









1) Global insight, 2009 estimates

Acceleration of adverse business environment call for stringent execution on efficiency programs

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Energy

- Healthy order book. Book-to-bill expected to be significantly above 1.0 mostly due to material order intake in Q2 FY09
- Fossil Power margin in Q1 FY09 benefited ~100-150bps from favorable mix
- Renewable : off-shore business doing well, price pressure in on-shore; clinched offshore order from Dong Energy over 1,800 MW
- Areva exit negotiations on-going

Industry

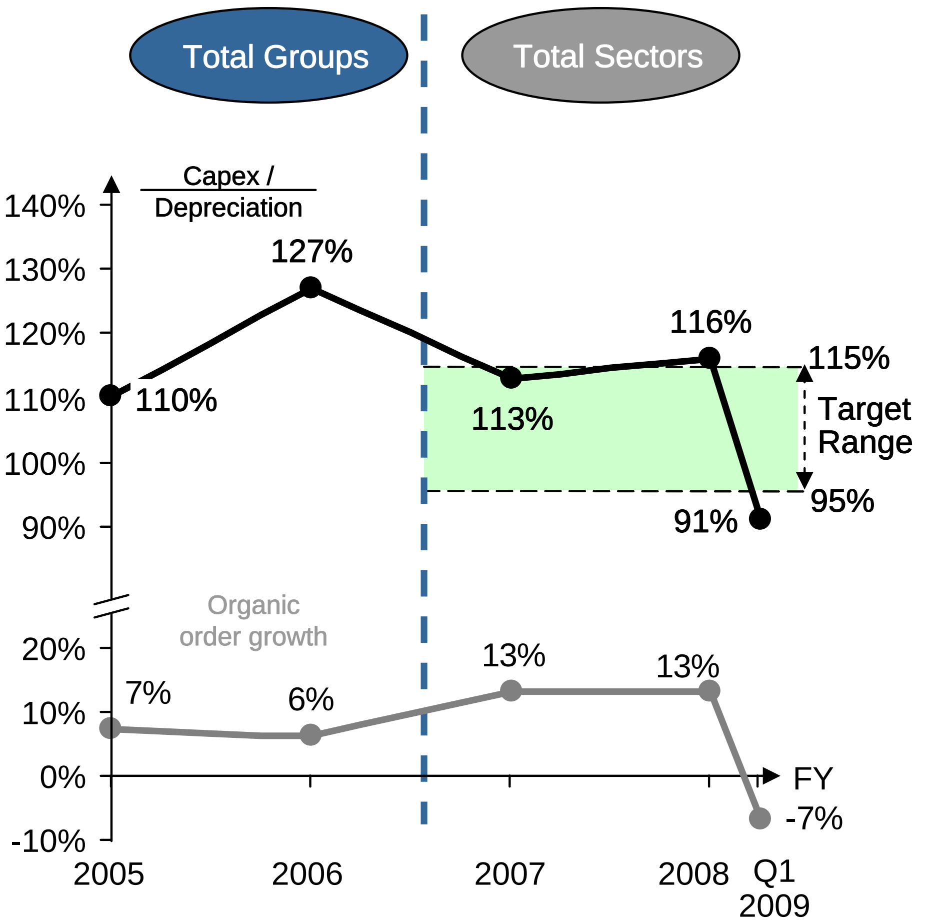
- No bottom yet in short cycle businesses – product mix issues
- IA: continued margin erosion on lower volume and unfavorable mix; Q2 FY09 margin down significantly q-o-q
- DT: segments with energy/infrastructure footprint resilient; all others see slowdown, e.g. CNC controls systems
- IS: margins o.k., order intake impacted by contracting Metals market
- BT: margins seasonally affected; challenges expected in 2010
- Osram: weak end markets, esp. automotive; thus, Q2 FY09 disappointing; restructuring charges in next quarters
- Mobility: healthy orders and comfortable backlog, execution upside

Healthcare

- Challenging financial/funding environment affects the entire sector, especially in the U.S. – first signs of pricing pressure going forward
- US imaging market not at trough yet; global spill-over possible

Lowering cost base : Capex & timely short time work

Capex spending significantly reduced



Short cycle business - capacity reductions

- Capacity adjustments at short cycle businesses IA, DT and esp. Osram started
- Most contracts for temp workers canceled
- Reduction of overtime accounts and excess vacation accruals
- ”Short time” model expanded timely
  - ~7,000 employees affected so far
  - Working time reduced by 1-2 days per week
  - Cost savings correlate with work time reduction except for fixed contribution to social insurance

SG&A net savings of €1.2 bn will be delivered till 2010

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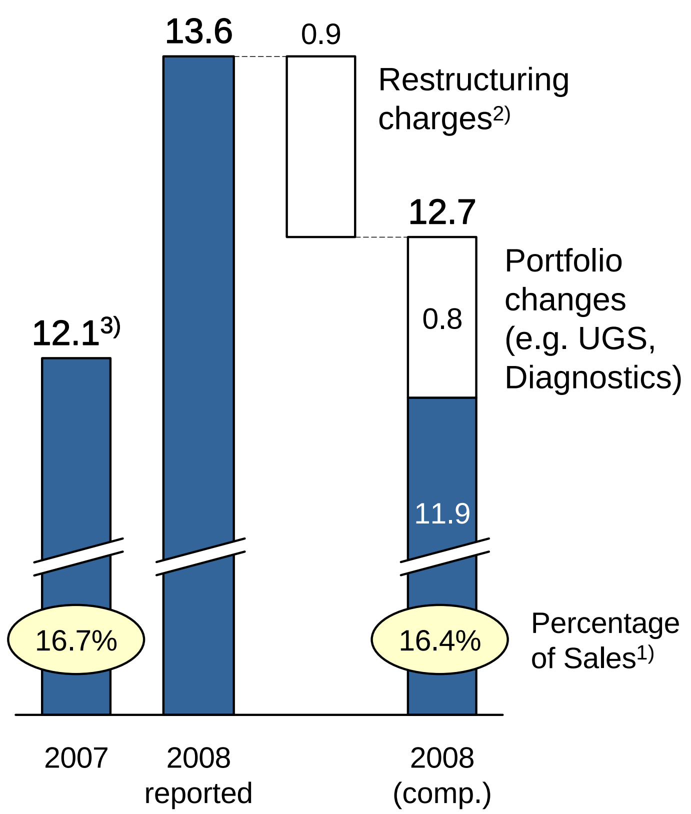
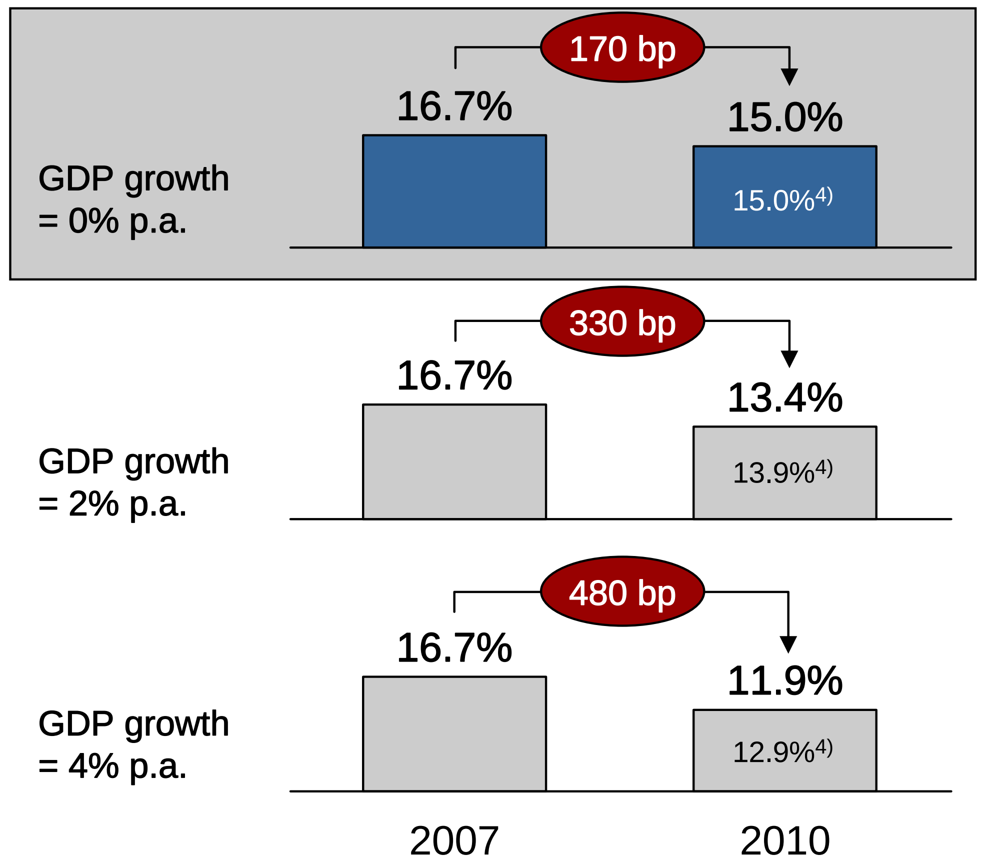
SG&A costs in €bn



Margin impact with growth at 2x GDP

Percentage of sales

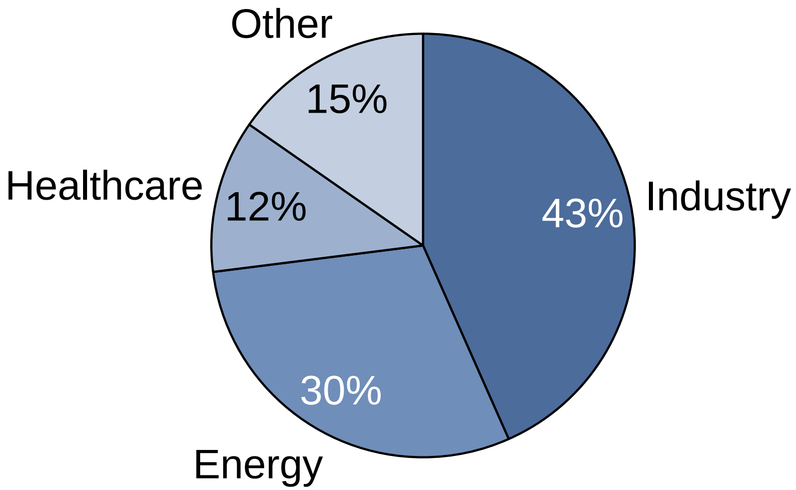


1) Sales 2007 €72.4bn, 2008 €77.3bn sales (as reported)
2) Personnel restructuring charges booked as SG&A in Q4 2008
3) SG&A costs 2007 adjusted for portfolio changes €12.8bn

4) Sales 2010 extrapolated from 2008 based on 2xGDP (CAGR); €11.6bn SG&A target 2010 on a like-for-like basis

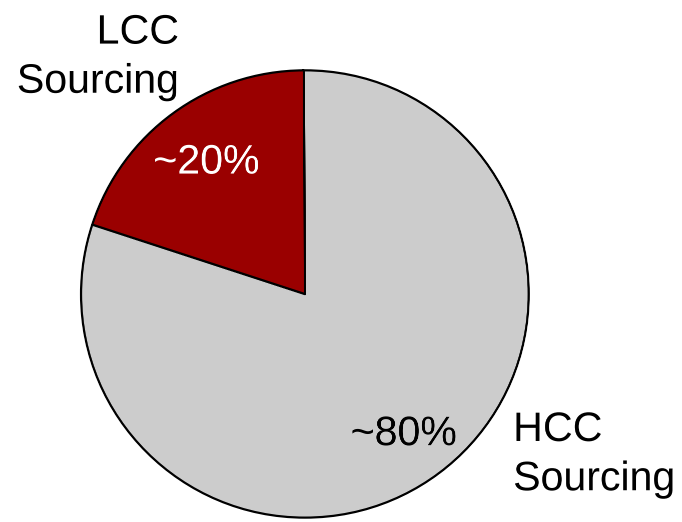
Supply Chain efficiency –
A key driver for securing 2010 targets

Purchasing volume FY 2008



Total purchasing volume ~€40bn
(not including capex; non-audited figures)

LCC sourcing FY 2008



Sectors LCC sourcing share

- Industry: ~22%
- Energy: ~20%
- Healthcare ~14%

Targets and roadmap for tangible supply chain P&L-contributions to be disclosed at the Q2 FY2009 analyst conference.

TAP: Consistent execution against plan – On time to first commit!

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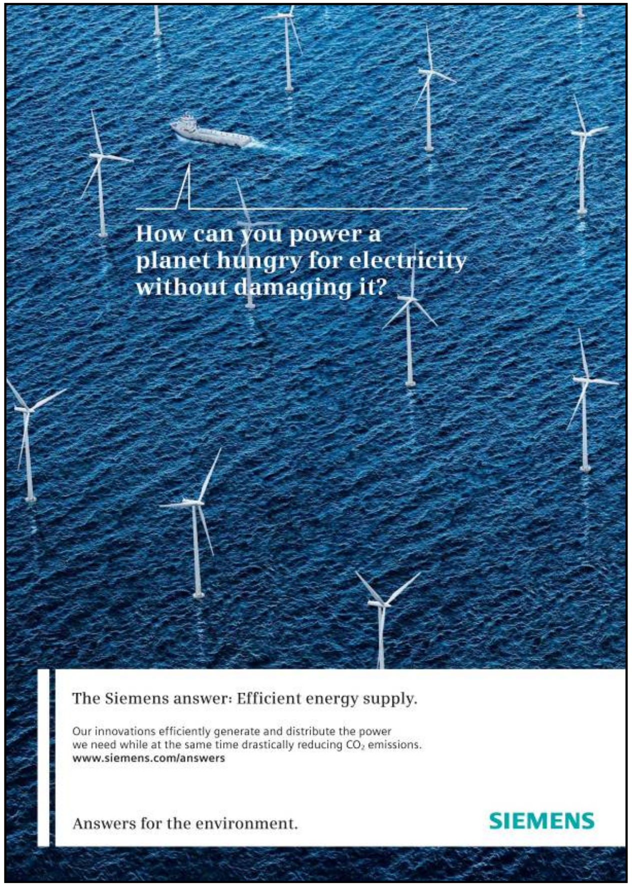
Reporting dates	Milestones (deliverables)[1)]	
November 2007 Supervisory Board	▪ New **organization** approved ▪ **Managing Board** incl. **Sector CEO** approved	✓
December 2007	▪ **Sector CFO** named ▪ **Division CEO** and **CFO** named	✓
January 2008 Q1 call and AGM	▪ New **target margins** for **Energy** and **Industry Sector** ▪ **Target margins** for **Divisions**	✓
April 2008 Q2 analyst conference	▪ Update on **SG&A** project	✓
July 2008 Q3 conference call	▪ Start **reporting** in new structure ▪ Outline new management **compensation** scheme ▪ **Operational guidance** for 2009	✓
October 2008	▪ New management **compensation** scheme in place	✓
November 2008	▪ New board member and strategic **supply chain** initiative announced	✓
April 2009 Q2 analyst conference	▪ Targets and roadmap of **supply chain** initiative ▪ Update on **SG&A** project and **earnings guidance** for FY 2009	
October 2009	▪ Streamlining **Other Operations** completed	
October 2010	▪ **Capital structure** target achieved ▪ **SG&A** project completed ▪ **Target margins** achieved	

Thank you for your attention – Your questions, please!



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Reconciliation and Definitions for Non-GAAP Measures (I)

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Profit Total Sectors is reconciled to "Income from continuing operations before income taxes" under "Reconciliation to consolidated financial statements" in the table "Segment Information." See our Financial Publications at our Investor Relations website under www.siemens.com/investors.

Earnings before interest and taxes, or EBIT (adjusted) is Income from continuing operations before income taxes less Financial income (expense), net and Income (loss) from investments accounted for using the equity method, net.

Earnings before interest, taxes, depreciation and amortization, or EBITDA (adjusted) is calculated as earnings before income taxes (EBIT) (adjusted) before amortization (defined as amortization and impairments of intangible assets other than goodwill) and depreciation and impairments of property, plant and equipment and goodwill.

Profit is reconciled to EBIT (adjusted) and EBITDA (adjusted) on the table Segment Information Analysis (II). See our Financial Publications at our Investor Relations website under www.siemens.com/investors.

Return on capital employed (ROCE) is a measure of how capital invested in the Company or the Sectors yields competitive returns.

For the **Company, ROCE** is calculated as Net income (before interest) divided by average Capital employed (CE). Net income (before interest) is defined as Net income excluding Other interest income (expense), net and excluding taxes on Other interest income (expense), net. Taxes on Other interest income (expense), net are calculated in a simplified form by applying the current tax rate which can be derived from the Consolidated Statements of Income, to Other interest income (expense), net. CE is defined as Total equity plus Long-term debt plus Short-term debt and current maturities of long-term debt minus Cash and cash equivalents.
Because Siemens reports discontinued operations, Siemens also calculates ROCE on a continuing operations basis, using Income from continuing operations rather than Net income. For purposes of this calculation, CE is adjusted by the net figure for Assets classified as held for disposal included in discontinued operations less Liabilities associated with assets classified as held for disposal included in discontinued operations.

For the **Sectors**, **ROCE** is calculated as Profit divided by average Assets. Profit of the Sectors is principally defined as earnings before financing interest, certain pension costs and income taxes, whereas certain other items not considered performance indicative by Management may be excluded. Assets of the Sectors is defined as Total assets primarily less intragroup financing receivables and investments, less income tax assets, less non-interest bearing liabilities/provisions other than tax liabilities.

Reconciliation and Definitions for Non-GAAP Measures (II)

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Average Capital employed and average Assets for the fiscal year are calculated as a “five-point average” obtained by averaging Capital employed and Assets at the beginning of the first quarter plus the final figures for all four quarters of the fiscal year. For the calculation of the average during for the quarters, see below:

Average calculation for CE*:

Year-to-Date	
Q1	2 Point average: (CE ending Q4 Prior year + CE ending Q1) / 2
Q2	3 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2) / 3
Q3	4 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2 + CE ending Q3) / 4
Q4	5 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2 + CE ending Q3 + CE ending Q4) / 5

Quarter-to-Date	
Q1	2 Point average: (CE ending Q4 Prior year + CE ending Q1) / 2
Q2	2 Point average: (CE ending Q1 + CE ending Q2) / 2
Q3	2 Point average: (CE ending Q2 + CE ending Q3) / 2
Q4	2 Point average: (CE ending Q3 + CE ending Q4) / 2

Our cash target is based on the **Cash conversion rate (CCR),** which serves as a target indicator for the Company’s or the Sector’s cash flow.
For the Company, CCR is defined as the ratio of Free cash flow to Net income, where **Free cash flow (FCF)** equals the Net cash provided by (used in) operating activities less Additions to intangible assets and property, plant and equipment.
Because Siemens reports discontinued operations, this measure is also shown on a continuing operations basis, using Income from continuing operations, Net cash provided by (used in) operating activities – continuing operations and Additions to intangible assets and property, plant and equipment for continuing operations for the calculation.
For the Sectors, CCR is defined as Free cash flow divided by Profit.

Values needed for the calculation of ROCE and CCR can be obtained from the Consolidated Financial Statements and Notes to Consolidated Financial Statements. Profit, Capital employed / Assets and Free cash flow for the Company and the Sectors for the first two quarters in fiscal 2008 and also for fiscal 2007 can be found on the Exhibits 99 (b,c,d) to the Siemens Report furnished on Form 6-K to the SEC on June 24, 2008. See our Financial Publications at our Investor Relations website under www.siemens.com/investors.

* Assets for Sectors

Reconciliation and Definitions for Non-GAAP Measures (III)

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Our capital structure target is based on an **Adjusted industrial net debt** divided by EBITDA (adjusted). For the calculation of Adjusted industrial net debt, we subtract from Net debt (defined as Long-term debt plus Short-term debt and current maturities of long-term debt less Cash and cash equivalents less Available-for-sale financial assets (current)) (1) SFS debt excluding SFS internally purchased receivables and (2) 50% of the nominal amount of our hybrid bond; and add/subtract (3) Funded status of Pension benefits, (4) Funded status of Other post-employment benefits; and add (5) Credit guarantees. The components of Net debt are available on our Consolidated Balance Sheets, SFS debt less internally purchased receivables in fiscal 2008 is available in our Management Discussion & Analysis in our Annual Report 2008 under Segment information analysis – Siemens Financial Services (SFS). The Funded status of our principle pension plans and Other post-employment benefits, the amount of credit guarantees and the nominal amount of our Hybrid bond is available in the Notes to our Consolidated Financial Statements.

To measure Siemens' achievement of the **goal to grow at twice the rate of global GDP**, we use GDP on real basis (i.e. excluding inflation and currency translation effects) with data provided by Global Insight Inc. and compare those growth rates with growth rates of our revenue (adjusted for portfolio and currency translation effects). In accordance with IFRS, revenue numbers are not adjusted by inflation and currency translation effects.

Return on equity (ROE) margin for SFS was calculated as annualized SFS' Income before income taxes for Q1 of fiscal 2009 divided by average allocated equity for SFS for the first three months of fiscal 2009. Average allocated equity for the first three months of fiscal 2009 is €1.129 billion. The allocated equity for SFS is determined and influenced by the size and quality of its portfolio of commercial finance assets (primarily leases) and equity investments. This allocation is designed to cover the risks of the underlying business and is in line with common credit risk management standards in banking. The actual risk profile of the SFS portfolio is evaluated and controlled monthly and is reflected in the quarterly (commercial finance) and annual (equity investments) adjustment of allocated equity.

Profit Total Sectors, EBIT (adjusted), EBITDA (adjusted), ROCE, ROE, CCR and Adjusted industrial net debt are or may be Non-GAAP financial measures as defined in relevant rules of the U.S. Securities and Exchange Commission. Our management takes these measures, among others, into account in its management of our business, and for this reason we believe that investors may find it useful to consider these measures in their evaluation of our performance. None of Profit Total Sectors, EBIT (adjusted), EBITDA (adjusted), ROCE and ROE should be viewed in isolation as an alternative to figures reported in our IFRS statement of income for purposes of evaluating our results of operations; CCR should not be viewed in isolation as an alternative to measures reported in our IFRS cash flow statement for purposes of evaluating our cash flows; and Adjusted industrial net debt should not be viewed in isolation as an alternative to liabilities reported in our IFRS balance sheet for purposes of evaluating our financial condition.