

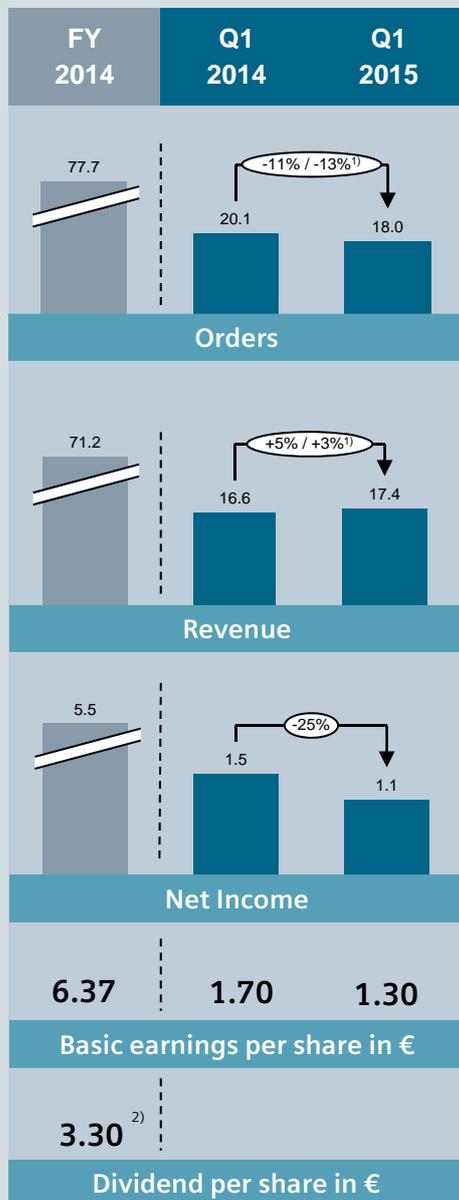


Shareholder Letter

February 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,



Last week Siemens held its annual shareholders' meeting in Munich. All proposed agenda items, including the dividend proposal of €3.30 per share, have been approved by large majorities. Nathalie von Siemens and Norbert Reithofer have been elected

to the Supervisory Board. For further details please have a look at page 4 of this shareholder letter.

On the same day of the annual shareholders' meeting, Siemens CEO Joe Kaeser and CFO Ralf Thomas reviewed the performance for Siemens first quarter of fiscal year 2015.

A brief look at some details of the past quarter: while revenue grew moderate on a comparable basis year-on-year, orders were significantly below the previous fiscal year quarter, which included a large volume of major orders. Net income (all-in) declined to €1.1bn, burdened mainly by effects outside the Industrial Business. "The performance of most of our businesses was within our expectations. While some Divisions provided excellent performance, Healthcare needs to step up its efforts to quickly resume to its outstanding performance and Power and Gas will need a more comprehensive concept to return to historical margins longer turn," said Joe Kaeser.

Regarding the announced portfolio measures Siemens achieved further important milestones during the course of the last weeks. The acquisition of the Rolls-Royce Energy aero-derivative gas turbine and compressor business was closed in the first quarter. In January 2015, the divestment of the Hearing Aid business, as well as the divestment of Siemens' stake in Bosch und Siemens Hausgeräte GmbH (BSH) was closed. Furthermore the contribution of the Metals Technologies business into a joint venture was completed. These measures are all part of Siemens Vision 2020 to strengthen the core activities.

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

Kind regards,

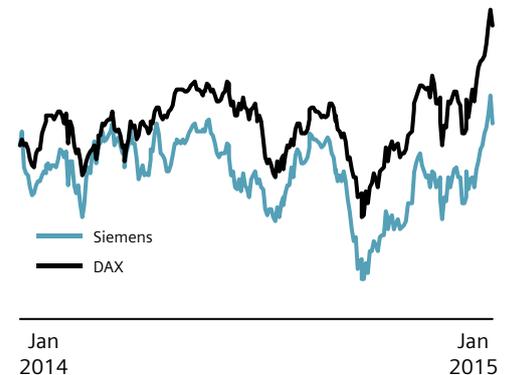
Mariel von Schumann

Head of Governance and Market, Siemens AG

Share Performance

- Current Siemens share price stands at €99.83¹⁾.
- Between January and October last year the DAX and Siemens shares rollercoasted, followed by a strong year-end rally; this positive trend continued also on January 2015.
- Siemens outperformed around half of the competitors stocks during the last twelve months.
- On Tuesday, January 27, 2015, Siemens shares saw some profit taking on back of first quarter results; during the course of the afternoon session the stock narrowed the gap to the Dax, which closed -1.6%.

Last price: **EUR 99.83**¹⁾



¹⁾ Closing price on January 27, 2015

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

News from our Industrial Businesses

Power and Gas



- Revenue declines in the service, solutions and steam turbine businesses partly offset by increases in other businesses, particularly the distributed generation business
- Margin 11.3%, decline of 690 basis-points (bps)

Siemens receives first order from Japan for two H-Class gas turbines

The two SGT5-8000H gas turbines will form the core of the combined cycle power plant of Kobe Steel, Ltd. (KOBELCO) in Moka City, Tochigi Prefecture in Japan. Customer is Fuji Electric Co, Ltd., Japan, who will be erecting the plant on a turnkey basis for the end customer KOBELCO at its site. It is scheduled to begin commercial operation at the end of 2019. (for further information, please click [here](#))

Wind Power



- Revenue increase primarily in Germany
- Margin 5.4% (+40bps), due to higher contribution from the service business

Siemens secures two new orders for wind power projects in Canada

The contracts include the supply, installation and commissioning of a total of 137 wind turbines rated at 2.3 MW. Together both wind power projects will generate clean power for more than 100,000 Ontario homes. The project is scheduled to start commercial operation in late 2015. (for further information, please click [here](#))

Energy Management



- Moderate revenue increase, due to strong contribution from the low voltage business and a double-digit increase in the Americas
- Margin 4.1%, up from 1.7% in previous year quarter

Siemens wins major HVDC order in Canada

Siemens has received an order for a high-voltage direct-current (HVDC) power transmission link in Canada. In a consortium with the construction company Mortenson Construction, Siemens will be supplying both converter stations for the Bipole III HVDC project. Customer is provincially-owned Manitoba Hydro. The order is valued at more than CAD 800m for the consortium. Bipole III HVDC link will have a transmission capacity of 2,300 MW. (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 8.5%; future profit impacts expected from substantial appreciation of the CHF

Siemens to present new introductions for energy-efficient buildings

At ISH, the leading international trade show for building, energy and air conditioning technology and renewable energy sources to take place in March 15 in Frankfurt, Siemens will exhibit its current portfolio of products, systems and solutions for energy-efficient rooms and buildings as well as heating, ventilation and air conditioning (HVAC) technology. (for further information, please click [here](#))

Mobility



- Significant revenue growth due to delivery of component orders, the rail infrastructure business and execution of turnkey projects
- Margin 8.4% included higher revenue with positive business mix effect

Siemens extends first driverless metro line in Paris

Siemens has received an order from the Paris transit authority RATP to supply the train control equipment and operational control system for the extension of the driverless metro line 14 in Paris. Siemens equipped the original stretch of Line 14 for automatic operation back in 1998 and thus established the first fully automated metro line with driverless trains in Paris. The order volume is worth around €45m. (for further information, please click [here](#))

Digital Factory



- Revenue up in all businesses, primarily motion control, factory automation and industry software, as well as in all three reporting regions led by China and the U.S.
- Margin 19.4%, driven by increased revenue

Siemens drives forward digitalization of industrial automation

By expanding its integral portfolio of hardware, software and services, Siemens is driving forward the digitalization of industrial automation. Siemens exhibited integral portfolio for industrial electrification, automation and digitalization at the SPS IPC Drives fair. (for further information, please click [here](#))

Process Industries and Drives



- Revenue up in all businesses, led by large drives which converted large orders from prior periods into current business
- Margin 6.7%, due to higher selling and R&D expenses and product development

Siemens expands software for mobile data management in the process industry

Siemens has expanded its Comos Mobile Solutions product family. It brings together the web-based solutions of the Comos software for plant engineering projects in the process industry, and enables all those involved in a project to access relevant information at all times via mobile data terminal equipment, such as tablets or a web browser (for further information, please click [here](#))

Healthcare



- Modest revenue increase, driven by replacement demand in Europe
- Margin 14.5%, held back by an unfavorable revenue mix and higher R&D expenses targeted at future growth

Moblelett Mira Max from Siemens: Defines the new benchmark in mobile X-ray

Siemens introduced Moblelett Mira Max at the 100th congress of the Radiological Society of North America (RSNA) in Chicago. This digital mobile X-ray system has been developed for both versatile everyday use and for demanding clinical situations, where rapid image availability and high image quality are vital. Advantages of mobile systems are that there is no need to transport the patient and examinations can be performed even in quite small spaces.

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

Annual Shareholders' Meeting

On Tuesday, January 27, 2015 the Siemens AG Annual Shareholders' Meeting took place in Munich's Olympiahalle



The Annual Shareholders' Meeting of Siemens AG attracted thousands of shareholders and employees again in 2015. Despite wintry conditions, some 7,700 shareholders were present in Munich's Olympiahalle by noon on Tuesday. A total of around 42.26% of Siemens' voting capital was present at this year's Annual Shareholders' Meeting. More than 18,000 shareholders had ordered tickets for the event.

The most important decisions are the following:

- **Dividend approval of €3.30** per share for fiscal 2014
- **Ratification of the acts of the members of the Managing and Supervisory Boards** for fiscal 2014
- **Approval of the new compensation system** for the Managing Board
- **Election of Nathalie von Siemens and Norbert Reithofer** to the Supervisory Board

The proposals regarding these and all other agenda items were approved by large majorities.

(for the detailed voting results, please click [here](#))

Exhibition in the foyer of the Olympiahalle at the Annual Shareholders' Meeting:

A large number of shareholders also took advantage of the opportunity to gather detailed information and talk with experts at the exhibits in the foyer of Munich's Olympiahalle. The company's self-conception and the knowhow on display in the foyer highlighted a wide range of topics and perspectives.



Siemens showcased its activities in a multifaceted roadshow on the role that digitalization is playing in an increasingly networked world – a world in which the Internet of Things is driving the interaction between people and machines. The company's technologies are making it possible to merge the virtual and real worlds in the areas of product development and manufacturing in order to increase customer productivity, flexibility and resource efficiency and to accelerate the market launch of new products.

A highlight in the foyer was a 1-to-3 scale model of the Dream Chaser[®], the orbital spacecraft that – as the successor to the Space Shuttle – will carry up to seven people or freight to space stations circling the earth. The spacecraft's designers are using industry software from Siemens to digitally design and virtually test the Dream Chaser before it is produced in the real world and launched into space, ready to fly, on the back of a carrier vehicle.



Frequently Asked Questions

On January 27, 2015, Siemens held its annual shareholder' meeting at the Olympiahalle in Munich. It's the largest shareholder' meeting in Germany. In this issue of the Shareholder Letter, some of the invitation related questions are answered:

How many invitations letters did Siemens sent out and how many e-mail invitations?

Overall Siemens has sent out 674,000 invitations to its shareholders, of which around 144,000 are also Siemens employees (as of Jan 2015). 143,000 invitations have already distributed by e-mail, over 50 percent of employee shareholders are registered to be contacted electronically. However still a total of 531,000 invitation letters have been sent out. That equals 43 tons of paper.

How can I register for the electronic mailing?

You can register for electronic mailing at any time, using the access details contained in your letter of invitation to the Annual Shareholders' Meeting 2015 and the Internet Service at www.siemens.com/hv-service.

(for further facts and figures around the annual shareholders' meeting, please click [here](#))

Financial Calendar

7 May 2015	€	30 July 2015	€	12 November 2015	€
2nd quarter 2015 financial results		3rd quarter 2015 financial results		4th quarter 2015 financial results	

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

We are happy to answer all of your questions

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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.