

Expanding our digital leadership with the acquisition of Mentor Graphics

Ralf P. Thomas, CFO

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November 14, 2016

Important information about the transaction

Forward Looking-statements and other notes



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.

Additional Information and Where to Find It

In connection with the proposed transaction, Mentor Graphics Corporation (the “Company”) will file with the U.S. Securities and Exchange Commission (the “SEC”) a Current Report on Form 8-K, which will contain, among other things, a copy of the merger agreement, and will file with the SEC and mail or otherwise provide to its stockholders a proxy statement regarding the proposed transaction. BEFORE MAKING ANY VOTING DECISION, THE COMPANY’S STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT IN ITS ENTIRETY WHEN IT BECOMES AVAILABLE AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED MERGER OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the proxy statement and other documents that the Company files with the SEC (when available) from the SEC’s website at www.sec.gov and the Company’s website at www.mentor.com. In addition, the proxy statement and other documents filed by the Company with the SEC (when available) may be obtained from the Company free of charge by directing a request to Mentor Graphics Corporation, Investor Relations, 8005 SW Boeckman Rd., Wilsonville, OR 97070, 1-503-685-1462.

Participants in Solicitation

The Company and its directors, executive officers and certain employees may be deemed, and Siemens Industry, Inc. and its managing board, officers and employees may be deemed, under SEC rules, to be participants in the solicitation of proxies from the Company’s shareholders with respect to the proposed acquisition of the Company by Siemens Industry, Inc. With respect to Siemens Industry, Inc. and its managing board, officers and employees, certain additional information is available and has been prepared in accordance with the German Commercial Code. Information concerning the ownership of the Company’s securities by the Company’s directors and executive officers is included in their SEC filings on Forms 3, 4 and 5, and additional information regarding the names, affiliations and interests of such individuals is available in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2016 and its definitive proxy statement for the 2016 annual meeting of shareholders filed with the SEC on May 18, 2016. Information regarding the Company’s directors, executive officers and certain other employees who may be deemed, under SEC rules, to be participants in the solicitation of proxies from the Company’s shareholders with respect to the proposed acquisition of the Company by Siemens Industry, Inc., including their respective interests by security holdings or otherwise, also will be included in the proxy statement relating to such acquisition when it is filed with the SEC. These documents will be available free of charge from the SEC’s website at www.sec.gov and the Company’s website at www.mentor.com.

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Executing Vision 2020: Portfolio optimization continues along our strategic imperatives

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April 16



Closing of acquisition of CD-adapco

Merger of Siemens Wind Power with Gamesa announced
Siemens 59% / Gamesa 41%
Gamesa AGM approval with 99.75%



Acquisition of Mentor Graphics announced

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- 1| Areas of growth?
- 2| Potential profit pool?
- 3| Why Siemens?
- 4| Synergetic value?
- 5| Paradigm shifts?

UNIFY

January 16



Closing of divestment to AtoS



January 16



Closing divestment of remaining assets to EQT

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Healthineers

Listing preparation announced

Perfect fit to expand our leadership in the Digital Enterprise

Vision 2020

Rationale for acquiring Mentor Graphics

Area of growth

- **Fast growing EDA segment: CAGR 7.3% until 2020**
- **Unique combination of Electrical Design Automation software (EDA) and PLM** accelerate growth opportunities across multiple industries



Potential profit pool

- **Software-typical double-digit margin profile**



Why Siemens

- **Siemens will be the first company to provide a fully integrated design suite in PLM**
- **Offering mechanical, electrical and software design capabilities on a single integrated platform**



Synergetic value

- **Offering a unique suite of integrated multi-domain capabilities across Siemens and Mentor Graphics customer segments**
- **Savings from G&A and aligned go-to-market & R&D**



Paradigm shifts

- **Increasingly complex product design and seamless design adjustments of multi-functional products**
- **Unique customer value through simultaneous mechatronics design and engineering across all domains**



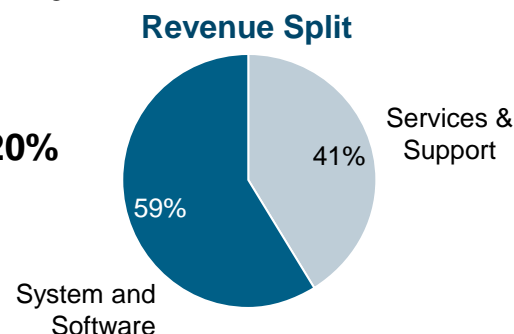
Mentor Graphics will significantly increase our Siemens Software revenue

Company description

- Leading provider and pioneer of EDA
- Product portfolio for electronics design software addresses all levels from components to systems
- Large, diverse customer base of systems and IC/semiconductors companies with ~14,000 accounts
- Established 1981, HQ in Wilsonville, US
- Nasdaq listed

Mentor Graphics Key figures FY16

- Revenue: \$1.2bn
- EBIT margin adjusted¹ : 20%
- Employees ~5,700



Transaction structure

- Acquisition of 100% of Mentor Graphics shares outstanding
- Offer price of \$37.25 per share; 21% premium to Nov 11, 2016 close
- Enterprise Value \$4.5bn (~€4.2bn)
- Revenue multiple² 3.5x; EBITDA multiple² 14.5x
- Friendly transaction
- EPS accretive in year 3 post-closing
- Synergies of > €100m in year 4 post-closing
- Expected Closing Q3 FY17 (subject to Mentor Graphics shareholder approval and regulatory approvals)

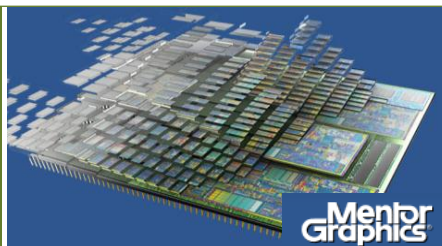
Mentor Graphics FY16 ended 31-Jan-16; EUR/USD 1.09; (1) Mentor Graphics non-GAAP operating income as disclosed in SEC filings (2) based on FY18 Factset consensus

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Siemens will be the first provider of a fully integrated Digital Enterprise Suite

2016

EDA
software

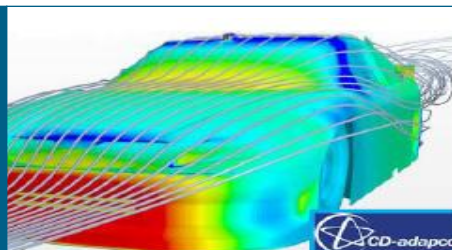


Electronic Design Automation: Questa, Calibre, Tessent, Xpedition and other lines of products

- **Integrated System Design:** provides a complete ecosystem for Electrical/ Electronic design (PCB, wiring, ECU and Integrated Circuits) including test and measurements and links to manufacturing
- **Scalable Verification and Emulation:** Simulation of System behavior (Tools for verifying that today's electronic system designs actually function as intended)
- **IC Design to Silicon:** Tools for the complete value chain from IC layout design to manufacturing to ensure a high yield

2016

Leading
portfolio



Multidisciplinary design exploration: STAR-CCM+ and others

- **Multidisciplinary Engineering Simulation:** Primarily **computational fluid dynamics (CFD)** for analysis of fluid flow, heat transfer and fluid-structure interaction
- **Design Exploration:** Engineering simulation workflows and design optimization algorithms to automatically drive product design, e.g. for reduction of weight and cost

2012

Closed loop
performance
analysis



Simulation & testing: LMS Virtual.Lab, Imagine.Lab, Test.Lab

- **Behavioral simulation:** 1D cross-discipline simulation, like mechanical and electrics, e.g. fuel economy and range simulation for hybrid vehicles
- **3D mechanical simulation:** e.g. stiffness, noise, vibration
- **Testing:** Solutions for prototype testing (stationary & mobile)

2007

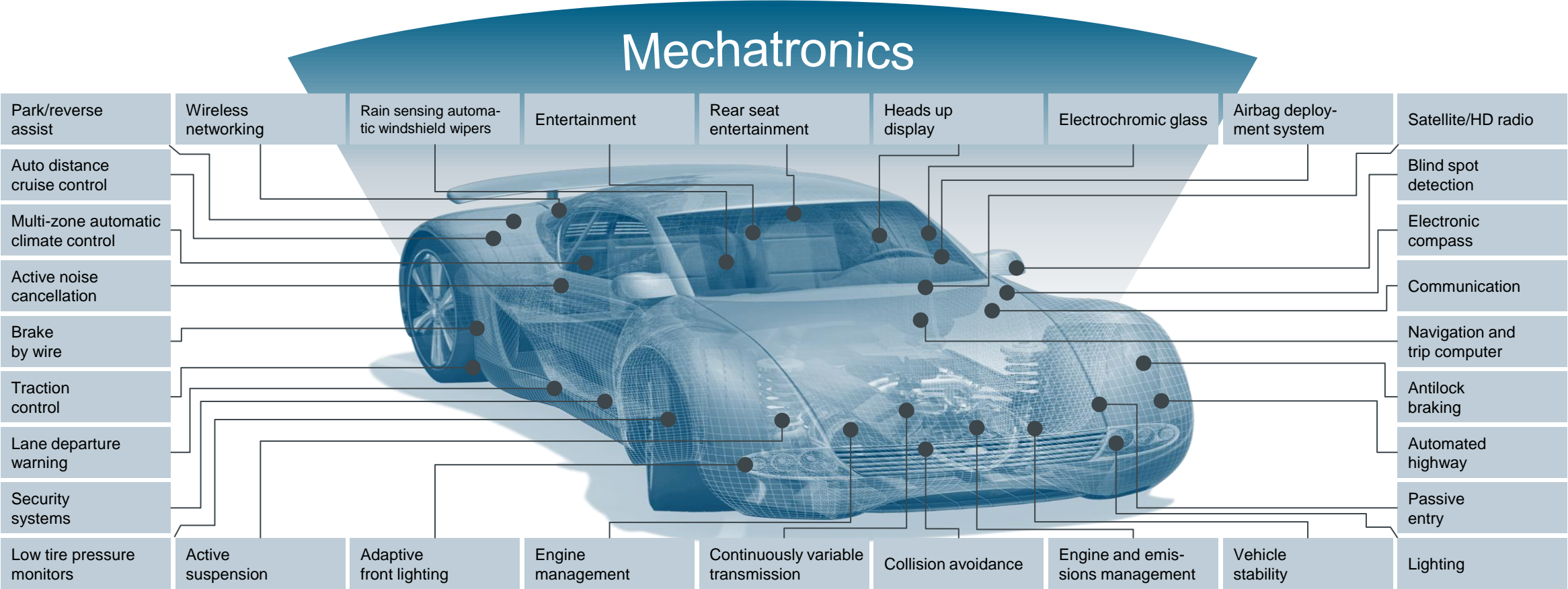
3D
design



CAD software: NX Design, Nastran and Software Teamcenter

- Streamlines and accelerates the **product development** process in a **collaborative environment**
- Includes a modern, **multi-discipline CAE** environment
- Teamcenter as collaboration platform enables **consistent data management throughout the whole value chain**












Complex products require convergence of mechanical, electrical and software design capabilities



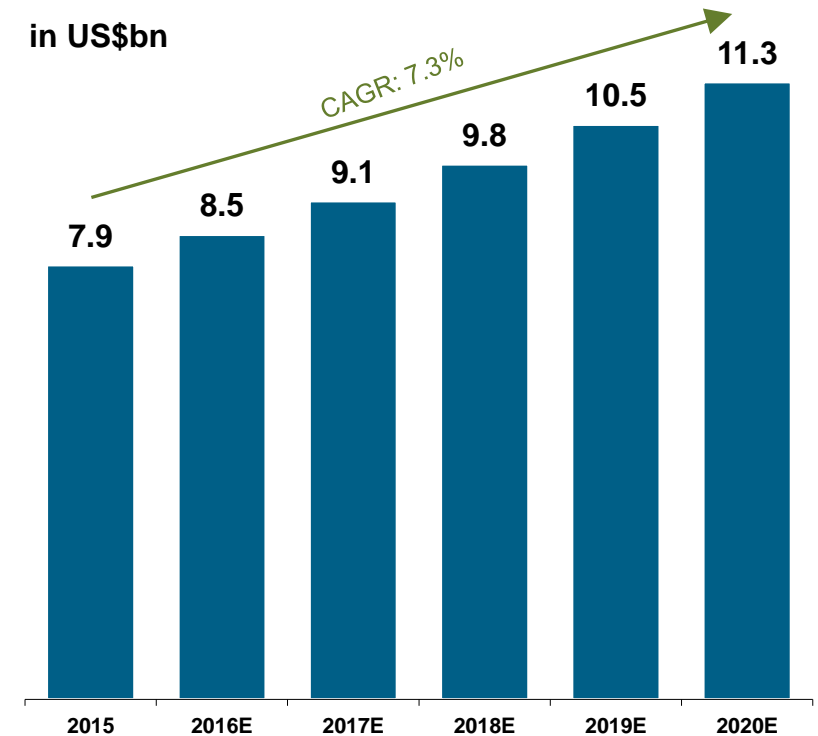
The modern car is a hybrid of mechanical, electrical and software design components

Increasing electronic content of products creates significant growth opportunity for Electronic Design Automation

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| Product segment | | Market Drivers |
|-----------------------------|---|--|
| Industrial equipment |   | <ul style="list-style-type: none"> Higher automation levels Connected devices ready for digital services |
| Infrastructure |   | <ul style="list-style-type: none"> Remote managed auto pilots Advanced condition monitoring & energy management |
| Smartphone |   | <ul style="list-style-type: none"> Multi-domain mechatronics Miniaturization of components |
| Wearables |   | <ul style="list-style-type: none"> GPS & Biometric sensors Augmented and virtual reality glasses |
| Automotive |  | <ul style="list-style-type: none"> Entertainment and safety systems Advanced driver assistant systems Self driving cars |
| Smart home / Smart building |   | <ul style="list-style-type: none"> Intelligent remote home control Energy efficiency |

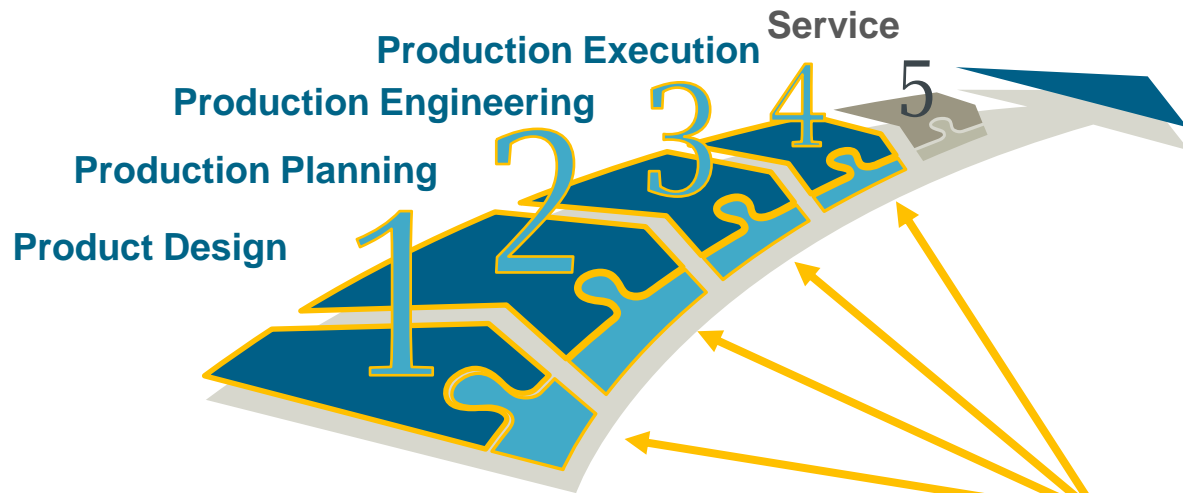
EDA, one of the largest & fastest growing market segments in PL



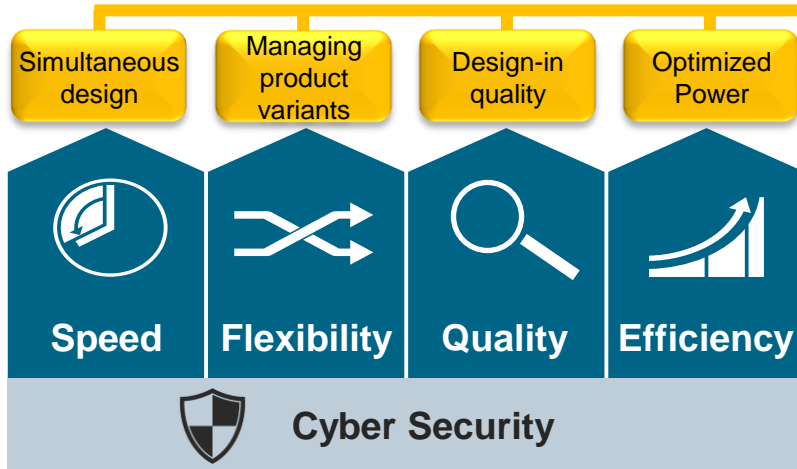
Convergence of electronic, mechanical and software across multiple industries

Mentor Graphics portfolio will enable Siemens to meet key customer requirements for Industrie 4.0

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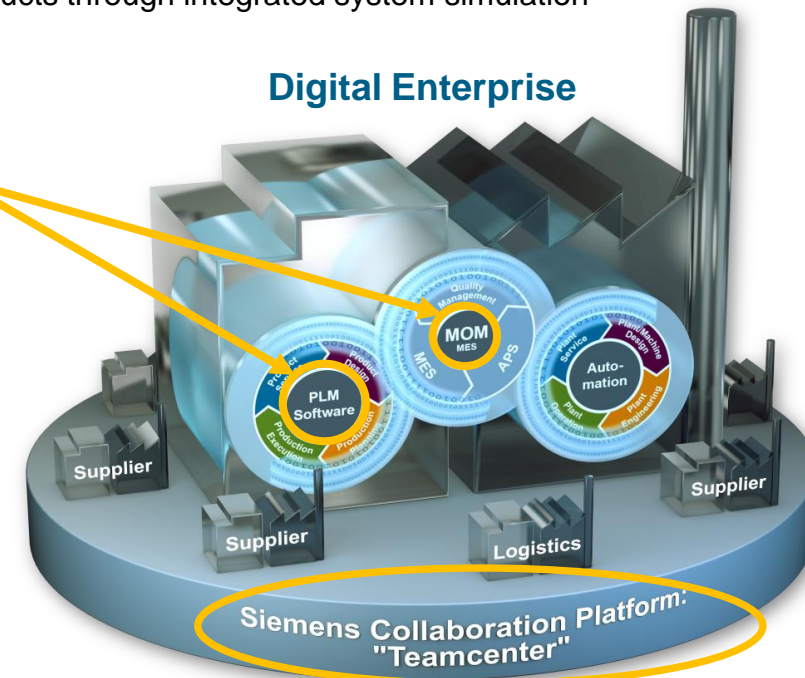
Key customer requirements (Industrie 4.0)



Mentor Graphics

Potential impact on key customer requirements by integrating Mentor Graphics

- **Speed:** Shorten design cycle of smart products with highest complexity through simultaneous design
- **Flexibility:** Manage efficiently increasing number of design variants in Product Design and Production
- **Quality:** Increase quality through simulation and testing within the Product Design phase, reduce number of physical prototypes
- **Efficiency:** Optimize power consumption and analyze thermal effects of smart products through integrated system simulation



A step change towards the Digital Enterprise with great potential

Customer Value

Customers benefit from **enhanced efficiency, greater flexibility, better quality, less costs and faster market** readiness

Portfolio

Complementing our **significant position** in **Industrial Automation** – make **Digital Enterprise** a reality

Shareholder Value

Significant value creation potential through expansion of our leadership in the Digital Enterprise

**Thank you for your attention –
your questions, please!**

Financial calendar

November

November 15 – 16, 2016
Roadshow Frankfurt, Paris

November 15 – 16
Roadshow Boston, New York

December

December 7, 2016
Shaping Digitalization. Innovation at Siemens (Munich)

January

January 10, 2017
Commerzbank German Investment Seminar (New York)

Siemens Investor Relations contacts



Investor Relations

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