Siemens achieves strong growth again in third quarter
Orders and revenue rise, special burdens impact profits

Siemens achieved strong growth again in the third quarter of fiscal 2011. New orders climbed 20 percent year-over-year. Revenue rose two percent. These figures include negative currency translation effects that took five percentage points from new orders as well as revenue. Income from continuing operations was below the prior-year figure. This decline was due to negative profit impacts in connection with an arbitration decision and in connection with the particle therapy business. “We continued to grow in the third quarter and are on track to reach our targets for fiscal 2011. New orders rose again sharply, driven by a large order at Mobility. We’re vigorously tackling operating challenges. Our markets are still robust, although risks are tending to increase in the global economic environment,” said Siemens President and CEO Peter Löscher.

In the third quarter, new orders climbed 20 percent to €22.9 billion. This figure includes the order, worth €3.7 billion, to supply Deutsche Bahn with trains of the new ICx generation. Revenue increased two percent to €17.844 billion. Negative currency translation effects – particularly in the U.S., India and China – reduced growth rates for new orders and revenue by five percentage points. The book-to-bill ratio in the third quarter was 1.29. The order backlog reached a record high of €96 billion, after totaling €92 billion at the end of the second quarter of fiscal 2011.

The Industry Sector was the largest growth driver for new orders, with an increase of 54 percent and growth in all Divisions. Revenue rose seven percent. At the Energy Sector, new orders remained at the level of the comparable prior-year period, while revenue increased five percent. The Sector again profited from a strong development at the Fossil Power Generation Division. In a difficult business environment, new orders at the Healthcare Sector declined seven percent and revenue declined nine percent. Revenue was burdened by a reduction of sales proceeds of about €100 million in connection with particle therapy projects. In the third quarter, Healthcare reevaluated the commercial feasibility of particle therapy for general patient treatment. Going forward, the Sector plans to focus certain particle therapy projects primarily on research.
Total Sectors’ profit in the third quarter was €1.1 billion, down from €2.1 billion in the same period a year earlier due to profit impacts of a negative €381 million in connection with the reevaluation of the commercial feasibility of particle therapy and as a consequence of the arbitration decision regarding Areva. In May 2011, an arbitral tribunal reached a decision on the modalities of Siemens’ withdrawal from the joint venture Areva NP. As a result of this decision, Siemens was required to pay Areva S.A. €648 million plus interest. The pretax profit impact in connection with the decision of the arbitral tribunal in the third quarter was a negative €682 million. Due to the decrease in Total Sectors’ profit, income from continuing operations declined to €763 million, compared to €1.428 billion in the comparable prior-year period.

The above-stated figures for new orders, revenue and income from continuing operations do not include Osram or Siemens IT Solutions and Services. Since the second quarter of fiscal 2011, these businesses have been reported as discontinued operations. The prior-year figures have been adjusted accordingly. Income from discontinued operations in the reporting period was a negative €262 million. Osram reported net income in the third quarter of €56 million on slightly higher revenue. Siemens IT Solutions and Services, on the other hand, posted an after-tax loss of €305 million. Siemens’ net income totaled €501 million compared to €1.4 billion in the comparable prior-year period.

In fiscal 2011, Siemens expects organic order intake to show a significant increase compared to the order intake of €74.1 billion for continuing operations in fiscal 2010. Supported also by its already strong order backlog, the company expects revenue, which was €69 billion for continuing operations in fiscal 2010, to return to mid-single-digit organic growth. Siemens further anticipates income from continuing operations to be at least €7.5 billion. Income from continuing operations in fiscal 2010 was €4.3 billion. This outlook excludes the negative impact of €472 million after taxes related to the arbitration decision mentioned earlier and other effects from legal and regulatory matters that may arise.

**Siemens AG** (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. For over 160 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is the world’s largest provider of environmental technologies. More than one-third of its total revenue stems from green products and solutions. In fiscal 2010, which ended on September 30, 2010, revenue from continuing operations (excluding Osram and Siemens IT Solutions and Services) totaled €69 billion and net income from continuing operations €4.3 billion. At the end of September 2010, Siemens had around 336,000 employees worldwide on the basis of continuing operations. Further information is available on the Internet at: [www.siemens.com](http://www.siemens.com).
NOTES AND FORWARD-LOOKING STATEMENTS

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; 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 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’ annual report on Form 20-F for fiscal 2010, 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 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 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. In particular, Siemens is strongly affected by changes in general economic and business conditions as these directly impact its processes, customers and suppliers. This may negatively impact our revenue development and the realization of greater capacity utilization as a result of growth. Yet due to their diversity, not all of Siemens’ businesses are equally affected by changes in economic conditions; considerable differences exist in the timing and magnitude of the effects of such changes. This effect is amplified by the fact that, as a global company, Siemens is active in countries with economies that vary widely in terms of growth rate. Uncertainties arise from, among other things, the risk of customers delaying the conversion of recognized orders into revenue or cancelling recognized orders, of prices declining as a result of adverse market conditions by more than is currently anticipated by Siemens’ management or of functional costs increasing in anticipation of growth that is not realized as expected. Other factors that may cause Siemens’ results to deviate from expectations include developments in the financial markets, including fluctuations in interest and exchange rates (in particular in relation to the U.S. dollar and the currencies of emerging markets such as China, India and Brazil), in commodity and equity prices, in debt prices (credit spreads) and in the value of financial assets generally. Any changes in interest rates or other assumptions used in calculating obligations for pension plans and similar commitments may impact Siemens’ defined benefit obligations and the anticipated performance of pension plan assets resulting in unexpected changes in the funded status of Siemens’ pension and other post-employment benefit plans. Any increase in market volatility, deterioration in the capital markets, decline in the conditions for the credit business, uncertainty related to the subprime, financial market and liquidity crises, or fluctuations in the future financial performance of the major industries served by Siemens may have unexpected effects on Siemens’ results. Furthermore, Siemens faces risks and uncertainties in connection with: disposing of business activities, certain strategic reorientation measures; the performance of its equity interests and strategic alliances; the challenge of integrating major acquisitions, implementing joint ventures and other significant portfolio measures; the introduction of competing products or technologies by other companies or market entries by new competitors; changing competitive dynamics (particularly in developing markets); the risk that new products or services will not be accepted by customers targeted by Siemens; changes in business strategy; the interruption of our supply chain, including the inability of third parties to deliver parts, components and services on time resulting for example from natural disasters; the outcome of pending investigations, legal proceedings and actions resulting from the findings of, or related to the subject matter of, such investigations; the potential impact of such investigations and proceedings on Siemens’ business, including its relationships with governments and other customers; the potential impact of such matters on Siemens’ financial statements, and various other factors. More detailed information about certain of the risk factors affecting Siemens is contained throughout this report and in Siemens’ 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 neither intends to, nor assumes any obligation to, update or revise these forward-looking statements in light of developments which differ from those anticipated.