

Siemens Healthcare Leading the Industry

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Capital Market Day Siemens Healthcare
London, September 29, 2009

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New orders; adjusted or organic growth rates of revenue and new orders; the book-to-bill ratio; return on equity, or ROE; return on capital employed, or ROCE; free cash flow; cash conversion rate, or CCR; EBITDA (adjusted); EBIT (adjusted); 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. A definition of these supplemental financial measures, a reconciliation to the most directly comparable IFRS financial measures and information regarding the usefulness and limitations of these supplemental financial measures can be found on Siemens’ Investor Relations website at www.siemens.com/nonGAAP.

Leading the Healthcare Industry

Principles

Increase

TRANSPARENCY

Enforce

ACCOUNTABILITY

Drive

PERFORMANCE

Key takeaways

- We have the **best portfolio of products, services and solutions** in the market place
- We have **unparalleled understanding** of the needs and resources **of our customers**
- We are **managing our value added profile** to continually **drive down our costs**
- We are committed to **investing in technology and innovation in a 'market-driven' way**
- We are committed to reaching our margin targets – **delivering for the Siemens shareholder**

Siemens Healthcare – A global Healthcare powerhouse

SIEMENS

Key data FY 2008:

- Revenue: €11.2bn
- Underlying margin: 15.6%
- Employees: ~ 48,900
- R&D: ~ €1.1bn

Division revenues

Imaging & IT

€6.8bn

Workflow &
Solutions

€1.5bn

Diagnostics

€3.2bn

We are the leader in Imaging & IT

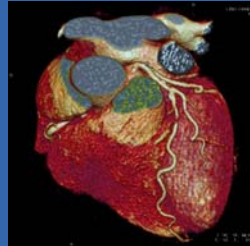


Healthcare IT

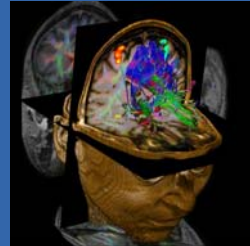
Angio and X-Ray



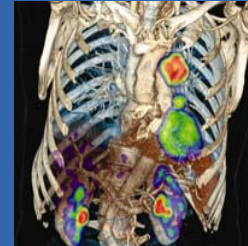
Computed Tomography



Magnetic Resonance



Molecular Imaging



Ultrasound



- Leading in new equipment market share
- Largest installed base
- Best in profitability

**Innovation
leader**

IT – *The* key for achieving healthcare efficiency



"Why wouldn't we want to put that on an **electronic medical record that will reduce error rates, reduce our long-term cost of healthcare**, and create jobs right now?"

U.S. President, Barack Obama, 2009

"As Japanese healthcare service faces severe challenges, **it is very important that we provide high quality healthcare service** to the people **by optimizing digital technology and information...**"

Japanese Minister of Health, Labor and Welfare, Yoichi Masuzoe, 2009

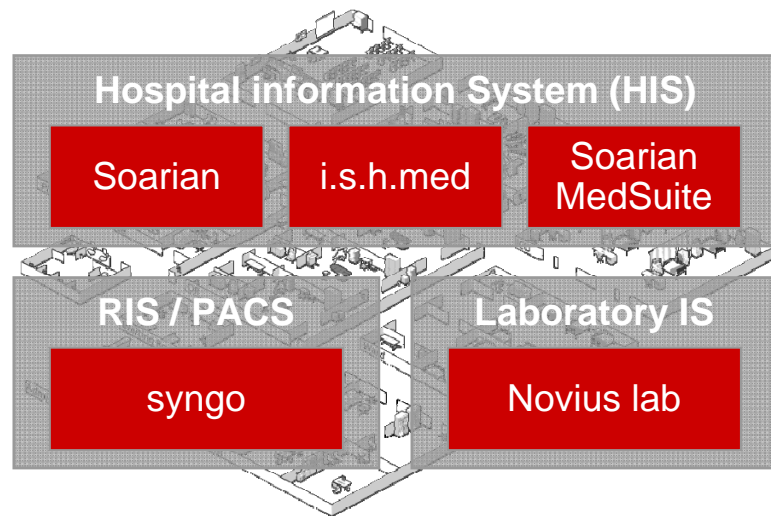
"...applied IT can do more than merely make the government and the economy faster and more efficient. In the long term, the **inevitable transparency of digital processes will change reality itself**: In Healthcare, for instance, patients and doctors and health insurance providers have become used to a certain lack of transparency."

Chancellor Federal Republic of Germany, Angela Merkel, 2009



Accelerating our IT performance

Workflow-oriented IT solutions ...



- **Long-term growth potential** driven by need to improve efficiency
- **Attractive business** with long-term, stable license revenues
- **Leadership in enabling efficient workflow**, ability to upgrade for future requirements
- **Decision support systems**

... focused as never before

What's new?

- **Selected approaches for key regions** and essential customer requirements
- **Sales oriented approach** with global and local partners
- Enhanced **implementation efficiency** and focus on **Total Cost of Ownership**

Results:

- **+ 20% growth p.a. in Soarian contracted modules**
- **+ 50% growth p.a. in Soarian workflow implementations** since FY 2007
- **Strong momentum in emerging markets** with Soarian MedSuite; prestigious customer wins

Leadership in Diagnostics



Laboratory automation

Laboratory Information System

Chemistry



Immuno-assay



Point-of-Care



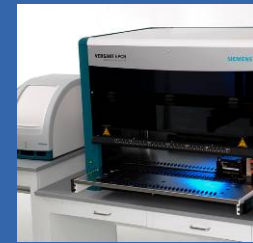
Hemostasis/Hematology



Micro-biology



Molecular



- Leader in hospital laboratories
- Largest installed base

Workflow & Solutions leading the trend towards disease orientation

SIEMENS

Solution and Consulting Services

Women's Health



Surgery



Oncology



Urology



Audiology



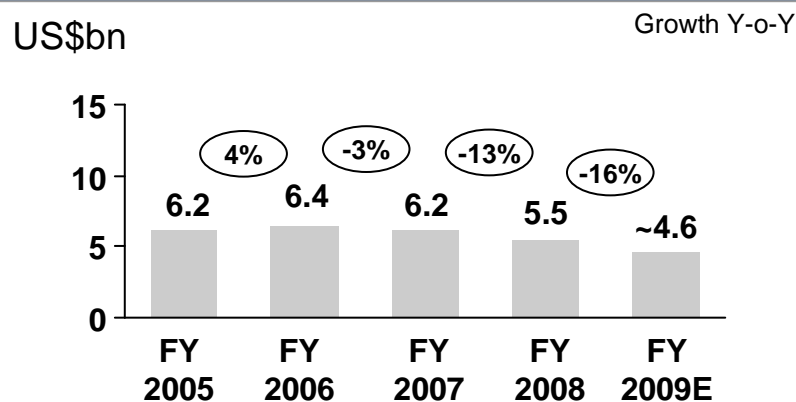
- Growth in customer solutions and services
- Driving new Standards of Care solutions

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U.S. market – growth in diagnostics market off-set by weakness in imaging

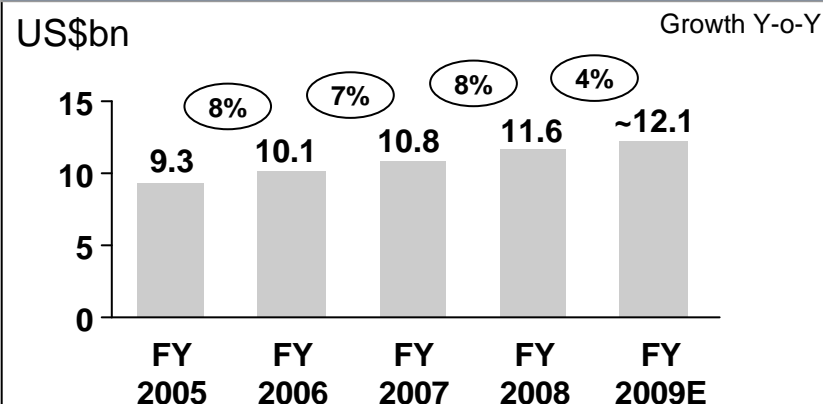


U.S. imaging equipment market¹⁾



- Hospital financials under stress: Capex constraints
- Uncertainty due to Healthcare reform debate

U.S. diagnostics market²⁾



- Instrument placements affected by capex constraints
- To date moderate impact on reagent revenue

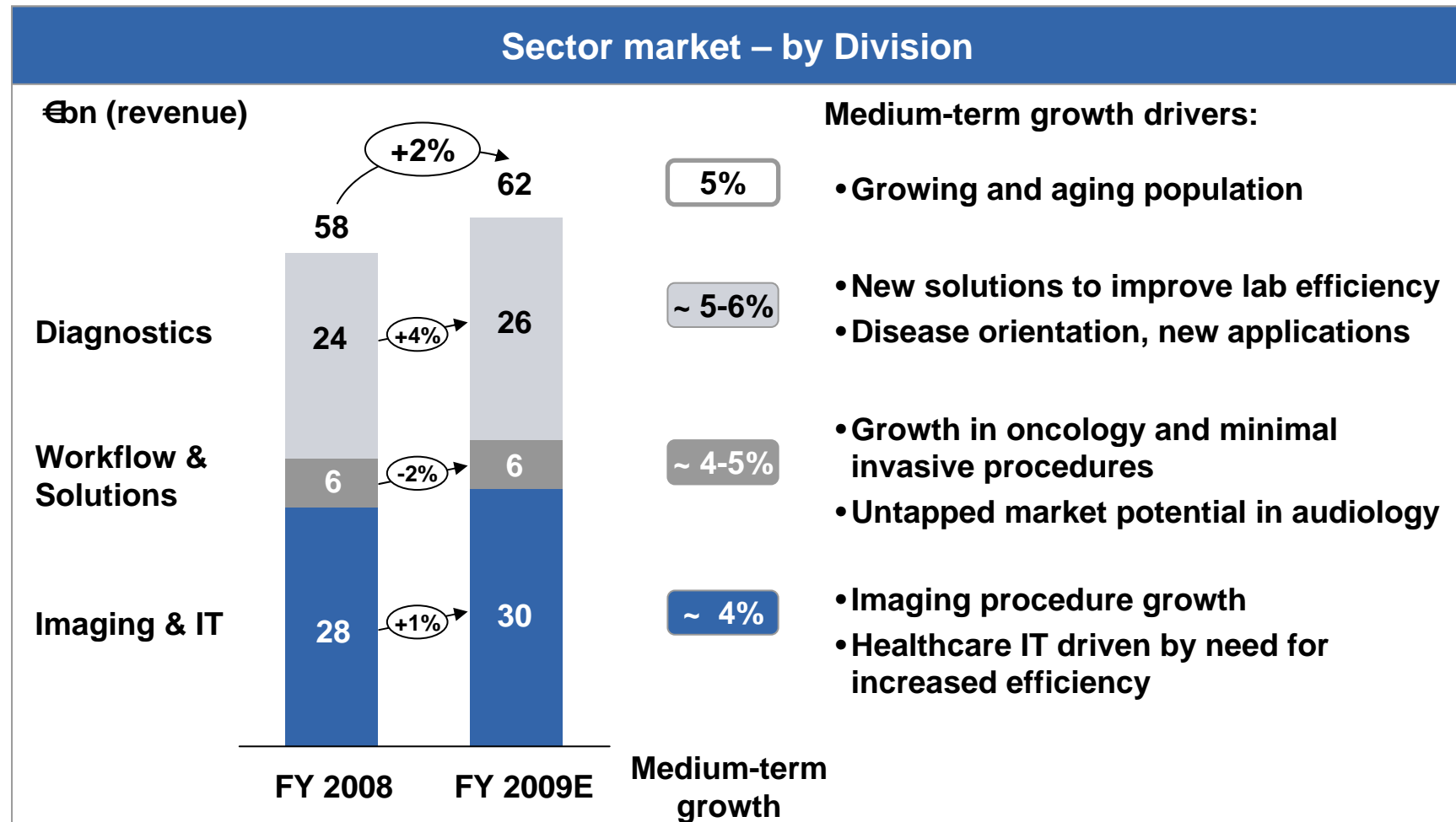
Mid-term growth opportunity in Healthcare IT

- Healthcare IT driven by need for increased efficiency
- Potential benefits from stimulus package (ARRA), investments held back by financing constraints and ARRA rules yet to be clarified

1) Equipment market only (revenue, excl. accessories, spares, refurbished)

2) Diagnostics market excluding blood glucose self testing

Medium-term growth trend is intact



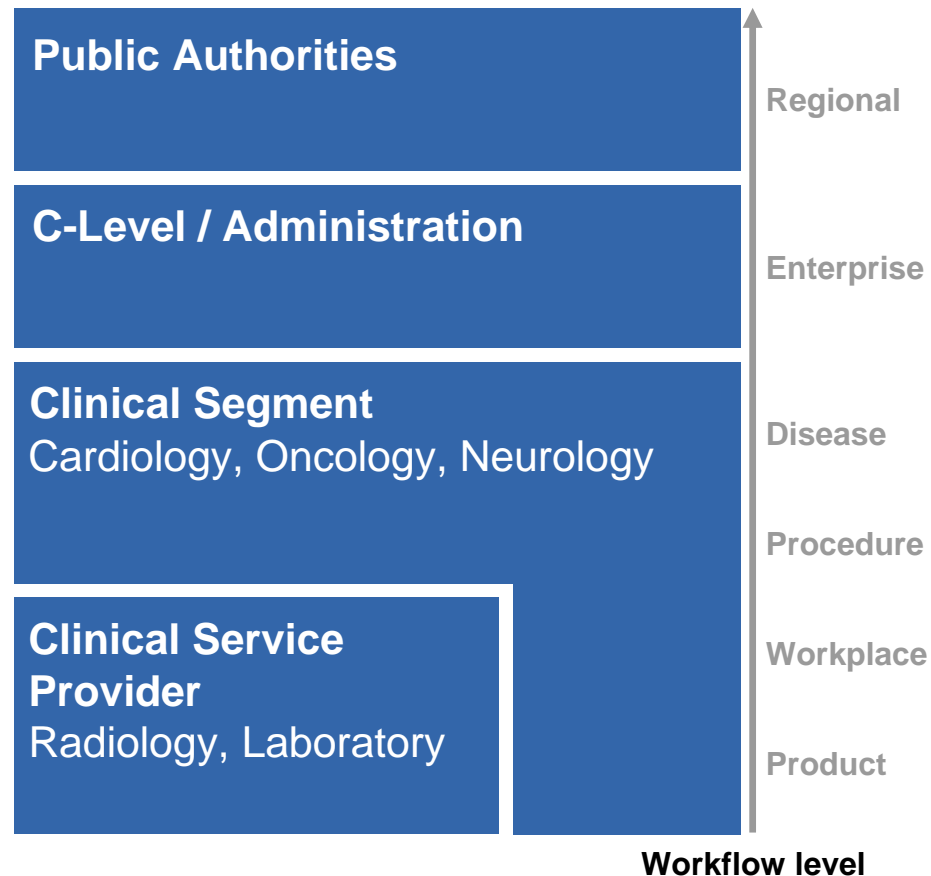
Note: All growth rates year-on-year on a comparable basis, i.e. excluding currency translation and portfolio effects

Diagnostics market excluding blood glucose self testing

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Our solutions matched to specific customer's needs

We know our customer's profile ...



... and offer most appropriate solutions

- Healthcare consulting
- Integrated Healthcare projects
- Healthcare IT solutions
- Disease specific solutions
- Workflow improvements
- Broad portfolio of imaging, IT and laboratory products

Siemens Healthcare as partner of choice

Customer insight

We know and understand our customers

- Superior **market transparency** – covering **90%** of target customers
- Clinical competence centers
- Siemens Healthcare Academy: Customer workflow training completed by **30,000 employees** at all levels



Customer appreciation

Our customers are convinced by our products

- Delivering the best products and solutions in the industry – **70%¹⁾** of customers **rated** our **products** and **solutions** “**excellent**” or “**very good**”
- **#1 and #2 IVD** brands in terms of revenue



Customer retention

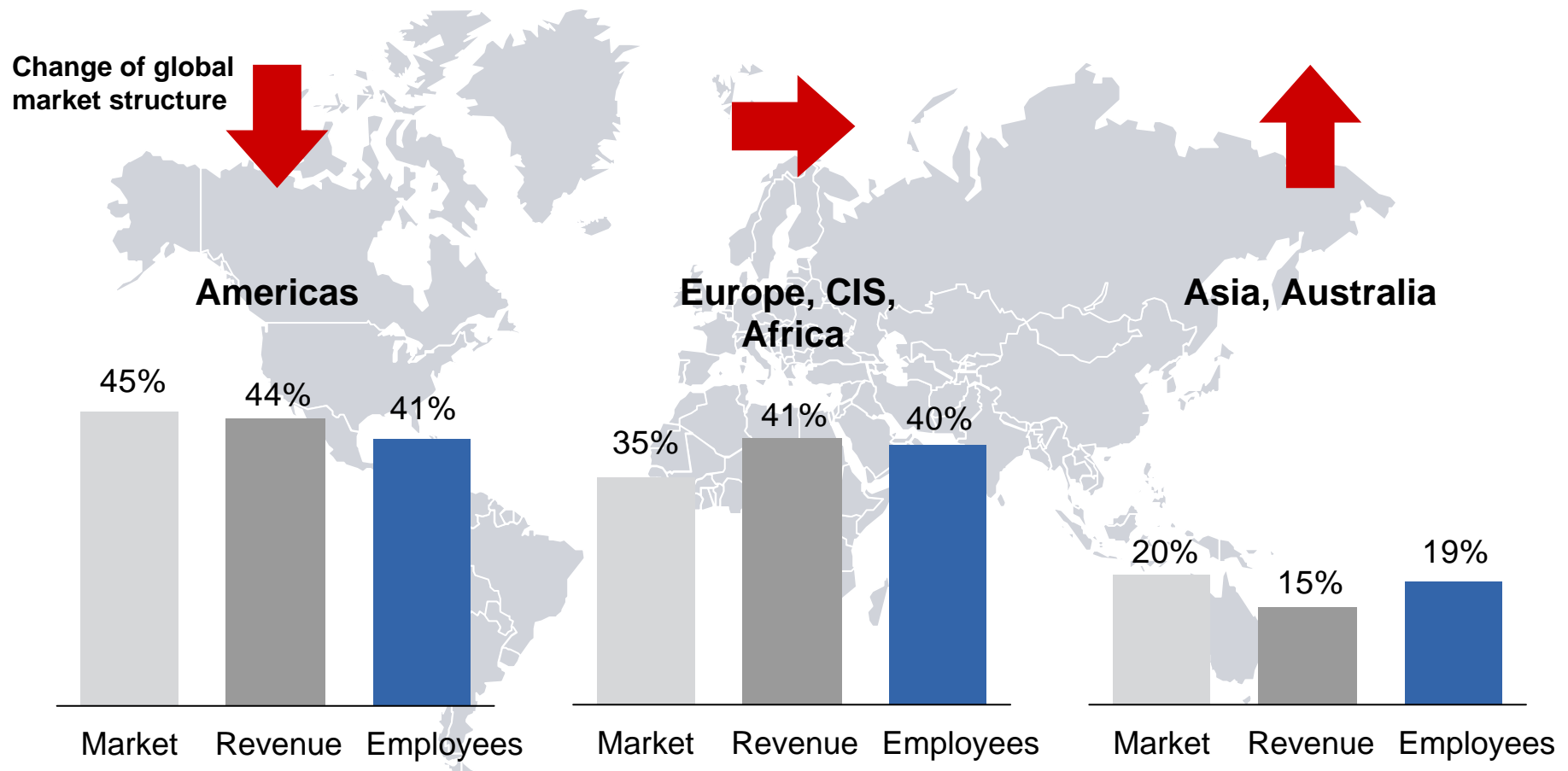
Our customers are committed to us

- Best-in-class **retention rate** of **>80%¹⁾**
- Best-in-class uptime **>99.8%** through proactive maintenance



1) Based on survey with clinical decision makers conducted by TNS, 2008

Resources match global growth opportunities

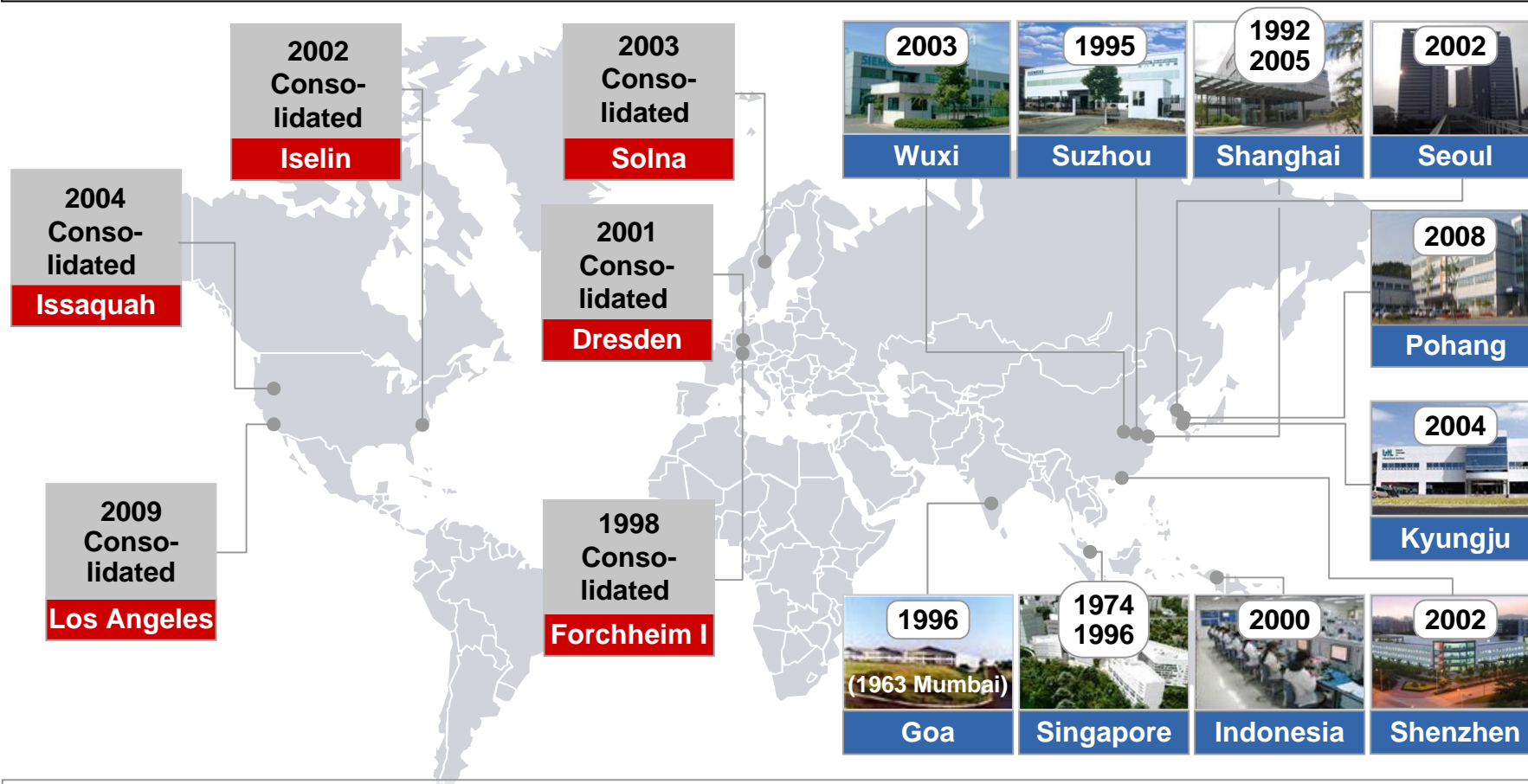


Regional market, revenue, employees in FY 2008 incl. SISL (India) pro forma

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Broader footprint in emerging markets, consolidation in established markets

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- Local presence along the entire value chain
- 30% of R&D resources are in Low Cost Countries
- 50% of all our CT systems manufactured in China

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Products suited for all customer segments



**Leading
medical
institutes**

Cutting-edge technology solutions



**Medium- and
large-size
urban hospitals**

Wide range of diagnostic and therapy solutions



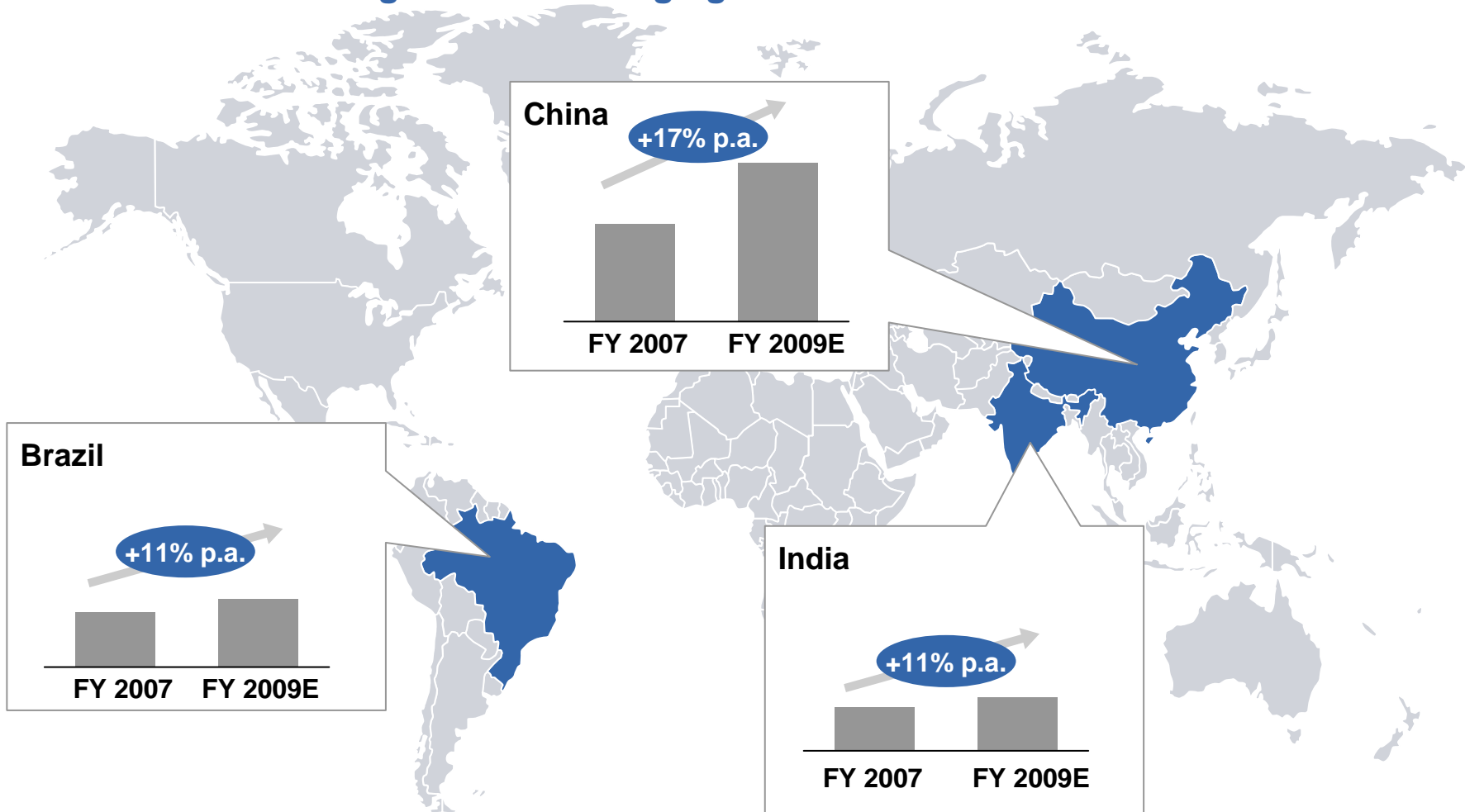
**County-level
hospitals and
township
health centers**

Basic healthcare solutions



Growing our emerging markets presence

Healthcare revenue growth¹⁾ in emerging markets



1) Year-on-year on a comparable basis, i.e.
excluding currency translation and portfolio effects

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Successful SMART® products for local markets

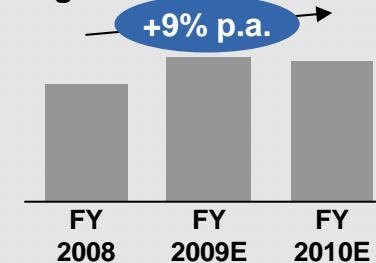
CT



Example: SOMATOM Emotion 16

- Development in China
- Production in China
- Product management in China
- 70% exported worldwide

Unit growth¹⁾



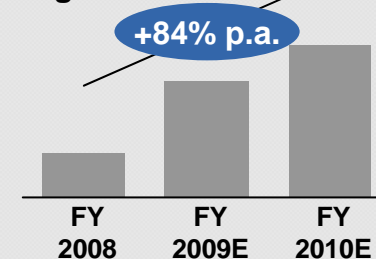
MR



Example: MAGNETOM ESSENZA

- Development in China
- Production in China
- Product management in China
- 90% exported worldwide

Unit growth¹⁾



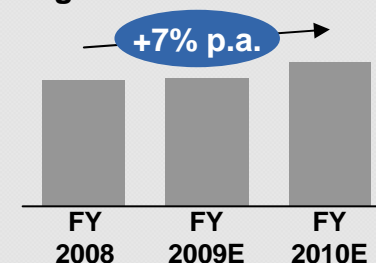
X-Ray



Example: Multimobil

- Development in India
- Production in India
- Product management in India
- 27% exported worldwide

Unit growth¹⁾



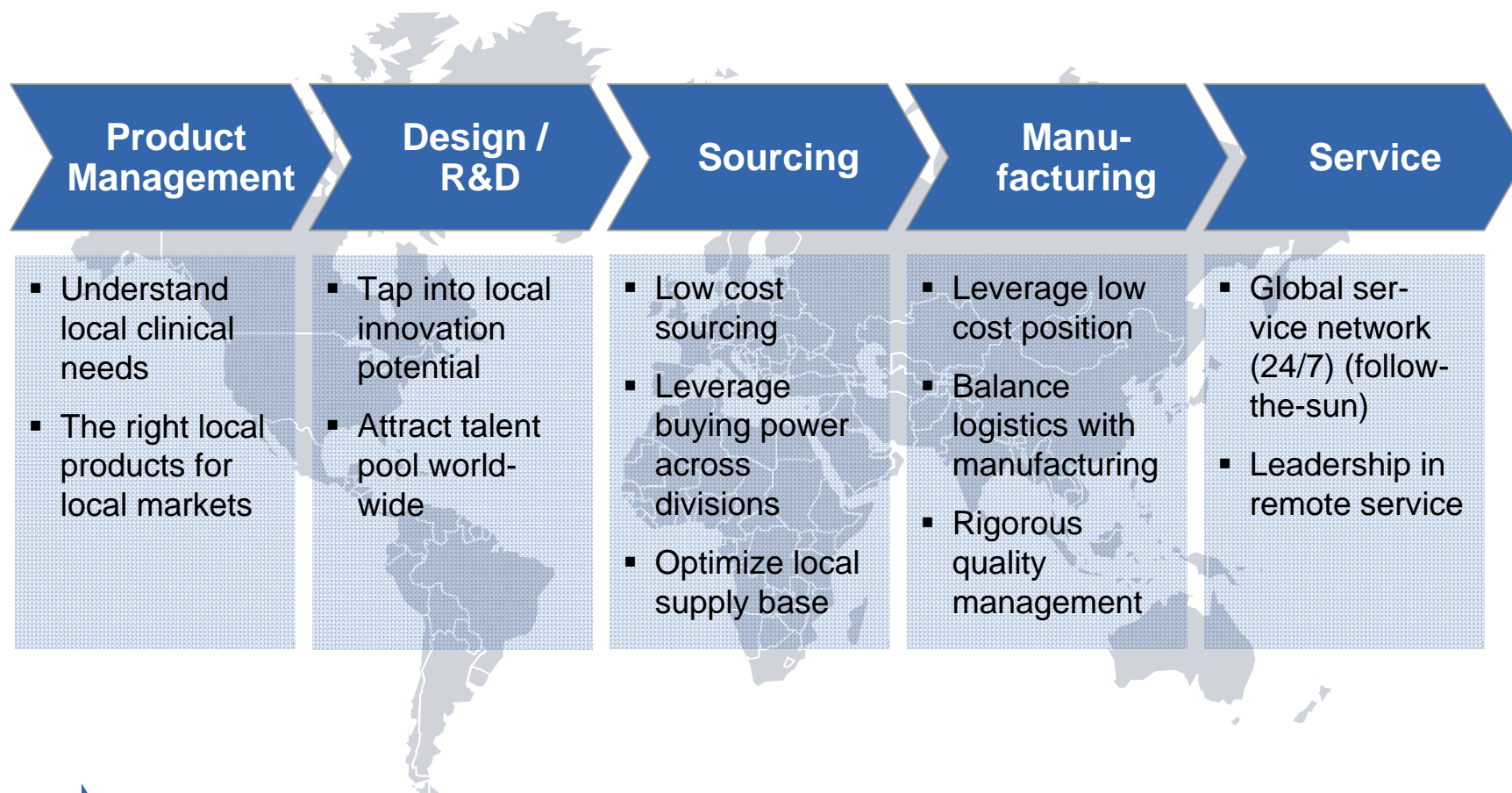
SMART: Simple, Maintenance friendly, Affordable, Reliable, Timely to market

1) Based on number of systems sold worldwide

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We optimize the entire value chain in a multi-domestic approach

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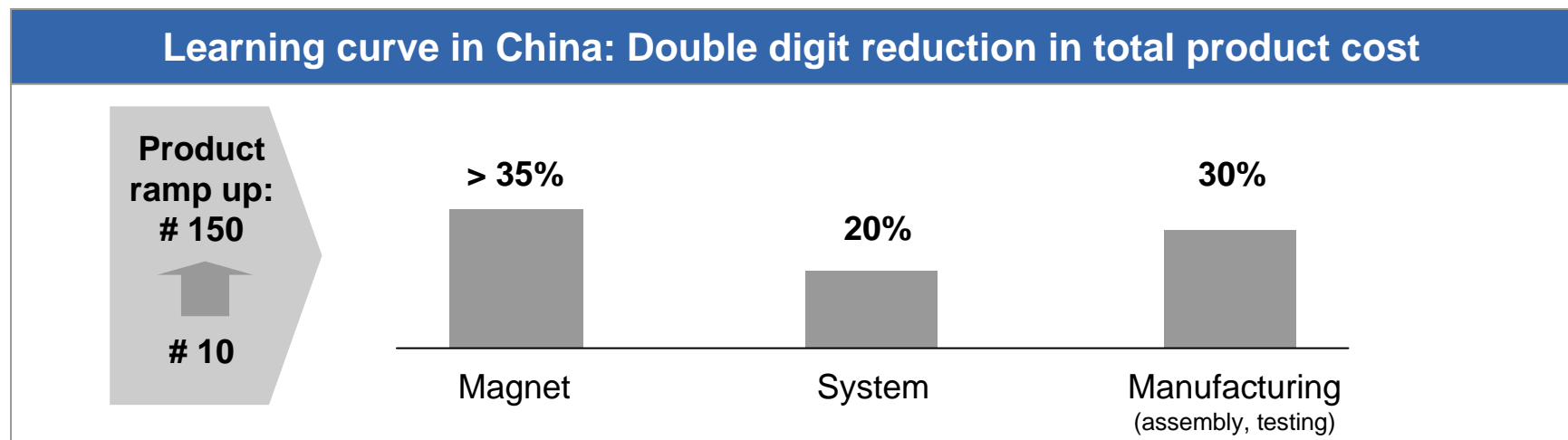
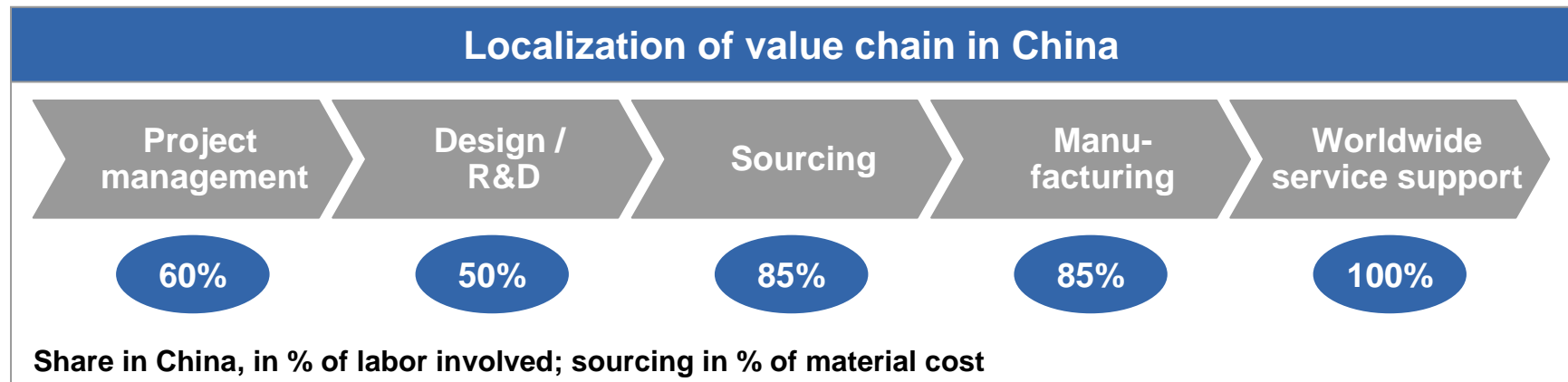


With our multi-domestic approach, we replicate our proven optimization concepts globally

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We continuously drive down our costs

MR example: Savings through localization and product cost reduction



Leadership in process innovation



**'Best Factory'
Award for
Angiography
Business**

**Wirtschafts
Woche**

WHU
Otto Beisheim School of Management

INSEAD

L'USINE NOUVELLE



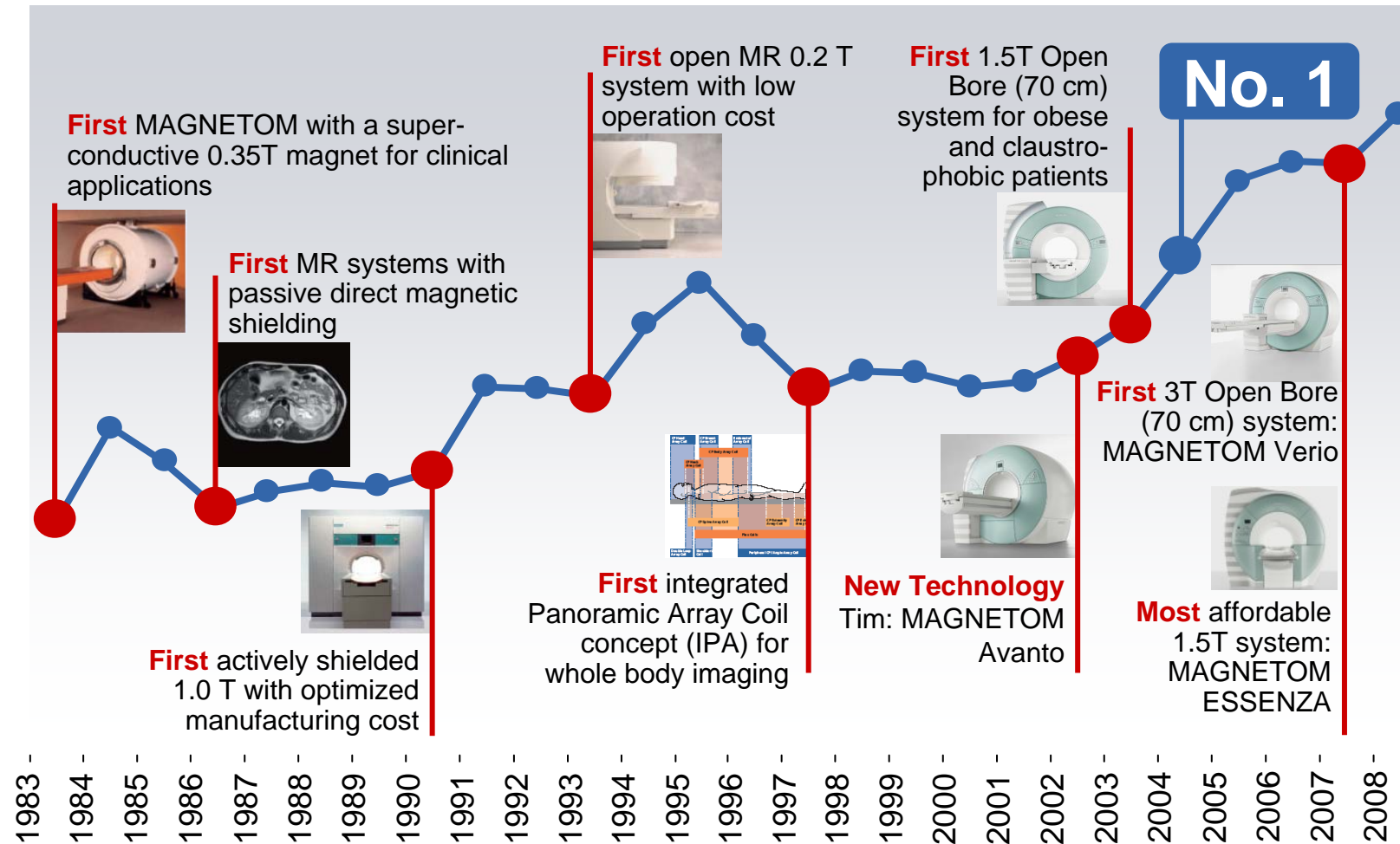
Industrial Excellence Award 'The Best Factory'

- **Early integration** of key customers, sales, engineering, suppliers, production and service **in development teams**
- **Maximum transparency** by **comprehensive IT systems** and **information flow** between customer, factory and suppliers
- Highest flexibility by delivering each system **within 4 weeks** with a **98% fulfillment rate**
- **Cutting in half manufacturing time** from 13 to 6.5 days with corresponding **cash-flow improvement**
- Winning factory 2009 chosen among more than **200 applicants**

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Innovation drives our success

Development of MR new equipment market share



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Our innovation is driven by customer needs

 Clinical utility	 <p>Open bore MR for obese & claustroph. patients</p>	 <p>Congestive heart failure test (BNP)</p>	 <p>Lowest dose CT</p>	 <p>Breast cancer test (HER-2/neu)</p>
	 <p>Integrated diagnostic systems</p>	 <p>Increased productivity with syngo TimCT</p>	 <p>Lab automation</p>	 <p>Workflow-enabling IT</p>
	 <p>Most affordable 1.5T MR</p>	 <p>Most popular entry level CT</p>	 <p>Mobile X-ray system</p>	 <p>Remote service leadership</p>
 Workflow efficiency				
 Cost efficiency				

Flash speed CT at lowest dose

Customer needs

Increased throughput

Lower cost

Complete chest pain diagnosis

Broad application range

SOMATOM Definition Flash

>50% market share in this segment



- 80% dose saving compared to standard chest pain protocol
- No motion artifacts
- 25% contrast media saving

Intelligent analytics for a more efficient laboratory workflow

SIEMENS

Customer needs

**High quality
test results in
specified time
period**

Use less labor

**Lower costs,
despite higher
test volume**

Dimension Vista®

**The only next-generation technology that intelligently
integrates capabilities of multiple systems into one**



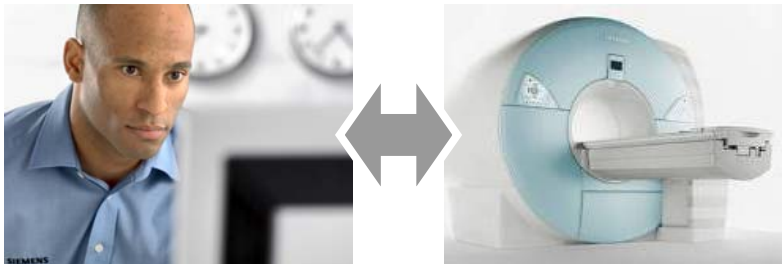
- Less labor and space: Test tubes are run on one system – versus two, three or four
- Cutting edge LOCI® detection technology: Faster test results, higher precision

LOCI®: Luminescent Oxygen Channeling Immunoassay

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Leading the industry in service excellence

Leading in remote service in Imaging



- **Real-time monitoring** unique in the industry
→ Reduced **site visits by 8%** since 2006
- More than **70,000 systems connected**
- Remote updating **without interrupting customer's workflow** – 2 years ahead
- Equipment utilization management, improving **customer's operational efficiency** – 3 years ahead of competition

Service excellence in Diagnostics



- **First** in industry with worldwide remote service
- Real-time monitoring of more than **450 parameters** (voltage, pressure, temperature, etc.) on each instrument – considered most advanced in industry
- **Quality control** analytics, peer group comparisons, remote updates, antivirus, remote desktop

Intelligent allocation of R&D resources

Invest in growing & profitable businesses

- Main source of competitive advantage
- 65% of total R&D invest allocated to new product development and breakthrough technologies

Foster platform synergies

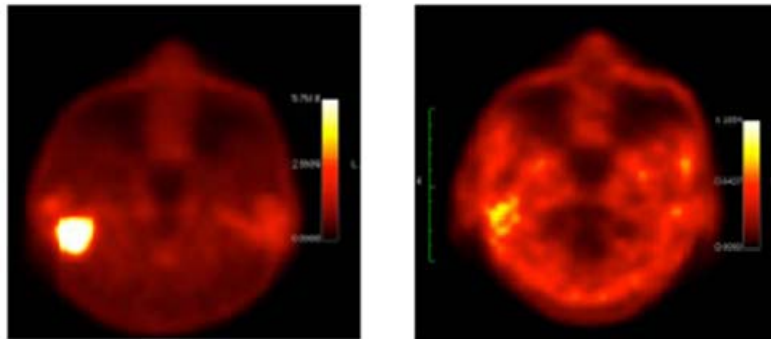
- Leveraging software and hardware product platforms
- 15% of total R&D invest is spent for cross modality technologies

Customer-oriented product portfolio

- Successful product for local markets incl. SMART®
- More than 80% of MR equipment sales in FY 2008 with products younger than 3 years

Biomarkers will revolutionize healthcare

Imaging biomarkers



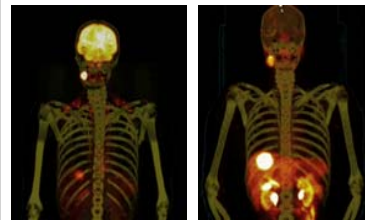
- Novel, proprietary PET¹⁾ biomarkers for molecular imaging
- Enabling early diagnosis, personalized treatment & therapy monitoring
- Proprietary microfluidics-based PET biomarker 'generator'
- Opportunity to leverage our PETNET network for clinical development and distribution

1) PET = Positron Emission Tomography

2) Central Nervous System

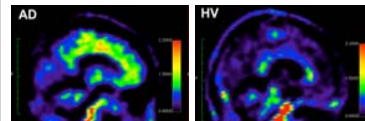
Market opportunities

Oncology



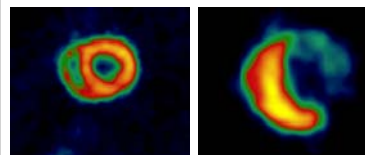
- Angiogenesis, hypoxia...
- Companion diagnostic solutions, therapy monitoring
- Market potential: ~€0.8bn

CNS²⁾ (Alzheimer)



- Early detection
- Definitive diagnosis
- Market potential: ~€1bn

Cardiovascular disease



- Risk assessment
- High risk plaque monitoring
- Tissue damage
- Market potential: ~€0.3bn

Our portfolio is aligned with long term trends in medicine

Understand the patient's disease

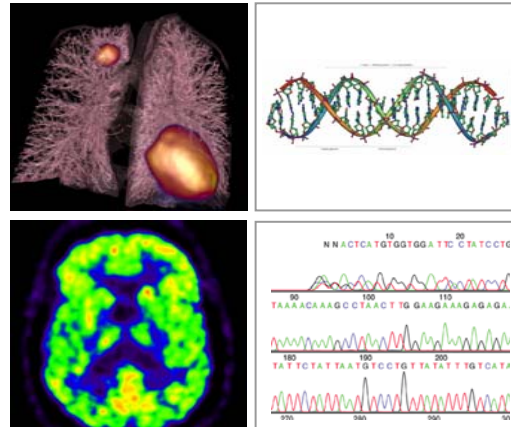
- Diagnosis of a disorder (e.g. infection, cancer, ...)
- Localization of disease (e.g. stenosis, tumor, ...)
- Reveal multi-morbidities



Imaging, Diagnostics

Understand the patient's biology

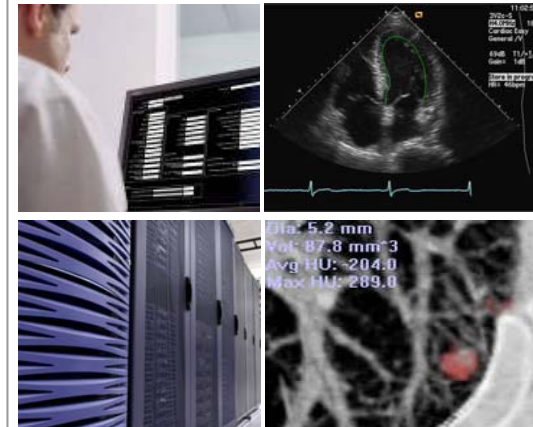
- Genetic pre-disposition
- Patient metabolism / immune reactions
- Molecular specificities of the disease
- Stratification for treatment



Molecular applications

Access state-of-the-art data bases

- Assessment of similar cases
- Structured outcome analysis
- Decision support systems
- Standards of Care

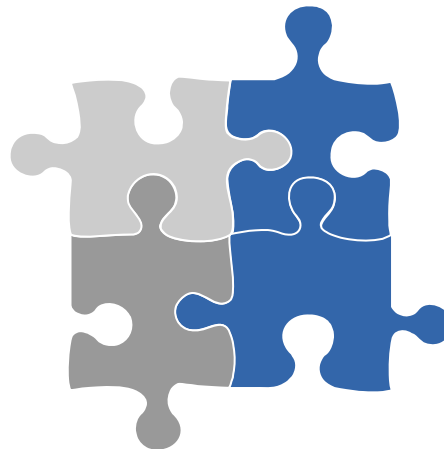


Healthcare IT

Committed to deliver on our financial targets

Leading the industry

- Best product portfolio
- Unparalleled understanding of customer needs
- Multi-domestic approach to value added structure
- Market-driven innovation



Focus and Efficiency

- Capital efficiency as top priority
- Aggressive cost management
- Focus on cash generation
- Addressing structural challenges



**Above market
organic growth**



**Deliver target
margin 14-17%¹⁾**



**Cash conversion
CCR > 1–growth**

1) Sector Healthcare on an underlying basis

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Reconciliation and Definitions for Non-GAAP Measures (I)



To supplement Siemens' Consolidated Financial Statements presented in accordance with International Financial Reporting Standards, or IFRS, Siemens presents the following supplemental financial measures:

- New orders;
- Adjusted or organic growth rates of Revenue and new orders;
- Book-to-bill ratio;
- Return on equity, or ROE;
- Return on capital employed, or ROCE;
- Free cash flow and cash conversion rate, or CCR;
- EBITDA (adjusted) and EBIT (adjusted);
- Net debt; and
- Adjusted industrial net debt.

These supplemental financial measures are or may be “non-GAAP financial measures,” as defined in the rules of the U.S. Securities and Exchange Commission (SEC). They exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with IFRS, and their usefulness is therefore subject to limitations, which are described below under “Limitations Associated with Siemens' Supplemental Financial Measures.” Accordingly, they should not be viewed in isolation as alternatives to the most directly comparable financial measures calculated in accordance with IFRS, as identified in the following discussion, and they should be considered in conjunction with Siemens' Consolidated Financial Statements presented in accordance with IFRS and the Notes thereto. Siemens' most recent Consolidated Financial Statements at any given time (the “Annual Financial Statements”) can be found in the most recent Annual Report of Siemens (the “Annual Report”), which can be accessed at www.siemens.com/annual-report. Siemens' most recent interim Consolidated Financial Statements (the “Interim Financial Statements”) at any given time can be found at www.siemens.com/investors under the heading “Publications” – “Financial Publications” – “Financial Statements” or in the most recent Quarterly Report of Siemens (the “Quarterly Reports”), which can be accessed at www.siemens.com/quarterly-reports.

In addition, in considering these supplemental financial measures, investors should bear in mind that other companies that report similarly titled financial measures may calculate them differently. Accordingly, investors should exercise appropriate caution in comparing these supplemental financial measures to similarly titled financial measures reported by other companies.

Definitions, most directly comparable IFRS financial measures and usefulness of Siemens' supplemental financial measures

Siemens' supplemental financial measures are designed to measure growth, capital efficiency, cash generation and optimization of Siemens' capital structure and therefore are used to formulate targets for Siemens. The following discussion provides definitions of these supplemental financial measures, the most directly comparable IFRS financial measures and information regarding the usefulness of these supplemental financial measures.

New orders

Under its policy for the recognition of new orders, Siemens generally recognizes a new order when it enters into a contract that it considers “effective and binding” based on its review of a number of criteria. In general, if a contract is considered effective and binding, Siemens recognizes the total contract value as an order. The value of a contract is defined as the agreed price or fee of the irrevocable portion of the contract. New orders is not required or defined by IFRS.

Reconciliation and Definitions for Non-GAAP Measures (II)



Adjusted or organic growth rates of Revenue and new orders

In its financial reports, Siemens presents, on a worldwide basis and for each Sector and Cross-Sector Business, the percentage change from period to period in Revenue and new orders as adjusted for currency translation effects and portfolio effects, i.e., the effects of acquisitions and dispositions. The adjusted percentage changes are called adjusted or organic rates of growth. The IFRS financial measure most directly comparable to adjusted or organic growth rate of Revenue is the unadjusted growth rate calculated based on the actual Revenue figures presented in the Consolidated Income Statement. There is no comparable IFRS financial measure for the adjusted or organic growth rate of new orders because, as discussed above, new orders is itself not an IFRS financial measure. Siemens believes that the presentation of an adjusted or organic growth rate of Revenue and new orders provides useful information to investors because a meaningful analysis of trends in Revenue and new orders from one period to the next requires an understanding of the developments in the operational business net of the impact of currency translation and portfolio effects. Siemens management considers adjusted or organic rates of growth in its management of Siemens' business. For this reason, Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

Book-to-bill ratio

The book-to-bill ratio measures the relationship between orders received and the amount of products and services shipped and billed. A book-to-bill ratio of above 1 indicates that more orders were received than billed, indicating stronger demand, whereas a book-to-bill ratio of below 1 points to weaker demand. The book-to-bill ratio is not required or defined by IFRS.

Return on equity, or ROE

In line with common practice in the financial services industry, Siemens Financial Services (SFS) uses return on equity, or ROE, as one of its key profitability measures. Siemens defines ROE as annualized Income before income taxes of SFS divided by the average allocated equity for SFS. 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 portfolio of the SFS portfolio is evaluated and controlled monthly and is reflected in the quarterly (commercial finance) and annual (equity investments) adjustments of allocated equity.

Return on equity is reported only for the SFS segment. Siemens believes that the presentation of ROE and average allocated equity provides useful information to investors because management uses ROE as a supplement to Siemens' Consolidated Financial Statements in evaluating the business performance of SFS, and therefore the measure assists investors in assessing Siemens' overall performance.

Return on Capital Employed, or ROCE

Return on capital employed, or ROCE, is Siemens' measure of capital efficiency. Siemens uses this financial performance ratio in order to assess its income generation from the point of view of its shareholders and creditors, who provide Siemens with equity and debt. The different methods of calculation are detailed below. Siemens believes that the presentation of ROCE and the various non GAAP financial measures involved in its calculation provides useful information to investors because ROCE can be used to determine whether capital invested in the Company and the Sectors yields competitive returns. In addition, achievement of predetermined targets relating to ROCE is one of the factors Siemens takes into account in determining the amount of performance-based or variable compensation received by its management.

ROCE at the Siemens group level

Siemens defines group ROCE as Net income (before interest) divided by average capital employed, or CE.

Net income (before interest), the numerator in the ROCE calculation, is defined as Net income excluding Other interest income (expense), net and taxes thereon. Taxes on Other interest (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.

Capital employed, or CE, the denominator in the ROCE calculation, 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. Each of the components of capital employed appears on the face of the Consolidated Balance Sheet.

Reconciliation and Definitions for Non-GAAP Measures (III)



ROCE at the Siemens group level, on a continuing operations basis

Siemens also presents group ROCE on a continuing operations basis. For this purpose, the numerator is Income from continuing operations and the denominator is CE, less Assets classified as held for disposal presented as discontinued operations net of Liabilities associated with assets held for disposal presented as discontinued operations.

ROCE at the Sector level

For the Sectors, ROCE is defined as Profit divided by average Assets. Profit for each Sector is defined as earnings before financing interest, certain pension costs and income taxes; certain items not considered performance-indicative by management may be excluded. Assets for each Sector are defined as Total assets less intragroup financing receivables and investments, less income tax assets, less non-interest-bearing liabilities/provisions other than tax liabilities.

Free cash flow and cash conversion rate

Siemens defines free cash flow as Net cash provided by (used in) operating activities less Additions to intangible assets and property, plant and equipment. The IFRS financial measure most directly comparable to free cash flow is Net cash provided by (used in) operating activities.

Siemens believes that the presentation of free cash flow provides useful information to investors because it is a cash measure that is not impacted by cash flows related to portfolio activities and thus is less volatile than the total of Net cash provided by (used in) operating activities and Net cash provided by (used in) investing activities. For this reason, free cash flow is reported on a regular basis to Siemens' management, who uses it to assess and manage cash generation among the various reportable segments of Siemens and for the worldwide Siemens group. Achievement of predetermined targets relating to free cash flow generation is one of the factors Siemens takes into account in determining the amount of performance-based or variable compensation received by its management, both at the level of the worldwide Siemens group and at the level of individual reportable segments.

Cash conversion rate, or CCR, is defined as free cash flow divided by net income. Siemens believes that the presentation of the CCR provides useful information to investors because it is an operational performance measure that shows how much of its income Siemens converts to free cash flow. CCR is reported on a regular basis to Siemens' management.

EBITDA (adjusted) and EBIT (adjusted)

Siemens defines EBITDA (adjusted) as EBIT (adjusted) before amortization (which in turn is defined as Amortization and impairments of intangible assets other than goodwill) and Depreciation and impairment of property, plant and equipment and goodwill. Siemens defines EBIT (adjusted) as Income from continuing operations before income taxes less Financial income (expense), net and Income (loss) from investments accounted for using the equity method, net. Each of the components of EBIT (adjusted) appears on the face of the Consolidated Financial Statements, and each of the additional components of EBITDA (adjusted) appears in the Consolidated Financial Statements or the MD&A thereto, which may be found in the relevant annual or quarterly report filed with the SEC. The IFRS financial measure most directly comparable to EBIT (adjusted) and EBITDA (adjusted) is Income from continuing operations before income taxes.

Siemens believes that the presentation of EBITDA (adjusted) and EBIT (adjusted) as a cash earnings measure provides useful information to investors. Therefore EBITDA (adjusted) and EBIT (adjusted) are also broadly used by analysts, rating agencies and investors to assess the performance of a company.

Net debt

Siemens defines net debt as total debt less total liquidity. Total debt is defined as Short-term debt plus current maturities of long-term debt plus Long-term debt. Total liquidity is defined as Cash and cash equivalents plus current Available-for-sale financial assets. Each of these components appears in the Consolidated Balance Sheet. The IFRS financial measure most directly comparable to net debt is total debt as reported in the Notes to the Annual Financial Statements.

Siemens believes that the presentation of net debt provides useful information to investors because its management reviews net debt regularly as part of its management of Siemens' overall liquidity, financial flexibility, capital structure and leverage. Furthermore, certain debt rating agencies, creditors and credit analysts monitor Siemens' net debt as part of their assessments of Siemens' business.

Reconciliation and Definitions for Non-GAAP Measures (IV)



Adjusted industrial net debt

Siemens defines adjusted industrial net debt as net debt less (1) SFS debt excluding SFS internally purchased receivables; less (2) 50% of the nominal amount of our hybrid bond; plus (3) the funded status of pension benefits; plus (4) the funded status of other post-employment benefits; and plus (5) credit guarantees. Further information concerning adjusted industrial net debt can be found in the Annual Report under the heading "Management's discussion and analysis – Liquidity and capital resources – Capital structure." Siemens believes that the presentation of our capital structure measure as the ratio of "adjusted industrial net debt" to "EBITDA (adjusted)" provides useful information to investors because management uses it to manage its debt-equity ratio with the goal of ensuring both unrestricted access to debt financing instruments in the capital markets and its ability to meet scheduled debt service obligations.

Limitations Associated with Siemens' Supplemental Financial Measures

The supplemental financial measures reported by Siemens may be subject to limitations as analytical tools. In particular:

- With respect to adjusted or organic growth rates of Revenue and new orders: These measures are not adjusted for other effects, such as increases or decreases in prices or quantity/volume.
- With respect to book-to-bill ratio: The use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute number of orders received by Siemens or the absolute amount of products and services shipped and billed by it.
- With respect to return on equity, or ROE: This measure is not adjusted for special items, such as the disposition of equity investments (allocated to SFS) or impairments, and therefore it has been volatile over prior year periods. In addition, the use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of Siemens' income.
- With respect to return on capital employed, or ROCE: The use of this measure is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of Siemens' income.
- With respect to free cash flow and cash conversion rate: Free cash flow is not a measure of cash generated by operations that is available exclusively for discretionary expenditures. This is, because in addition to capital expenditures needed to maintain or grow its business, Siemens requires cash for a wide variety of non-discretionary expenditures, such as interest and principal payments on outstanding debt, dividend payments or other operating expenses. In addition, the use of cash conversion rate is inherently limited by the fact that it is a ratio and thus does not provide information about the amount of Siemens' free cash flow.
- With respect to EBITDA (adjusted) and EBIT (adjusted): EBITDA (adjusted) excludes non-cash items such as depreciation, amortization and impairment, it does not reflect the expense associated with, and accordingly the full economic effect of, the loss in value of Siemens' assets over time. Similarly, neither EBITDA (adjusted) nor EBIT (adjusted) reflect the impact of financial income and taxes, which are significant cash expenses that may reduce the amount of cash available for distribution to shareholders or reinvestment in the business.
- With respect to net debt: Siemens typically uses a considerable portion of its cash, cash equivalents and available-for-sale financial assets at any given time for purposes other than debt reduction. Therefore, the fact that these items are excluded from net debt does not mean that they are used exclusively for debt repayment.
- With respect to the ratio adjusted industrial net debt to EBITDA (adjusted): The use of this measure is inherently limited by the fact that it is a ratio.

Compensation for Limitations Associated with Siemens' Supplemental Financial Measure

Siemens provides a quantitative reconciliation of each supplemental financial measure to the most directly comparable IFRS financial measure on the Investor Relations website at www.siemens.com/nongAAP, in the Notes to Consolidated Financial Statements or in the Annual Reports and Quarterly Reports under the heading "Management's discussion and analysis," and Siemens encourages investors to review those reconciliations carefully.

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