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Executing Vision 2020 – Acquisition of Dresser-Rand Divestment of B/S/H/

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Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, www.siemens.com, and throughout our most recent annual report on Form 20-F 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, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

All underlying margins are calculated by adjusting margins for the effects reported for the respective businesses in the relevant period. These effects are provided to assist in the analysis of the businesses' results year-over-year and may vary from period to period. Underlying margins are not necessarily indicative of future performance. Other companies may calculate similar measures 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.

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Executing Siemens Vision 2020 by strengthening the core

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Rolls-Royce aero-derivative gas turbines & compressors

DRESSER-RAND

- **US $ 83** per share**, total consideration of $ 7.6bn (~€ 5.8bn)**
- **~€ 150m annual synergies** by FY2019
- **EPS accretive** from year one

Note: 1€ = 1.30 $

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Healthcare IT & Microbiology

Metals

B/S/H/

- **Divestment of Siemens' 50% share** to co-shareholder Bosch
- **Equity value € 3.25bn** (for 50% share) – delivered via € 3.0bn cash purchase price and € 250m dividend & special dividend
- **Long-term agreement** with B/S/H/ for **use of the Siemens product brand**

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Dresser-Rand fully matches the strategic focus criteria set out in Siemens Vision 2020

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Vision 2020	Rationale for acquiring Dresser-Rand	
Area of growth?	• Combination of businesses allows **growth of 6-8% p.a.** in Siemens Oil & Gas market • Complementary markets by **regions (US/Europe)** & **applications (up-/down-stream)**	✓
Potential profit pool?	• Profitable service revenue streams via **large installed base** from day one (~50% of revenue, higher share of profit) • Solid **double digit profit margins**	✓
Why Siemens?	• **Portfolio additions** in rotating equipment (e.g. reciprocating compressors & engines) • **Technological differentiation**	✓
Synergetic value?	• **Significant synergy potential** (go-to-market pull, operations, …) • Entry into **high-speed engine technology**	✓
Paradigm shift	• Significant improvement of **Siemens position in Oil & Gas** • **Trend towards LNG** driven by shale gas • **Strong US presence**, HQ in Oil & Gas capital (Houston)	✓

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B/S/H/ has no synergies with Siemens – a key criteria for Siemens Vision 2020

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Vision 2020	Rationale for divesting B/S/H/	
Area of growth?	• B/S/H/ is **in #3 global market position** and **market leader in Europe** • Strong positioned in **growth markets**.	✓
Potential profit pool?	• Solid **mid single digit operating profit margins**	
Why Siemens?	• **Technological differentiation** possible, in particular in “built-in” business, and with “high efficiency devices” • Large **mass market segment** with little technology differentiation	
Synergetic value?	• **No synergies** to Siemens business in technology or go-to-market • **Go-to-Market synergies with BOSCH** Powertools	✗
Paradigm shift	• Increasing **competitive pressure** from consolidation in markets • Move from stationary retail channel to **Internet sales channels**	

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Dresser-Rand has a well balanced & strong portfolio in Oil & Gas

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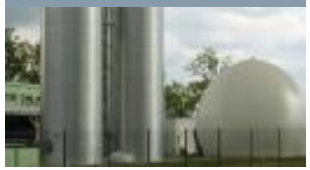
Energy Infrastructure Market – Oil & Gas

Upstream	Midstream	Downstream	Environmental
			
• Reinjection • Gas lift gathering • Export/sales gas • Power generation • Fuel gas • FPSO/LNG • Gas-to-Liquid	• Gas pipeline transmission • Gas storage/ withdrawal • Gas processing	• Hydrocracking • Fluid catalytic • Cracking • Power generation • Hydro treating/ process • Alkylation • Reforming • Hydrogen plants	• Biomass • Comb. Heat & Power (CHP) • Waste To Energy (WTE) • Flare Gas • Other distributed Power generation • CAES
Revenue 2013[1)] *~29%*	*~19%*	*~33%*	*~17%*

1) Revenue not summing up to 100% as omitting "others" (2% of revenue)

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Dresser-Rand & Siemens create a global player in the key growth segment of Oil & Gas

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Comparison

Installed Fleets	SIEMENS	ADGT & Comp.	DRESSER-RAND
Small & medium gas turbines	2,250	–	1,500
Aero derivative gas turbines	–	2,500	–
Steam turbines	15,000	–	62,000
Compressors	> 10,000	1,600	32,500
Key Facts (FY 2013)			
Revenue	€ 5.2bn[1)]	£ 871m	$ 3.0bn
Profit	€ 433m[1)]	£ 72m	$ 321m[2)]
Profit margin	8.4%[1)]	8.3%	10.6%
Employees	~10,500	~2,300	~8,000

Large Installed fleets are key to successful acquisitions

Large installed fleets bring:

1. Consistent and growing stream of **profitable service revenue** from day 1
2. Long-term **customer relationships**
3. Long-term **backlog**
4. Geographical **footprint**

50% of Dresser-Rand revenues from service

1) As reported FY2013 Siemens Division Oil & Gas 2) includes ~-$40m for asset impairments

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Dresser-Rand and Siemens have a complementary regional footprint

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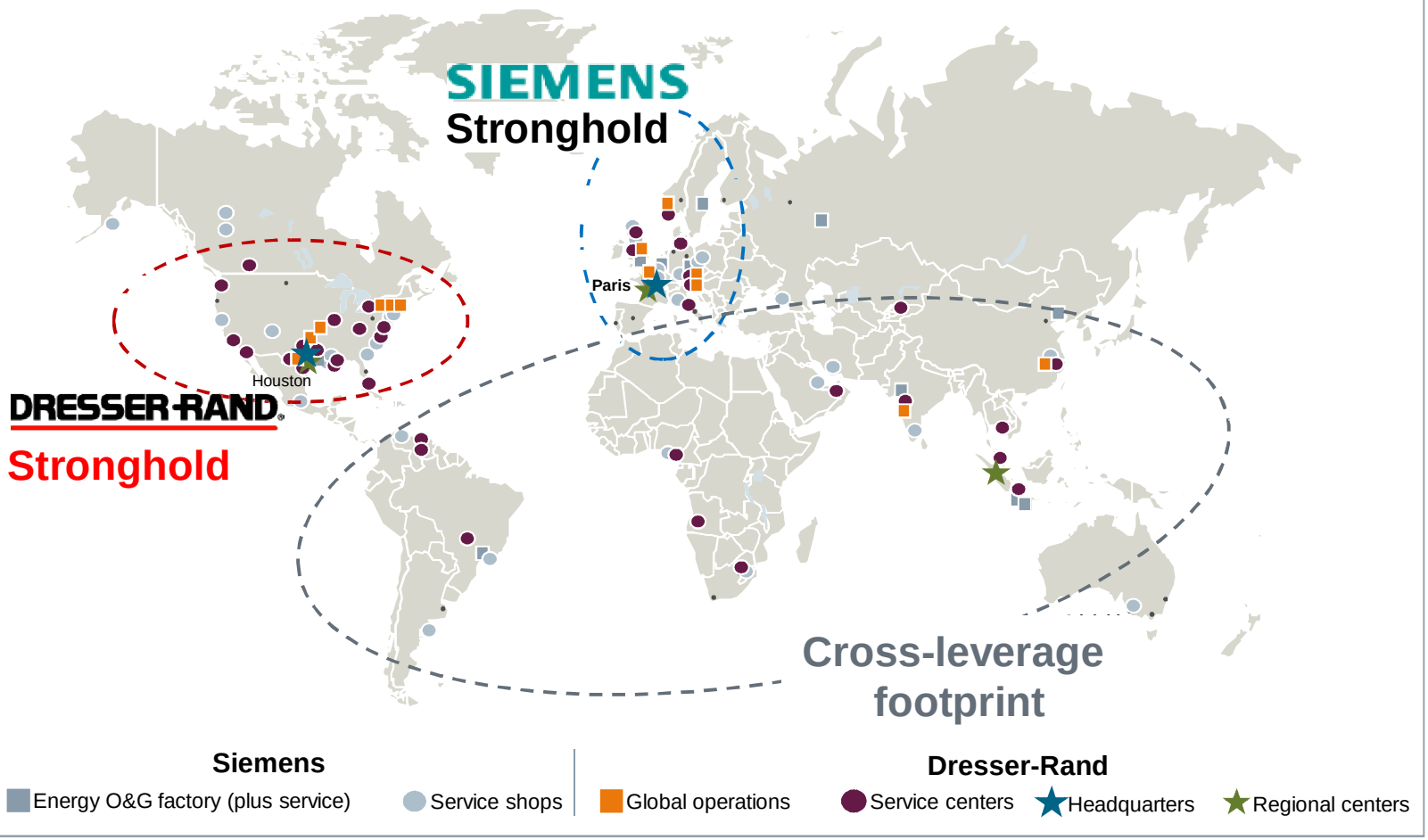
Global footprint of Dresser-Rand and Siemens



Production sites

- **Siemens** stronghold in **Europe**
- **Dresser-Rand** stronghold in **North America**

Service centers

- **Dresser-Rand** with very strong **US footprint** and penetration of **key Oil & Gas locations**
- Utilize "**home market" advantage**

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Synergy assessment leads to a minimum value of € 1.3bn[1)]

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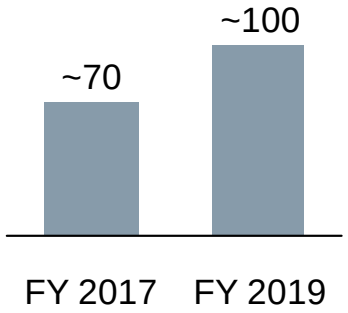
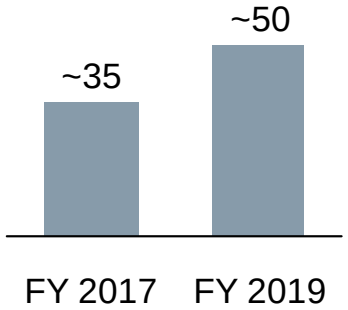
Synergies and Integration concept

Cost synergies	**Streamlining of R&D** activities and **combined product portfolio**
	Purchasing volume & bundling effects, best practice sharing
	SG&A optimization
	Optimization of **global manufacturing & service footprint**
Sales synergies	Significant generation of **pull effect for industry products** long-term[3)]
	Efficient use of **field service** and **customer access**
	Gas turbine **pull through business**
Integration concept	Dresser-Rand will become "The Oil & Gas" company within Siemens
	Siemens compressor business will be integrated into this business unit
	Dresser-Rand's **brand name** will be preserved **Global headquarters in Houston**

Profit impact
in €m



Profit impact
in €m



Profit impact

~ € 180m[2)], mainly in the first two years

1) Without synergies of RR ADGT acquisition
2) Includes integration and transaction cost
3) Not included in synergies for FY 2017/2019

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Closing of transactions expected in summer 2015

Next steps

Dresser-Rand

- **Merger agreement** has been signed on 22 Sep 2014
- **Dresser-Rand special shareholder meeting** to be held beginning of 2015
- Closing condition requiring shareholder approval will be met, if transaction is **approved by a majority of Dresser-Rand shareholders**
- **Closing is expected in summer 2015** subject to regulatory approvals

B/S/H/

- **Sale and Purchase agreement** has been signed on 21 Sep 2014
- Entry into **long-term brand license agreement**
- Expected **closing: H1 CY 2015** subject to regulatory approvals

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BACKUP

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Together, Dresser-Rand and Siemens offer a highly attractive portfolio for oil & gas customers

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Product portfolio			Power range	Portfolio overlap with Siemens
Com-pressors		Reciprocating	Up to 33 MW	No
		Axial	40 to 510,000 m^3/hr	Yes
		Centrifugal	9,000 to 880,000 m^3/hr	Yes
Steam turbines		Standardized single-stage	0.1 to 4 MW	Yes
		Multi-stage drives	0.5 to 70 MW	Yes
		Multi-stage power generation	0.5 to 100 MW	Yes
Other products		High-Speed Engines	Up to 1.4 MW	No
		Small Gas turbines	1.5 to 2.2 MW	No
		Axial Expanders	Up to 130 MW	No
		Micro LNG		No

To a large degree **different applications**, e.g. **Dresser-Rand** focus on **oil & gas, Siemens** focus on **industrial**

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Reconciliation and Definitions for Non-GAAP Measures

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This document includes supplemental financial measures that are or may be non-GAAP financial measures.

Orders and order backlog; adjusted or organic growth rates of revenue and 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, or FCF; 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 such 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.

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' most recent annual report on Form 20-F, 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.

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