Status: March 2013

Siemens – The company
Infrastructure & Cities Sector
Major developments impact our life for decades

**Global Megatrends**

<table>
<thead>
<tr>
<th>Demographic change</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tremendous increase in world population to 9bn in 2050 vs. 7bn in 2010</td>
</tr>
<tr>
<td>• Aging of societies: Generation 65+ almost triples until 2050</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Urbanization</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Urban population expected to increase to ~70% in 2050 vs. ~50% in 2010</td>
</tr>
<tr>
<td>• Numerous megacities arise, especially driven by growth in emerging markets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Climate change</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Climate change is a fact, threatening humans and biosphere</td>
</tr>
<tr>
<td>• Costs of inaction will exceed costs of taking early action by far</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>• Increasing interdependence of economies, politics, culture &amp; other areas of life</td>
</tr>
<tr>
<td>• BRIC countries with strongest growth: China outruns U.S. in GDP before 2040</td>
</tr>
</tbody>
</table>
New Sector organization of Siemens aligned with the global trends

Attractive markets driven by megatrends

- Climate change
- Demographic change
- Globalization
- Urbanization

Globalization
Urbanization

Energy
- Fossil Power Generation
- Wind Power
- Oil & Gas
- Power Transmission
- Energy Service

Healthcare
- Imaging & Therapy
- Clinical Products
- Diagnostics
- Customer Solutions

Industry
- Industry Automation
- Drive Technologies
- Customer Service

Infra-structure & Cities
- Rail Systems
- Mobility and Logistics
- Low & Medium Voltage
- Smart Grid
- Building Technologies
We are in the "urban millennium"

**Population**
- 2009: 50% of the world's population lives in cities
- 2030: urban population will grow from 3.5 billion to 4.7 billion

**Economy**
- ~50% of global GDP is produced in 600 cities
- By 2025, 40% of global GDP growth will be generated by middleweight cities in emerging markets

**Environment**
Cities stand for
- Two-thirds of the world's energy
- 60% of its drinking water
- Up to 70% of its CO2 emissions
Cities are economic powerhouses – Middleweight cities in emerging markets play a crucial role

Today

22% of the world's population generates 51% of global GDP BIP

- Rural areas: 51%
- Small cities and other urban areas: 15%
- Other Cityscope (~1,400 cities): 12%
- "City 600"1): 22%

100% = 6.6 billion people, 55.5 trillion USD

GDP growth, 2007–2025

- Emerging market small cities and rural areas: 29
- Emerging market middleweight cities: 32
- Emerging market megacities: 39
- Developed economies: 10
- Small: 23
- Large: 9
- Midsized: 15

Source: McKinsey 1) 600 most important cities worldwide

Tomorrow

Nearly 40% of GDP will be generated by middleweight cities in emerging markets
Siemens Infrastructure & Cities Sector addresses a large market with strong growth.

Addressable market
EUR 236 bn
Infrastructure & Cities market size in 2011

Market growth p.a., 2011-17

World GDP growth
3.4%

IC market

→ Above average growth

Urbanization
"Green" economy
Increasing mobility
Growing infrastructure congestion

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Basic needs of a city
Success determines competitiveness

- Efficient transportation of people and goods
- Reliable and efficient supply of energy
- Low emissions, water usage and waste
- Comfort, life quality and security

Requirements are drastically changing from closed island solutions/single products to cross-linked intelligent infrastructure solutions

Being competitive!
The Infrastructure & Cities Sector has an increased focus on customer needs

Customer needs

Efficient transportation of people and goods
Reliable and efficient supply of energy
Comfort and security
Low emissions

Infrastructure & Cities Sector

Overarching function

Solutions/Systems Products/Services

Rail Systems
Mobility and Logistics
Low and Medium Voltage
Smart Grid
Building Technologies

City Account Management & Center of Competence Cities
IC mission – Transform cities for the better through sustainable technology

We are the pioneering partner for infrastructure & cities and address our customers' needs such as

- Clean technology
- Efficient use of resources
- Connected information
- Automation of infrastructure

Examples of IC portfolio

Intelligent traffic management
- Traffic flow management
- Tolling systems

Smart grid solutions
- Demand response system
- Decentralized energy management
- Grid automation

Rail-bound transit solutions
- High-speed and metro rail
- Train control systems
- Traction power supply

Safety and security
- Fire safety
- Access control and identification

Energy efficient buildings
- Building Automation
- Energy performance contracting

Siemens' financial services, water technologies and energy supply complement the IC portfolio
The IC Sector has a strong starting position

Did you know, that ...

… to date, BT energy and environmental solutions have saved customers over 1 billion euros in energy costs.

… one in four commercial buildings in Europe is fitted out with Siemens fire-protection equipment.

… One-third of all Light Rail Vehicles (LRV) in North America comes from Siemens

… the number of test kilometers traveled in our text center amounts to three times the distance from the Earth to the Moon.

… one in six U.S. cities operates a traffic control system from Siemens.

… Siemens is responsible for equipping one in three of Europe’s subways with the latest signaling and control systems.

… Siemens vacuum interrupters have a mean time to failure of 50,000 years. This makes them about 100 times better than electronic components.

… Siemens has for years been number one in Smart Grids in the area of grid automation.
IC reporting structure
Key figures for Q1 and FY 2012

<table>
<thead>
<tr>
<th>Infrastructure &amp; Cities</th>
<th>Rail Systems</th>
<th>Mobility and Logistics</th>
<th>Low and Medium Voltage</th>
<th>Smart Grid</th>
<th>Building Technologies</th>
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<tbody>
<tr>
<td><strong>New orders</strong></td>
<td></td>
<td></td>
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<td></td>
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<td>Q1 13 2)</td>
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<td><strong>Profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 13 2)</td>
<td>-54</td>
<td>236</td>
<td>100</td>
<td>457</td>
<td>92</td>
</tr>
<tr>
<td>GJ 2012</td>
<td>-3.9%</td>
<td>4.0%</td>
<td>6.9%</td>
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<tr>
<td><strong>Profit Margin (%)</strong></td>
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1) In millions of Euros  2) vs. Q1 FY12
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Infrastructure & Cities Sector
Rail Systems Division

Division profile
The Rail Systems Division (RL) is responsible for Siemens' entire rail vehicle business – including everything from trains, metro systems and locomotives to trams, light rail systems and rail related services. Supporting railway operators worldwide, our employees collaborate with customers on a local basis to develop tailor-made mobility solutions.

New orders/innovations in Q1
IC is supplying the Malaysian capital Kuala Lumpur with 58 driverless metro trains. The customer Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) has also ordered the complete equipment for two new depots. The total value of the consortium agreement is some 450 million euros, with IC accounting for some 260 million euros.

Technology highlights – Examples

Desiro commuter and regional trains
Velaro high-speed trains
Rail Systems – Solutions for moving people and goods in cities and between cities
Siemens’ Mobility and Logistics Division is a leading international provider of integrated technologies that enable people and goods to be transported in an efficient, safe and environmentally-friendly manner. The areas covered include rail automation, intelligent traffic and transportation systems, and logistics solutions for airports, postal and parcel business. Through its portfolio the Division combines innovations with comprehensive industry know-how in its products, services and IT-based solutions.

MTR Corporation has placed an order with IC to upgrade the 47 kilometer-long line from the Chinese border to the central business district of Hong Kong Island with control and signaling. The existing line (East Rail) will be extended by six kilometers and the entire line will be equipped with the most up-to-date control technology and the Trainguard MT automatic train control system. The upgrade will not interrupt ongoing operation. The contract is worth around 80 million euros. Commissioning of the route is scheduled for 2020.
Mobility and Logistics – intermodal traffic management accelerates traffic flow and reduces CO₂ emissions

Integrated solutions based on …

- Intercity and high-speed transport
- Commuter and regional transport
- Urban transport
- E-mobility solutions for road traffic (including e-cars and e-buses)
- Integrated traffic management
- Parking management
- City tolling

… are the key to safe, clean, and reliable mobility
The Low and Medium Voltage Division (LMV) supplies public energy providers, industrial companies and municipal utilities with a complete range of products, systems and solutions for power distribution infrastructures. The portfolio includes highly reliable power distribution technology for conventional and renewable power plants as well as intelligent, compact switching stations for urban and rural distribution networks. It also offers energy efficient solutions for heavy industry, the oil and gas industry, the process industry and for the integration of renewable energies and energy storage devices into power grids.

A Canadian mining supplier has ordered technical equipment from IC for the power supply at a copper mine in Peru. The order also includes preassembled power distribution units (E-houses), fully equipped transformer substations with high voltage and medium voltage switchgear, diesel generators, capacitor banks and transformers. The order has a total volume of US$59 million. The volume for LMV is over US$36 million.
Low and Medium Voltage – Providing totally integrated power distribution for a smart building

- Integration of small renewable power generation
- Communication with the smart grid
- Connecting green bulk power
- Low voltage power supply for industrial sites
- Power Exchange from and to the urban medium voltage grid
- Medium Voltage Transformer Substation
- Low voltage distribution switchboard
- Low voltage power supply for smart buildings
- Low voltage power supply for e-Cars and general transportation
The Smart Grid Division (SG) provides the industry's most comprehensive portfolio of hardware equipment, software systems and services to plan, build, operate and optimize Smart Grids. The Siemens Smart Grid set of vertical and horizontal, end-to-end solutions build on Siemens' unmatched understanding of the energy generation, transmission, distribution and consumption eco systems. Siemens Smart Grid enables utilities to transform from commodity providers to added-value service providers and builds secure and efficient infrastructure grids worldwide.

To strengthen the traction power supply networks in Sweden and Switzerland by establishing additional links to the public power supply grid, IC will supply Sitras SFC plus static frequency converters to Swedish Transport Administration and to Swiss Federal Railways (SBB). The order volume for both projects amounts to approximately 60 million Euro. The orders include the delivery, installation, and commissioning of eight multilevel direct converter blocks in Sweden and two converter blocks in Switzerland.

Technology highlights – Examples

Protection technology: SIPROTEC 5

M3 market technology
Changing energy system requires new solutions

Challenges in changing energy systems

- Renewable and distributed generation
- Limited generation and grid capacity
- Aging and/or weak infrastructure
- Cost and emissions of energy supply
- Revenue losses, e.g. non-technical losses

Smart Grid Solutions

- Balancing generation & demand, new business models
- Load management & peak avoidance
- Reliability through automatic outage prevention and restoration
- Efficient generation, transmission, distribution & consumption
- Full transparency on distribution level and automated loss prevention
The Building Technologies Division (BT) is the world leader in the market for safe and secure, energy-efficient and environment-friendly buildings and infrastructures. As technology partner, service provider, system integrator and product vendor, Building Technologies has offerings for safety and security as well as building automation, heating, ventilation and air conditioning (HVAC) and energy management.

IC and Corporate Technology have developed a software prototype which enables the simulation of evacuations and the optimizing of escape routes in buildings and stadiums. Calculating the behavior of large crowds is very complex and quickly exhausts the computing capacity of computers. Therefore, Siemens researchers divided areas into individual cells that correspond to the space occupied by a person. The walking behavior of thousands of people can be calculated around ten times faster than the speed of their movements in real time. Linked with real information – i.e. camera footage – the software can even predict the movement of crowds. This helps avoid critical situations and gives emergency response teams more time for intervention.

**Division profile**

**New orders/innovations in Q1**

**Technology highlights – Examples**

- Surveillance Security Solution
- Building Automation Systems
Building Technologies – Smart buildings play a crucial role in smart grids and energy efficiency

Buildings consume 40% of world-wide energy ...

... and account for 21% of CO₂ emissions
### The IC top management agenda

#### I
**Strategies to grow beyond**
- Definition of **portfolio and products, solutions and service offerings** for targeted growth markets
- Boost business in **emerging markets**, e.g. through **entry-level products**
- Increase share for **Vertical IT and software-based business and intelligent infrastructure solutions**
- Focused **capital allocation and portfolio expansion**

#### II
**Effective go-to-market**
- **City market**
- **Infrastructure markets**

#### III
**Profitability of core business**
- Flawless **order backlog execution**
- Rigid **working capital management**
- Excellence in **procurement**, increase of **global value sourcing**
- Contain **SG&A costs** and **lean processes**
- Global focus on **people development** and recruiting

- **Strengthening of our sales approach**
- Infrastructure **customers** addressed by respective **lead Division**
The three pillars of the IC top management agenda

Our midterm aspirations

I Strategies to grow beyond

Midterm aspirations

- Reach levels of our target margin range

II Effective go-to-market

- Ensure high ROCE of current operations
- Outgrow market

III Profitability of core business

- Increase revenue share from emerging markets
We have defined strategies for IC growth markets* that cater to our strengths

Our midterm growth aspiration

- Cross-business opportunities
- Fastest growing segments
- Sustainable margins
- Good starting position relative to competitors

IC value proposition

- Data centers: All critical domains covered by own products (4x)
- Rail infrastructure: Track record in Turnkey delivery (1.5x)
- Smart Buildings in Smart Grids: Shape new market for BT & SG
- Vertical IT: Strong domain know-how as basis for Vertical IT growth (2.5x)

IC value proposition

- Specific domain knowledge required, e.g. security needs and processes
- Customer value from integration of different crafts (also cross-divisional), e.g. energy reduction in data centers from integrated LV/HVAC system
- One face to the customer in joint sales approach

* selected examples
Our >60 City Account Managers and our CoCs help cities to achieve their targets

The IC account management consists of

- Over 60 City Account Managers
- 8 Corporate Account Managers
- 5 Global Account Managers
- Almost 200 Regional Account Managers in 14 clusters

Supported by Centers of Competence (CoC) for Cities in London, US and China focusing on:

- Urban development
- Major projects & account management
- Marketing and communications
Our City Account Managers are a tailored sales channel for city customers

City Account Manager

… identify new leads by connecting into broad network of city decision makers

… consult on technological benefits

… position Siemens and educate on Siemens capabilities

… align interests of different city stakeholders

… act as one face to the customer by bringing different Siemens BUs together

Benefits of CiAMs

✓ Higher number of leads at earlier stage

Prioritize and focus on most attractive leads

✓ Higher hit rate through better customer knowledge

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Page 26 March 2013
The City Account Management approach
Important achievements in year 1 of IC

Achievements so far

✓ City Account Managers (CiAMs) assessed and re-nominated
✓ First CiAMs formally certified under AM Excellence
✓ Top Leads identified by CiAM teams and qualified with the relevant BUs
✓ MoUs signed with key cities: Beijing, Qingdao, Wuhan
✓ Global Cities CoC established and staffed in London
✓ Regional CoCs set up in North America and Asia
✓ The Crystal completed and inaugurated in September 2012
Vertical IT is a strongly growing market
We are striving for leadership in this market

Focus of 2nd IT Revolution
- Increasingly important to secure customer access (also for traditional Siemens business)
- Enabler for further growth

Examples
- Software, z.B.
  - Enterprise resource planning
  - Middleware
  - Databases
  - IT solutions & services

Siemens relevance
- Low Siemens relevance

IC references
- BT: Surveillance
- SG: Smart grid applications
- MOL: Rail IT

Vertical IT

Horizontal IT

Horizontal IT players
- IBM
- Accenture
- AtoS
- SAP
- Google
- Oracle
- Microsoft

Battlefield

Scale

Vertical know-how

Traditional Siemens equipment business

Traditional competitors
- Schneider Electric
- GE
- Rockwell Automation
- ABB
- Philips
- Honeywell

Low cost competitors
- Sanyo
- Samsung
- CHNT

Source: 2nd IT Revolution program
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IT Case Study
Toll lane with dynamic pricing for Tel Aviv highway

Fast lane on Tel Aviv – Jerusalem highway

"Hot lane" dynamic tolling system for Tel Aviv – Jerusalem highway
- 1st dynamic tolling fast lane worldwide – toll depending on lane utilization
- 30,000 vehicles registered after only 6 weeks

USP of Siemens offering
- Deep expertise in urban and interurban traffic management
- Advanced analytics for algorithm for setting optimal dynamic tolling fee
- Leverage of "Conduct+" IT platform for interurban tolling systems

Value proposition
✓ Optimized traffic flow – guaranteed speed ≥ 70 km/h on fast lane
✓ Reduced number of vehicles in cities – toll-free for vehicles > 3 pax.
✓ Easy identification of blacklisted cars
✓ Automatic billing system
SFS strongly supports further implementation of the IC strategy

SFS is a reliable financing and risk management partner for the IC business and their customers, especially in times when financing of investments becomes increasingly important and financing can enable new business models.

By combining financial with industrial logic the IC Sector can provide an easier customer interface

SFS contributes the Siemens growth initiatives by focusing on the same Sectors and key regions as the operating units – this further strengthens customer relationships for IC.

Financing activities in the IC sector

- Project financing
- Public private partnerships
- Commercial Finance
- Guarantees
- Currency Management
- Insurance
Metro Line Santo Domingo
For the second metro line in Santo Domingo, SFS has put together a multisource financing package totaling more than EUR 133 million. Taking a cross-consortium approach, SFS coordinated the financing structure, the negotiations with the banks, the guarantee concept and the financial close. Working on behalf of a consortium comprising French and Dominican companies, Siemens was awarded the contract.

ICx
SFS strongly supported the IC Sector to secure one of the biggest orders in the history of Siemens – the framework agreement for ICx trains with Deutsche Bahn. The volume for the first planned 220 trains amounts to EUR 6 billion. SFS intensively advised the Sector on the construction financing, developed and assessed various alternatives with regard to price, accounting treatment, tender process and risks.

Florida Institute of Technology
Building Technologies supplied an energy-conversion solution to meet the needs of the Florida Institute of Technology (FIT). Siemens Financial Services was able to fund the $USD 10 million project for FIT. The annual energy and utility savings generated by the new equipment will exceed the annual cost to finance the entire project. For FIT, the project will pay for itself over the 10-year financing term.

Beijing Chaoyang District
Siemens signed a strategic partnership with Beijing Chaoyang District Government to promote energy saving and emission reduction in public buildings and other relevant sectors in the District. Through a lease financing solution and guaranteed energy savings, the IC Sector will help the District Government to improve the energy and operational efficiency without the burden of high initial capital expenditure.
Global presence
Basis for competitiveness

Americas
- Headquarters (Division)
- Production Site (>30 employees)
- Major R&D Facility (>30 employees)

Europe, CIS, Africa, Middle East
- Headquarters (Division)
- Production Site (>30 employees)
- Major R&D Facility (>30 employees)

Asia, Australia
- Headquarters (Division)
- Production Site (>30 employees)
- Major R&D Facility (>30 employees)

External Revenue (in bn. EUR)

Revenue as of FY 12
Locations as of 2H FY11

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Page 32 March 2013 IC CC
London is a successful proof point of our approach

Example for successful cooperation in London

Siemens and London – a close partnership

• We started working intensively with London in 2007
• City Account Manager installed to drive early engagement and representing our entire portfolio
• We offer the specific domain know-how

• Interurban mobility: 1,200 vehicles for regional trains
• Automated video surveillance: Comprehensive CCTV services to improve community safety
• Hybrid Buses: Consume ~40% less fuel and emissions
• Toll System: City congestion charging system and enforcement of low-emission zone
• E-mobility project: Supply of software solutions, related services and charging stations
• Smart Grid: Collaboration with UK Power Networks to develop a power distribution concept for 2020
In Shanghai we have successfully implemented our approach in a fast growing market

Example for successful cooperation in Shanghai

- City Account Manager established in September 2010
- Close cooperation with Shanghai government and authorities
- Participation in the study of Low-Carbon development of Hongqiao Business District

- **Metro**: Switchgear systems for 5 metro lines, propulsion system for 138 cars of Metro Line 11 South expansion
- **Green building solutions** for Shanghai International Cancer Hospital
- **Building Energy Saving** and energy consumption monitoring systems for 4 big hospitals
- **Smart Grid**: Strategic cooperation agreement with Shanghai government of new technologies
- **E-Mobility**: Delivery and installation of 144 charging stations for e-cars in the city
We are working on the city of tomorrow
A picture of the future

- Grid talks to buildings
- Urban and interurban mobility connects people and places
- Power coming from renewable sources
- IT connects the parts
- Decentralized energy generation and storage
- Intermodal transportation solutions for everybody
- Intelligent buildings with zero emissions
- Urban and interurban mobility connects people and places
- Power coming from renewable sources
- IT connects the parts
- Decentralized energy generation and storage
- Intermodal transportation solutions for everybody
- Intelligent buildings with zero emissions
Our vision and our values

Siemens – The pioneer in

Energy efficiency

Industrial productivity

Affordable and personalized healthcare

Intelligent infrastructure solutions

Our values

Responsible
Committed to ethical and responsible actions

Excellent
Achieving high performance and excellent results

Innovative
Being innovative to create sustainable value