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 our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect our 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. For us, particular uncertainties arise, among others, from changes in general economic and business conditions (including margin developments in major business areas); the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; changes in currency exchange rates and interest rates; introduction of competing products or technologies by other companies; lack of acceptance of new products or services by customers targeted by Siemens; changes in business strategy; the outcome of pending investigations and legal proceedings, especially the corruption investigations we are currently subject to in Germany, the United States and elsewhere; the potential impact of such investigations and proceedings on our ongoing business including our relationships with governments and other customers; the potential impact of such matters on our financial statements; as well as various other factors. More detailed information about certain of these factors is contained throughout this report 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 may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document presents other financial measures, “Profit Total Sectors,” “Return on capital employed” (ROCE), “Free cash flow” and “Cash conversion rate.” These measures are or may be “non-GAAP financial measures” as defined in relevant rules of the U.S. Securities and Exchange Commission. Our management takes these measures, among others, into account in its management of our business, and for this reason we believe that investors may find it useful to consider these measures in their evaluation of our performance. Neither Profit Total Sectors nor ROCE should be viewed in isolation as an alternative to IFRS net income for purposes of evaluating our results of operations; and CCR and Free cash flow should not be viewed in isolation as alternatives to measures reported in our IFRS cash flow statement for purposes of evaluating our cash flows. For definitions of Profit Total Sectors, ROCE, CCR and Free cash flow, please refer to “Reconciliation and Definitions for Non-GAAP Financial Measures” on our Investor Relations website, www.siemens.com/ir.
Strong market demand for gas fired power plants

Combined Cycle Power Plant

- Typical size: >400 MW
- EPC volume: € 290-320m
- Siemens component value: 30-40%
- Installation time: ~32 months

Simple Cycle Power Plant

- Typical size: ~280 MW
- EPC volume: € 90-110m
- Siemens component value: 55-65%
- Installation time: ~24 months

From peak to base load; widest range of applications

Combined Cycle power plant: Data for single shaft configuration: 1 gas turbine, 1 steam turbine
Coal and conventional island completes our portfolio

Coal fired power plant

- **Typical size:** 800-1,000 MW
- **EPC volume:** €1,200-1,400m
- **Siemens component value:** 8-15%
- **Installation time:** ~50 months

Nuclear: Conventional Island

- **Typical size:** 1,700 MW
- **EPC volume:** €1,000-1,300m
- **Siemens component value:** 20-30%
- **Installation time:** ~84 months

Coal and nuclear are the base load
The face of fossil power: Products and Solutions

- **Products**
  - Large gas turbines
  - Large steam turbines
  - Generators
  - Power Machines
  - Shanghai Electric Corp. (SEC)
  - AREVA NP

- **Energy Solutions**
  - All solutions through to complete power plants:
    - CCPP, GTPP
    - STPP
    - Conventional Island

- **Instrumentation & Electrical**
  - Instrumentation and control systems for all types of power plants
  - IT solutions
  - Service

- **Joint Ventures / Investments**
  - Carbon Capture technologies
  - Gasifier

- **New Technologies**
  - #1
  - #2
Profit with improvement potential

- Risk balanced order intake
- Revenue impacted by charges in Q2
- Project charges booked in Q2/08
- Underlying margin is good

### Order intake

<table>
<thead>
<tr>
<th></th>
<th>FY06</th>
<th>FY07</th>
<th>HY08</th>
<th>hy-t-hy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake (€m)</td>
<td>8,104</td>
<td>11,721</td>
<td>7,623</td>
<td>+6%</td>
</tr>
<tr>
<td>Revenue (€m)</td>
<td>6,764</td>
<td>8,129</td>
<td>3,633</td>
<td>-9%</td>
</tr>
<tr>
<td>Profit (€m)</td>
<td>584</td>
<td>792</td>
<td>-303</td>
<td>-180%</td>
</tr>
</tbody>
</table>

### As % of sales

- FY06: 8.6%
- FY07: 9.7%
- HY08: -8.3%

### Margin development (in %)

- Q1/07: 6%
- Q2/07: 11%
- Q3/07: 13%
- Q4/07: 11%
- Q1/08: 10%
- Q2/08: 14%

- As reported
- Underlying (i.e. w/o one offs)

### Key financials

- € m: FY06, FY07, HY08, hy-t-hy

Copyright © Siemens AG 2008. All rights reserved.
Fossil is the backbone of global power generation

Gas fired power plants account for > 40% of total future market

Overall market

in GW/a

<table>
<thead>
<tr>
<th>Market driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly efficient products for gas fired and coal fired power plants</td>
</tr>
<tr>
<td>Replacement and upgrade of existing fossil power plants</td>
</tr>
<tr>
<td>Revival of nuclear power</td>
</tr>
<tr>
<td>Strong growth in renewables is pushing gas fired power plants</td>
</tr>
</tbody>
</table>

- Gas fired
  - 52 GW (2002-07) +8% p.a.
- Coal
  - 73 GW (2002-07) +3% p.a.
- Nuclear
  - 6 GW (2002-07) +20% p.a.
  - 18 GW (2008-13) +8% p.a.

Overall market: 220 GW (2002-07) +6% p.a.
                   310 GW (2008-13)
Main focus: Gas fired power plants

Gas fired power plants

*in GW/a*

<table>
<thead>
<tr>
<th>Year</th>
<th>Market</th>
<th>Our approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø 2002-07</td>
<td>52</td>
<td>Comprehensive gas turbine portfolio for 50 and 60 Hz market</td>
</tr>
<tr>
<td>Ø 2008-13</td>
<td>83</td>
<td>Core competence in advanced frames</td>
</tr>
</tbody>
</table>

*in units/a*

<table>
<thead>
<tr>
<th>Year</th>
<th>Flexible operation: Base, intermediate, and peak load</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø 2002-07</td>
<td>+8% p.a.</td>
</tr>
<tr>
<td>Ø 2008-13</td>
<td>+5% p.a.</td>
</tr>
</tbody>
</table>

GT

Flexible operation: Base, intermediate, and peak load
- High reliability and availability
- Low investment cost per kW
- Fast installation time
- High efficiency to save resources
- Process excellence

We build the base for future high margin service
We have the right products for our customers

**SGT5-2000E**
- >300 GT sold
- Over 6.4 mn operating hours
- Outstanding reliability
- GT: 168 MW/ 34.7%
- CCPP: 251 MW/ 52.2%

**SGT5-4000F**
- >200 GT sold
- Low investment cost/kW
- State-of-the-art-technology
- GT: 292 MW/ 39.8%
- CCPP: 423 MW/ 58.4%

**SGT6-5000F**
- ~250 GT sold
- > 3.2 mn operating hours
- Highest performance in its class
- GT: 200 MW/ 38.1%
- CCPP: 293 MW/ 57.0%

**Simple Cycle Plants (SC)**

**Combined Cycle Plants (CCPP)**

CCPP: Combined Cycle power plant, Data for single shaft configuration: 1 gas turbine, 1 steam turbine
Innovation drives profitable business for decades

**Well stocked innovation pipeline**

- Most efficient and most powerful gas turbine worldwide: 60% efficiency and 530MW power output in combined cycle operation
- Project Irsching: First Firing 12/2007
- Testing on track
- Sales release expected end of 2008

---

**Service business**

**Market introduction**

- 5-4000F (1-4)
- 6-5000F
- 6-4000F
- 5-2000E/6-3000E

---

**Development**

- ~5
- 6-8000 H
- ~7
- 5-8000 H

---

**Innovations**

- New Frame
- 5-4000F (5-6)
- 5-4000F (1-4)
- 6-3000E
- 6-5000F
- 6-4000F
- 5-2000E/6-3000E

---

**Invest Return**

- ~5
- 6-8000 H
- ~7
- 5-8000 H

---

**5-8000 H**

- 5-4000F
- 6-5000F
- 6-4000F
- 5-2000E/6-3000E

---

**Innovation drives profitable business for decades**
Clear set-up in coal

**Coal - Market**
- China: biggest market
- Europe: high modernization demand
- CO₂ discussion demands highly efficient products and solutions

**Our approach**
- Leading market player in the high-end segment
- JV with SEC, the leading player for steam turbines in the Chinese market
- Utilization of SEC as steam turbine supplier for Siemens

**Nuclear - Market**
- Nuclear players are repositioning themselves
- Starting market with a revival to come

**Our approach**
- Leading player in I&C
- Leading technology for Conventional Island

The name of the game in coal is China
Energy Solutions: Disciplines reinforced

Systematic approach

- **Structure and processes**
  → Selected organizational / management changes

- **Supply chain management**
  → Setup strategic supply management for commodities

- **Resource management**
  → 535 new employees since Q1/08
  → 272 new employees already trained

- **Selective bidding / Risk management**
  → 7 models defined with different scope of supply
  → Limitation of risk exposure towards Siemens

- **Modularization**
  → 40 out of 104 modules already defined

Output

- **More effective and efficient organization**

- **Stabilized** supply base

- **Closed** resource gap

- Taking the risk off the table / better allocation of risks

- Being **rigorous** in everything we do

- Improved **balance** between products and solutions

We learned our lessons: We are back on track
Dual sales channel strategy boosts GT ramp-up

Business Unit Energy Solutions
Business Unit Products

Recent Orders
- UK: 850 MW CCPP for Severn Power in Wales with 2x 5-4000F gas turbines
- South Korea: 4x 6-5000F gas turbines, steam turbines to Posco Power Cooperation
- USA: 2x SGT6-5000F gas turbines to Progress Energy
- Russia: 5x SGT5-4000F gas turbines

With products and solutions we address the whole market
Strong markets - great products - positioned for high performance

- We operate in excellent markets
- We are well positioned with high efficient and flexible products
- We have a well stocked innovation pipeline
- We boost our installed base with new units
- We balance our business mix: 1/3 solutions, 2/3 products and services

**Revenue Growth:**
> 2x GPD with focus on margin quality

**Profit Margin Range:**
- 2007: 7-9%
- 2008: 11-15%
- 2009: 11-15%
- 2010: 11-15%
Reconciliation and Definitions for Non-GAAP Measures (I)

Profit Total Sectors is defined as the sum of the profits of each of the three new Sectors that Siemens uses for purposes of reporting IFRS segment results commencing with the third quarter of fiscal 2007. For a reconciliation of Profit Total Sectors to the most directly comparable IFRS financial measure (Income from continuing operations before income taxes), see Exhibits 99 (b, c, d) to the Siemens Report on Form 6-K furnished to the U.S. Securities and Exchange Commission (SEC) on June 24, 2008, which is available on our Investor Relations website under www.siemens.com/ir.

Return on Capital Employed (ROCE) is a measure of how capital invested in the Company or the Sectors yields competitive returns. For the Company, ROCE is calculated as Net income (before interest) divided by average Capital employed (CE). Net income (before interest) is defined as Net income excluding Other interest income (expense), net and excluding taxes on Other interest income (expense), net. Taxes on Other interest income (expense), net are calculated in simplified form by applying the current tax rate which can be derived from the Consolidated Statements of Income, to Other interest income (expense), net. CE 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. Because Siemens reports discontinued operations, Siemens also calculates ROCE on a continuing operations basis, using Income from continuing operations rather than Net income. For purposes of this calculation, CE is adjusted by the net figure for Assets classified as held for disposal included in discontinued operations less Liabilities associated with assets classified as held for disposal included in discontinued operations. For the Sectors, ROCE is calculated as Profit divided by average Net capital employed (NCE). Profit for the Sectors is principally defined as earnings before financing interest, certain pension costs and income taxes, whereas certain other items not considered performance indicative by Management may be excluded. NCE for the Sectors is defined as total assets less income tax assets, less non-interest bearing liabilities/provisions other than tax liabilities.

Average (Net) Capital employed for the fiscal year is calculated as a “five-point average” obtained by averaging the (Net) Capital employed at the beginning of the first quarter plus the final figures for all four quarters of the fiscal year. For the calculation of the average for the quarters, see below:
Reconciliation and Definitions for Non-GAAP Measures (II)

Our cash target is based on the **Cash Conversion Rate (CCR)**, which serves as a target indicator for the Company's or the Sectors’ cash flow. For the Company, CCR is defined as the ratio of Free cash flow to Net income, where Free cash flow equals the Net cash provided by (used in) operating activities less Additions to intangible assets and property, plant and equipment. Because Siemens reports discontinued operations, this measure is also shown on a continuing operations basis, using Income from continuing operations, Net cash provided by (used in) operating activities – continuing operations and Additions to intangible assets and property, plant and equipment for continuing operations for the calculation.

For the Sectors, CCR is defined as Free cash flow divided by Profit. All values needed for the calculation of ROCE and CCR can be obtained from the Consolidated Financial Statements and Notes to Consolidated Financial Statements. Profit, Net capital employed (under the column named Assets) and Free cash flow for the Company and the Sectors can be found on the Exhibits 99 (b,c,d) to the Siemens Report furnished on Form 6-K to the SEC on June 24, 2008, which is available on our Investor Relations website under www.siemens.com/ir.

To measure Siemens’ achievement of the goal to grow at twice the rate of global GDP, we use GDP on real basis (i.e. excluding inflation and currency translation effects) with data provided by Global Insight Inc. and compare those growth rates with growth rates of our revenue (under IFRS). In accordance with IFRS, our revenue numbers are not adjusted by inflation and currency translation effects.

Profit Total Sectors, ROCE, CCR and Free cash flow are or may be Non-GAAP financial measures as defined in relevant rules of the U.S. Securities and Exchange Commission. Our management takes these measures, among others, into account in its management of our business, and for this reason we believe that investors may find it useful to consider these measures in their evaluation of our performance. None of Profit Total Sectors and ROCE should be viewed in isolation as an alternative to IFRS net income for purposes of evaluating our results of operations; CCR and Free cash flow should not be viewed in isolation as an alternative to measures reported in our IFRS cash flow statement for purposes of evaluating our cash flows.

### Average calculation for CE*

<table>
<thead>
<tr>
<th></th>
<th>Year-to-Date</th>
<th>Quarter-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1) / 2</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1) / 2</td>
</tr>
<tr>
<td>Q2</td>
<td>3 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2) / 3</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2) / 2</td>
</tr>
<tr>
<td>Q3</td>
<td>4 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2 + CE ending Q3) / 4</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2 + CE ending Q3) / 4</td>
</tr>
</tbody>
</table>

* NCE for Sectors

---

* CE: Continental Europe

---

**Notes:**

- **Cash Conversion Rate (CCR):** The ratio of Free cash flow to Net income, where Free cash flow equals the Net cash provided by (used in) operating activities less Additions to intangible assets and property, plant and equipment.
- **Continuing Operations:** This basis excludes discontinued operations.
- **IFRS:** International Financial Reporting Standards.