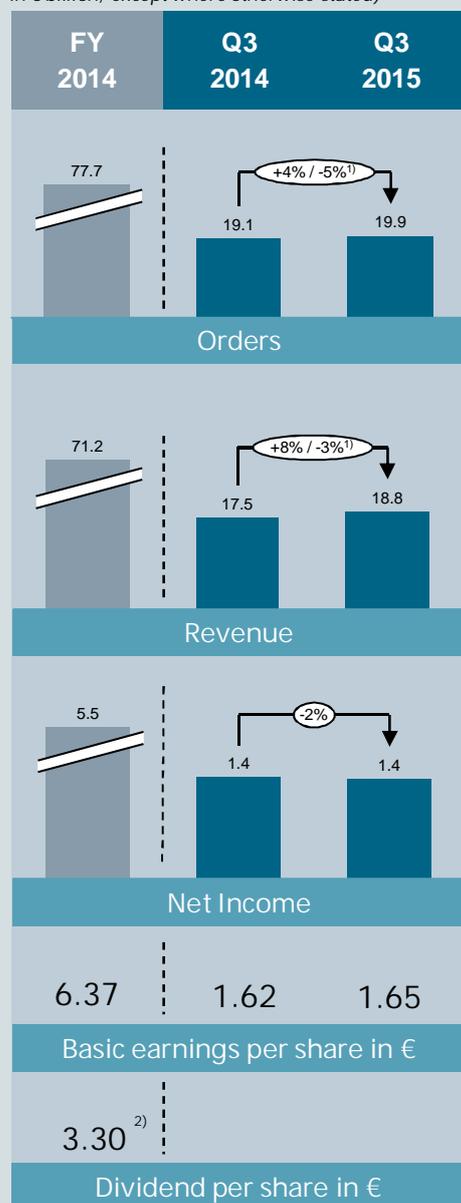


Shareholder Letter

August 2015

Financial Highlights

(preliminary and unaudited;
in € billion, except where otherwise stated)



1) Changes are adjusted for currency and portfolio translation effects

2) Approved dividend at the Annual Shareholders' Meeting on January 27, 2015

Ladies and Gentlemen, dear Shareholders,



On July 30 Siemens CEO Joe Kaeser and CFO Ralf P. Thomas presented the Siemens' results of the third quarter 2015.

"Overall our businesses delivered solid underlying profitability despite a softening market environment. We expect

to maintain our momentum with a strong closing quarter for fiscal 2015," Joe Kaeser said.

The third quarter in a nutshell: orders were up nominal 4% year-over-year, at €19.9 billion, which included a 40-year service contract for regional trains in Russia worth €1.6 billion. Revenue increased nominal by 8% to €18.8 billion. Net income remained at €1.4 billion.

The execution on Siemens Vision 2020 is proceeding as planned. In May, Siemens reached agreements with the workers representatives for comprehensive measures to improve productivity and simplify structures in the support function areas. Implementation of these measures across the organization is in full swing to drive our performance towards 2016.

At the end of the third quarter, the Power and Gas Division strengthened the core business and closed its acquisition of Dresser-Rand, substantially expanding its offerings for the oil and gas industry and distributed power generation. Interesting facts and figures on the Dresser-Rand acquisition can be found in the feature topic section on page 4.

The execution of the share buyback program is also well on track. Until last week Siemens has already bought back shares worth around €3.3 billion and expects the program to continue as planned.

Dear Shareholders, once again I want to thank you for your interest and continuous commitment towards Siemens. I wish you and your families a relaxing summer time.

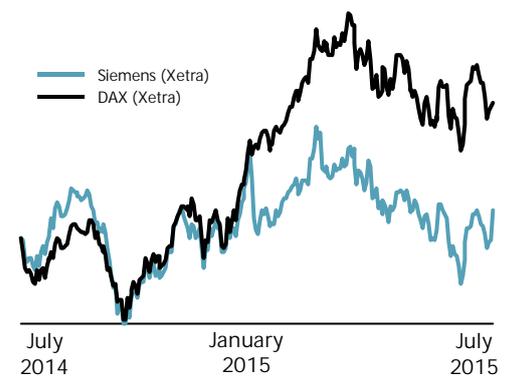
Kind regards,

Mariel von Schumann
Head of Governance and Markets, Siemens AG

Share Performance

- The Siemens share price closed at €96.03 on July 30, 2015.
- Between July 2014 and January 2015 the DAX and the Siemens share price developed parallel without a clear direction. From February 2015 the DAX clearly outperformed the Siemens share price. Between April and July the performance of the stock markets was negatively influenced by the "Grexit" discussions and experienced only in July a small recovery.
- The Siemens share price performed around average in comparison to most of the competitors' stocks during the last twelve months.
- On Thursday, July 30, 2015, Siemens shares reacted on the results of Q3 very positively and closed +3.8%, outperforming the DAX (+0.4%) significantly.

Last price: **EUR 96.03**¹⁾



¹⁾ Xetra closing price on July 30, 2015

For further information: http://www.siemens.com/investor/en/siemens_share.htm

News from our Industrial Businesses

Power and Gas

- Slight revenue increase benefited from currency and portfolio effects
- Margin 9.0%, includes charges related to a project resulting from higher costs for materials and customer delays, partly offset by positive effects related to other projects



Siemens again successful with H-Class power plant technology in Turkey
Siemens is supplying two SGT5-8000H gas turbines, along with steam turbines and generators to Turkey. These components are to be installed in two single shaft units in Hamitabat Combined Cycle Power plant (CCPP). They will have an installed power generating capacity of 1200 MW in total. Commissioning is scheduled for the summer of 2017. (for further information, please click [here](#))

Wind Power

- Revenue decline in onshore business; revenue growth in offshore and service businesses
- Margin 3.6%, improvement of 70 bps in comparison to the previous year quarter



Siemens installs prototype of its 7-megawatt offshore wind turbine
The new Siemens offshore flagship wind turbine of the type SWT-7.0-154 has been installed as a prototype. The planned field testing of the 7 MW offshore machine in Østerild, Denmark, mainly focusses on the upgraded generator and the enhanced electrical system. This latest edition of the D7 product platform can produce 32 million kWh of clean electricity under offshore wind conditions, enough energy to supply up to 7,000 households. (for further information, please click [here](#))

Energy Management

- Revenue up in all businesses and in all three reporting regions
- Margin 3.7%, up from -2.6% in previous year quarter



Siemens wins major HVDC order to connect British and Belgian power grid
Siemens has been awarded an order for a high-voltage direct current (HVDC) transmission system to connect the British and Belgian national grids via subsea cable. Siemens will be responsible for the turnkey installation of both converter stations. After its completion, Nemo Link will provide 1,000 MW of capacity, enough to power 500,000 households. The link will run 140 km between Richborough on the Kent coast and Zeebrugge near the city of Brugge with a combination of subsea and underground cables. (for further information, please click [here](#))

News from our Industrial Businesses

Building Technologies



- Revenue growth due to services and products businesses, partly held back by a decline in solution business
- Margin 8.0%, included a more favorable business mix and improved productivity

Room operation with a PC, tablet or smartphone

Siemens has launched Steward Web, a web-based software solution that allows all room automation functions to be operated from a PC, tablet or smartphone. This new solution rounds out the comprehensive room automation portfolio by providing a contemporary, intuitive and cost-effective user interface.

(for further information, please click [here](#))

Mobility



- Revenue growth in infrastructure and service businesses; as expected, lower revenue overall due to timing of large rail projects
- Margin 5.8%, profitability benefited from improved revenue mix

Twelve Siemens streetcars for Ulm

Siemens will deliver twelve Avenio M low-floor light rail vehicles to Ulm, Germany. SWU Verkehr GmbH and Siemens sealed the deal on May 22 at a contract signing. The order is valued at some €32 million. The agreement also includes an option for the supply of six additional trams. The first vehicle delivery is due within 24 months, around mid-2017. (for further information, please click [here](#))

Digital Factory



- Revenue up in all businesses and reporting regions, led by industry software
- Margin 17.4%, higher profit on increased revenue, lower margin includes higher R&D and selling expenses

Siemens opens new location for eCar Powertrain Systems Business Unit

Siemens is expanding its electromobility business by establishing a new location in Erlangen for the development, production and testing of electric powertrains for hybrid and electric vehicles. The company manufactures converters for powertrains for electric cars in a facility covering 1,200 sqm. An inspection and testing area has been constructed on an additional 1,300 sqm and houses various test rigs and laboratories. (for further information, please click [here](#))

Process Industries and Drives



- Revenue up in nearly all businesses and all three reporting regions, benefiting from currency translation tailwinds
- Margin 6.6%, down from 7.8% in previous year quarter

First electrical car ferry in the world in operation in Norway now

The world's first electrical car and passenger ferry powered by batteries has entered service in Norway. The ferry only uses 150 kWh per route, which corresponds to three days use of electricity in a standard Norwegian household. Built in conjunction with shipbuilder Fjellstrand, Siemens installed the complete electric propulsion system and put up charging stations with lithium-ion batteries which are charged from hydro power. (for further information, please click [here](#))

Healthcare



- Revenue up in all businesses, led strongly by imaging and therapy systems businesses and benefiting from currency translation tailwinds
- Margin 16.9%, profitability lifted by currency tailwinds

Major contract for Siemens Healthcare Canada

Canadian hospital William Osler Health System (Osler), based in Ontario, has awarded Siemens Healthcare a Managed Equipment Services (MES) contract worth €110 million. For a contract life-time of 15 years, Siemens Healthcare will provide Osler's three hospital sites with a comprehensive suite of management services and solutions for the majority of its medical imaging equipment. It is one of the company's largest contract wins in North America to date and the first of this type in Canada. (for further information, please click [here](#))

Dresser-Rand deal closed in June

After the EU Commission unconditionally approved Siemens' acquisition of Dresser-Rand (DR), Siemens closed the transaction end of June 2015.



Management

- Vince Volpe, Dresser-Rand CEO, will lead the business through the initial integration phase
- Starting September 1, 2015 Christopher Rossi, a 28-year Dresser-Rand veteran, will take over the CEO position
- Heribert Stumpf, with long-term Siemens Division CFO experience, will serve as the unit CFO

Purchase Price

- Siemens will pay all Dresser-Rand shareholders **US\$85.20 per share** (Offer of US\$83 plus US\$2.20 time dependent ticking fee from March to including June 2015)
- Overall consideration for acquiring all outstanding Dresser-Rand shares is about **US\$7.8 billion** including US\$1.2 billion of outstanding financial debt



Lisa Davis
Member of the
Managing Board of
Siemens AG

"With Dresser-Rand on board, we now have a comprehensive portfolio of equipment and capability for the oil and gas industry and a much expanded installed base, allowing us to address the needs of the market with world-class products, solutions and services"



Siemens integration

- The Dresser-Rand business will continue to work as a stand-alone business within Siemens Power and Gas Division
- The Siemens compression business will be integrated into Dresser-Rand, which will then operate as a single entity under the Dresser-Rand brand

Financing

Siemens is financing the purchase price from operating and investing cash flows and with newly issued USD bonds



NYSE Listing

The listing of the Dresser-Rand shares on the New York Stock exchange (NYSE) was discontinued by July 13, 2015

Facts & Figures

- US\$2.8 billion revenue in FY14 (DR)
- About 7,900 employees in FY14 (DR)
- ~€200 million in synergies by 2019
 - 60% cost synergies
 - 40% revenue synergies
- Headquarters in Houston, Texas

Combined serviceable fleet (small turbines and compressors)

	 Small/medium gas turbines	 Aero-derivative gas turbines	 Steam turbines	 Compressors
 Rolls-Royce		2,500		1,600
 DRESSER-RAND	1,500		62,000	32,500
 SIEMENS	2,250		10,000	10,000

**Six-fold increase of combined Siemens fleet
Synergy potential close to €200m confirmed**

VALUE TO OUR CUSTOMERS

- **DRESSER-RAND WILL BE A LEADING PLAYER IN THE OIL & GAS BUSINESS FOR ROTATING EQUIPMENT**
- **DESPITE THE CHALLENGES OF A LOW OIL PRICE, BRINGING PROACTIVE SOLUTIONS TO OUR CUSTOMERS TO ALLOW THEM TO BE MORE EFFICIENT AND REDUCE COSTS**

Frequently Asked Questions

TenneT awarded Siemens and Prysmian the order to deliver the offshore grid links for HelWin1 (576 MW) and HelWin2 (690 MW) off Helgoland, BorWin2 (800 MW) off Borkum and SylWin1 (864 MW) off Sylt. All four North Sea grid links are now in normal operation and transporting electricity generated out at sea onto land with low losses.

How much capacity do the four grid links offshore platforms have?

The four Siemens grid links with a transmission capacity of over 2.9 GW are capable of supplying around 4 million German households with electricity.

How high are the transmission losses?

Thanks to the Siemens high-voltage direct-current (HVDC) technology, transmission losses are less than 4 percent.

Did Siemens receive any further orders?

Siemens received its latest order for a grid connection in the North Sea, BorWin3, in spring 2014 in a consortium with Petrofac. This fifth Siemens grid is expected to start commercial operation in 2019.



(for further information about Siemens Offshore Grid Access Solutions please click [here](#))

Financial Calendar

12 November 2015	26 January 2016	04 May 2016
4th quarter 2015 financial results	1st quarter 2016 financial results & AGM	2nd quarter 2016 financial results

For further information, please click [here](#)

We are happy to answer all of your questions

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Your Siemens IR Team

How does Siemens assess the further course of fiscal year 2015?

We confirm our outlook. We believe that our business environment will be complex in fiscal 2015, among other things due to geopolitical tensions. We expect revenue on an organic basis to remain flat year-over-year, and orders to exceed revenue for a book-to-bill ratio above 1. Furthermore, we expect that gains from divestments will enable us to increase basic EPS from net income by at least 15% from €6.37 in fiscal 2014. For our Industrial Business, we expect a profit margin of 10% to 11%. This outlook excludes impacts from legal and regulatory matters.

Notes and Forward-Looking Statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be 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.

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.