

Non GAAP Measures
Second Quarter and First Six Months
of Fiscal 2009

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

- Adjusted or organic growth rates of Revenue and new orders;
- Return on equity, or ROE;
- Return on capital employed, or ROCE;
- Cash conversion rate, or CCR, and free cash flow;
- Earnings before interest, taxes, depreciation and amortization, or EBITDA (adjusted); and
- 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. 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 on Usefulness of Non-GAAP 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 to Consolidated Financial Statements. Siemens' most recent annual 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 focus on growth, capital efficiency, cash generation, and optimization of Siemens' capital structure and therefore are included within Siemens' Fit₄2010 strategic program. 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.

Adjusted or organic growth rates of Revenue and orders

In its financial reports, Siemens presents, on a worldwide basis and for its Sectors and Cross-Sector Businesses, the percentage change from period to period in Revenue as adjusted for currency translation effects and portfolio effects, i.e., the effects of acquisitions and dispositions. These adjusted percentage changes are called adjusted or organic rates of growth in Revenue. The IFRS financial measure most directly comparable to adjusted or organic growth rates of Revenue is the growth rate of Revenue calculated based on the Revenue figure as presented in the Consolidated Income Statement. Siemens believes that meaningful analysis of trends in Revenue from one period to the next requires an understanding of the quantitative impact of these effects, and accordingly Siemens management considers adjusted or organic rates of growth in Revenue 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.

Under Siemens' 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 different criteria. In general, if a contract is considered effective and binding, Siemens recognizes the total contract value as promptly as practicable. There is no standard system for compiling new order information among companies in our fields of activities. Accordingly, Siemens' new order totals may not be comparable with new order totals reported by other companies. Contract value is the agreed price or fee of the irrevocable portion of the contract to deliver goods and/or render services. New orders is not required or defined by IFRS. Furthermore, Siemens' new order totals are not audited; however Siemens does subject its new orders to internal documentation and review requirements.

Return on equity, or ROE

In contrast, and in line with common practice in financial services, the profitability measure for Siemens Financial Services (SFS) is return on equity, or ROE. 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. Annualized income before income taxes of SFS for any quarter is calculated as Income before income taxes multiplied by four.

Return on equity is reported only for the segment SFS. Because Siemens management uses ROE as a supplement to Siemens' Consolidated Financial Statements in evaluating the business performance of SFS, Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

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. ROCE is used as a measure of how capital invested in the Company or the Sectors yields competitive returns. Achievement of predetermined targets relating to ROCE is one of the factors taken into account in determining the amount of performance-based or variable compensation received by Siemens management.

Because Siemens management uses ROCE as a supplement to Siemens' Consolidated Financial Statements in evaluating Siemens' business performance, Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

ROCE on a Siemens group level

Siemens defines 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 excluding taxes on Other interest income (expense), net. 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, 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.

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

Siemens also presents ROCE on a continuing operations basis. For this purpose, the numerator is Income from continuing operations and the denominator is capital employed, 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 on a 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.

Cash conversion rate and free cash flow

Cash conversion rate, or CCR is a operational performance measure, which shows us how much of our income we are converting to free cash flow. Siemens defines cash conversion rate as free cash flow divided by Net income. Cash conversion rate is reported on a regular basis to Siemens management.

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.

Free cash flow is a cash measure that is not impacted by cash flows related to portfolio activities, and it is therefore 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 and used by management 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 taken into account in determining the amount of performance-based or variable compensation received by Siemens management, both at the level of the worldwide Siemens group and at the level of individual reportable segments. For these reasons, Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

EBITDA (adjusted)

Siemens defines EBITDA (adjusted) as EBIT (adjusted) before amortization (which is in turn 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 these components of EBIT (adjusted) appears on the face of the Consolidated Financial Statements presented in accordance with IFRS. Each of the additional components of EBITDA (adjusted) appears in the Consolidated Financial Statements or the MD&A thereto. The IFRS financial measure most directly comparable to EBIT (adjusted) and EBITDA (adjusted) is Income from continuing operations before income taxes.

EBITDA (adjusted) is part of a capital structure measure which is calculated as the ratio of adjusted industrial net debt to EBITDA (adjusted). Adjusted industrial net debt is defined as net debt (see below) 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 management uses this measure 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.

Further EBIT (adjusted) and EBITDA (adjusted) are also broadly used by analysts, rating agencies and investors for performance assessment, and Siemens therefore believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

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 Consolidated Financial Statements.

Siemens 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. For these reasons, Siemens believes that investors' ability to assess Siemens' overall performance may be improved by disclosure of this information.

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 percentage change in 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 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.
- 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.
- With respect to cash conversion rate and free cash flow: 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. Free cash flow therefore should not be viewed as a measure of cash generated by operations that is available exclusively for discretionary expenditures. In addition, the use of cash conversion rate is inherently limited by the fact that it is a ratio.
- With respect to EBIT (adjusted) and EBITDA (adjusted): Financial income and taxes are significant cash expenses that may reduce the amount of cash available for distribution to shareholders or reinvestment in the business. EBIT (adjusted) does not reflect these expenses. Items such as depreciation and amortization, while not directly affecting Siemens' cash position, represent the loss in value of assets over time. The expense associated with, and accordingly the full economic effect of this loss in value are not reflected in EBITDA (adjusted).
- With respect to net debt: Siemens typically needs a considerable portion of its cash, cash equivalents and available-for-sale financial assets at any given time for purposes other than debt reduction. The deduction of these items from total debt in the calculation of net debt therefore should not be understood to mean that these items are available exclusively for debt reduction at any given time.

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 either in this document, 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.

Quantitative Reconciliations of Siemens' Supplemental Financial Measures

The following either provides quantitative reconciliations of supplemental financial measures to the most comparable IFRS financial measures or indicates where quantitative reconciliations may be found. The values presented in the reconciliations can generally be derived from the Consolidated Financial Statements and Notes to Consolidated Financial Statements available at the Investor Relations website under www.siemens.com/investors.

Adjusted or organic growth rates in Revenue and new orders

For a quantitative reconciliation of adjusted or organic growth rates in Revenue and new orders to unadjusted growth rates in Revenue and new orders, refer to the relevant tables in the Annual Reports and Quarterly Reports under the heading "Management's discussion and analysis."

Return on equity, or ROE

Reconciliation to return on equity (ROE) for fiscal 2009

	Fiscal 2009		
	first six months	second quarter	first three months
Annualized Income before income taxes of SFS			
Income before income taxes of SFS	183	117	66
(I) Annualized Income before income taxes of SFS ⁽¹⁾	366	468	264
Average allocated equity of SFS			
(II) Average allocated equity of SFS ⁽²⁾	1,153	1,176	1,129
ROE of SFS			
(I) / (II) ROE of SFS	31.8%	39.8%	23.4%

⁽¹⁾ Please note that annualized income before income taxes of SFS is only a technical measure in order to make the ROE values comparable and may not be used as a forecast figure.

⁽²⁾ For a quarter the average allocated equity for the respective quarter is used (see above); for n quarters the average allocated equity is calculated as the n-point average of the average allocated equity for the respective quarters.

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Return on capital employed, or ROCE*Calculation of return on capital employed for fiscal 2009*

Capital employed as basis for average calculation in fiscal 2009	03/31/09	12/31/08	9/30/08
Total equity	25,974	26,761	27,380
Plus: Long-term debt	19,697	15,511	14,260
Plus: Short-term debt and current maturities of long-term debt	3,019	4,914	1,819
Less: Cash and cash equivalents	7,684	6,071	6,893
Capital employed (continuing and discontinued operations)	41,006	41,115	36,566
		Fiscal 2009	
Net income and Income from continuing operations (before interest)	first six months	second quarter	first three months
Net income	2,243	1,013	1,230
Less: Other interest income (expense), net	19	13	6
Less: Taxes on other interest income (expense), net ⁽¹⁾	(5)	(4)	(2)
Net income (before interest)	2,229	1,003	1,226
Less: Income from discontinued operations, net of income taxes	28	58	(30)
Income from continuing operations (before interest)	2,201	945	1,256
Calculation of tax rate			
(I) Income from continuing operations before income taxes	3,070	1,335	1,735
(II) Income taxes	(855)	(380)	(475)
(I) / (II) Tax rate	28%	28%	27%
ROCE (continuing and discontinued operations)			
(I) Annualized Net income (before interest) ⁽²⁾	4,458	4,012	4,902
(II) Average capital employed (continuing and discontinued operations) ⁽³⁾	39,562	41,061	38,841
(I) / (II) ROCE	11.3%	9.8%	12.6%
ROCE (continuing operations)			
(I) Annualized Income from continuing operations (before interest) ⁽²⁾	4,402	3,780	5,022
(II) Average capital employed (continuing operations) ^{(3) (4)}	39,555	41,058	38,831
(I) / (II) ROCE	11.1%	9.2%	12.9%

⁽¹⁾ Effective tax rate derived from Consolidated Statements of Income, calculation see table above.

⁽²⁾ Please note that annualized Net income (before interest) and annualized Income from continuing operations (before interest) are only technical measures in order to make the ROCE values comparable and may not be used as forecast figures.

⁽³⁾ Average capital employed on a QTD basis is determined as a two-point average of capital employed at the beginning and end of the respective quarter. Average capital employed on a YTD basis comprising n quarters is determined as a (n+1)-point average starting with the capital employed as of September 30 of previous fiscal year.

⁽⁴⁾ Including adjustments relating to minor assets and liabilities associated with Assets classified as held for disposal presented as discontinued operations.

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Return on capital employed, or ROCE*Calculation of return on capital employed for fiscal 2008*

Capital employed as basis for average calculation in fiscal 2008	03/31/08	12/31/07	9/30/07
Total equity	32,715	35,705	29,627
Plus: Long-term debt	9,420	9,725	9,860
Plus: Short-term debt and current maturities of long-term debt	3,560	2,273	5,637
Less: Cash and cash equivalents	5,614	6,158	4,005
Capital employed (continuing and discontinued operations)	40,081	41,545	41,119
Less: Assets classified as held for disposal presented as discontinued operations	1,577	1,730	11,224
Plus: Liabilities associated with assets classified as held for disposal presented as discontinued operations	1,404	1,419	4,445
Capital employed (continuing operations)	39,908	41,234	34,340
		Fiscal 2008	
Net income and Income from continuing operations (before interest)	first six months	second quarter	first three months
Net income	6,887	412	6,475
Less: Other interest income (expense), net	(22)	3	(25)
Less: Taxes on other interest income (expense), net ⁽¹⁾	6	(1)	7
Net income (before interest)	6,903	410	6,493
Less: Income from discontinued operations, net of income taxes	5,244	(153)	5,397
Income from continuing operations (before interest)	1,659	563	1,096
Calculation of tax rate			
(I) Income from continuing operations before income taxes	2,306	789	1,517
(II) Income taxes	(663)	(224)	(439)
(I) / (II) Tax rate	29%	28%	29%
ROCE (continuing and discontinued operations)			
(I) Annualized Net income (before interest) ⁽²⁾	13,805	1,639	25,971
(II) Average capital employed (continuing and discontinued operations) ⁽³⁾	40,915	40,813	41,332
(I) / (II) ROCE	33.7%	4.0%	62.8%
ROCE (continuing operations)			
(I) Annualized Income from continuing operations (before interest) ⁽²⁾	3,317	2,251	4,383
(II) Average capital employed (continuing operations) ⁽³⁾	38,494	40,571	37,787
(I) / (II) ROCE	8.6%	5.5%	11.6%

⁽¹⁾ Effective tax rate derived from Consolidated Statements of Income, calculation see table above.

⁽²⁾ Please note that annualized Net income (before interest) and annualized Income from continuing operations (before interest) are only technical measures in order to make the ROCE values comparable and may not be used as forecast figures.

⁽³⁾ Average capital employed on a QTD basis is determined as a two-point average of capital employed at the beginning and end of the respective quarter. Average capital employed on a YTD basis comprising n quarters is determined as a (n+1)-point average starting with the capital employed as of September 30 of previous fiscal year.

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Cash conversion rate and free cash flow*Reconciliation of free cash flow and cash conversion rate for fiscal 2009*

	Fiscal 2009		
	first six months	second quarter	first three months
Free cash flow (continuing and discontinued operations)			
Net cash provided by (used in) operating activities	738	1,757	(1,019)
Plus: Additions to intangible assets and property, plant and equipment	(1,286)	(654)	(632)
Free cash flow	(548)	1,103	(1,651)
Cash conversion rate (continuing and discontinued operations)			
(I) Free cash flow	(548)	1,103	(1,651)
(II) Net income	2,243	1,013	1,230
(I) / (II) Cash conversion rate	(0.24)	1.09	(1.34)
Free cash flow (continuing operations)			
Net cash provided by (used in) operating activities	850	1,792	(942)
Plus: Additions to intangible assets and property, plant and equipment	(1,286)	(654)	(632)
Free cash flow	(436)	1,138	(1,574)
Cash conversion rate (continuing operations)			
(I) Free cash flow	(436)	1,138	(1,574)
(II) Income from continuing operations	2,215	955	1,260
(I) / (II) Cash conversion rate	(0.20)	1.19	(1.25)

Reconciliation of free cash flow and cash conversion rate for fiscal 2008

	Fiscal 2008		
	first six months	second quarter	first three months
Free cash flow (continuing and discontinued operations)			
Net cash provided by (used in) operating activities	2,173	2,166	7
Plus: Additions to intangible assets and property, plant and equipment	(1,477)	(669)	(808)
Free cash flow	696	1,497	(801)
Cash conversion rate (continuing and discontinued operations)			
(I) Free cash flow	696	1,497	(801)
(II) Net income	6,887	412	6,475
(I) / (II) Cash conversion rate	0.10	3.63	(0.12)
Free cash flow (continuing operations)			
Net cash provided by (used in) operating activities	2,756	2,269	487
Plus: Additions to intangible assets and property, plant and equipment	(1,350)	(646)	(704)
Free cash flow	1,406	1,623	(217)
Cash conversion rate (continuing operations)			
(I) Free cash flow	1,406	1,623	(217)
(II) Income from continuing operations	1,643	565	1,078
(I) / (II) Cash conversion rate	0.86	2.87	(0.20)

EBITDA (adjusted)

For a quantitative reconciliation of EBITDA (adjusted) and EBIT (adjusted) to Income from continuing operations before income taxes, refer to the relevant table in the Annual Reports and Quarterly Reports under the heading “Management’s discussion and analysis – Reconciliation to EBITDA (continuing operations).”

Net debt

For a quantitative reconciliation of net debt to total debt, refer to the heading “Management’s discussion and analysis – Liquidity and capital resources – Capital structure” in the Annual Reports and the Quarterly Reports.

Information resources

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